



Utkarsh Small Finance Bank

Aapki Ummeed Ka Khaata



U-SUSTAIN

Charting our path to a sustainable future.

**USFBL SUSTAINABILITY REPORT
FY 2024-25**

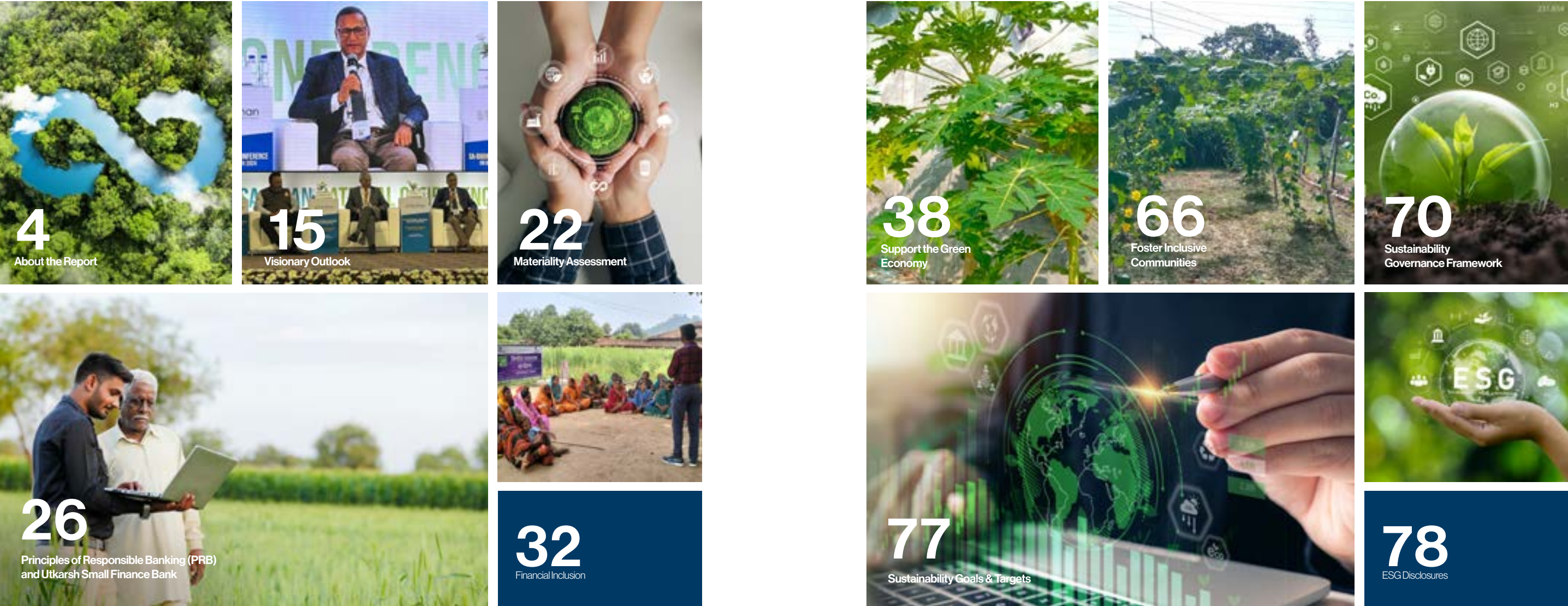


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01 Sustainability Highlights

Foster Inclusive Communities



- 8000000+**
People helped
- INR 800000000+**
Total CSR Amount Spent
- 2000000+**
Beneficiaries from Financial Literacy Program
- 5800000+**
Beneficiaries from Health Care Program
- INR 100000000+**
CSR Amount Spent in designated Aspirational Districts
- 53%+**
Employees from Rural / Semi-urban areas

Financial Inclusion



- 1000+**
Total Branches
- 700+**
Micro
- 49000000+**
Customers
- 30000000+**
Women Borrowers
- INR 21000+**
Crores Deposits
- 70%+**
CASA Ratio
- NR 9000+**
Crores JLG Loans
- INR 900+**
Crores Housing Loans
- INR 3000+**
MSME Loans
- 40%+**
JLG Loans
- 50%+**
Micro Banking Loans

Empower People



- 19000+**
Employees
- 2000+**
Female Employees
- 14%+**
Women Employees
- 1%+**
Higher Women Median Salary than Men Median Salary
- 80%+**
New Recruits of less than 30 years of Age
- 60%+**
Employees given skill upgradation Training
- 700000+**
Training Hours
- 99%+**
Employees have Salaries higher than Minimum Wages
- 1%+**
Women Median Salary higher than Men Median Salary

Support the Green Economy



- 1st**
GHG Calculation in FY2025-26 (isnt report for FY 2024 -25)
- 1910+**
Tons CO2e Scope 1 GHG
- 9480+**
Tons CO2e Scope 2 GHG
- 100000+**
Trees Planted
- 2700000+**
Accounts Opened via Digital Onboarding
- 6000000+**
UPI Transactions in a Year
- 3000+**
Trees Saved
- 1+**
Green Building

02 About the Report

Utkarsh Small Finance Bank Limited is happy to present its 2nd Annual Sustainability Report providing transparency and accountability regarding our sustainability performance for a reporting period of April 01, 2024 to March 31, 2025. We are committed to increasing

transparency and voluntary disclosure about our business and operational activities. This report reflects our impact across key topics and issues that are important to both our business and our varied and diverse stakeholders. This report aims to offer our stakeholders

a comprehensive assessment of Utkarsh Small Finance Bank's Sustainability vision, performance, and initiatives, all of which materially influence our business.

2.1 Reporting Frameworks and Benchmarks

The data and topics that are included in this Report are guided and informed by the GRI reporting standard. The GRI standard is one of many recognized ESG reporting frameworks that provide topics, structure and advise companies on which ESG data and information to disclose. This makes company disclosure comparable across the industry. The GRI framework is one of the most widely used reporting frameworks and contains universal, topic and sector standards, which are used together to comprehensively disclose and organize ESG reporting. GRI reporting topics are voluntary, but GRI itself is a tool that demonstrates our commitment to reporting transparency.

In addition, we have used SASB Standards, BRSR Reporting, PRB (Principles of Responsible Banking) along with linkages to the United Nations Sustainable Development Goals (UN SDGs).

2.2 Scope and Reporting Boundary

The reporting boundary encompasses all of Utkarsh Small Finance Bank's operations, including our headquarters in Varanasi, Regional Offices and Branch offices spread across the country.

2.3 Responsibility Statement

This report is a fair representation of Utkarsh Small Finance Banks' financial, non-financial, sustainability, and operational performance for FY2024-25 and

2.4 Communication of Feedback

Utkarsh Small Finance Bank actively encourages feedback from stakeholders to continuously improve our sustainability efforts. Stakeholders can provide their input and comments through various channels, including the company's website, dedicated email address (secretarial.usfb@utkarsh.bank), and during stakeholder engagement sessions. Additional information about Utkarsh Small Finance Bank's sustainability initiatives and access to this and future sustainability reports can be found on the company's official website: C:\Users\shumailatambe\Documents\Utkarsh\www. www.utkarsh.bank https://www.utkarsh.bank/





Achieve net-zero carbon emission by 2050; short-term target of 2030 and mid-term target of 2040



Reduce absolute Scope 1 and 2 emissions by 30% by 2030 (2021 baseline)



In FY24, our paperless initiatives led to the saving of 2,97,35,191 sheets of paper, equivalent to nearly 3,498 mature trees.



The Bank operates a 140 KWP rooftop solar photovoltaic system at its headquarters, which contributes approximately 15% of the building's total electricity needs.



Renewable energy contributed 593 GJ, representing an important step in diversifying the Bank's energy portfolio towards cleaner sources.

Reduce absolute Scope 3 emission by 20% (2023 baseline)

Spend H100 Cr in 10 years to accelerate transition to net-zero carbon emissions



Transition to renewable power from traditional fossil fuel-based thermal power (where relevant)

The Bank has set a forward-looking target of powering 25% of its branches with renewable energy within the next two years.

03 About the Company



Utkarsh Small Finance Bank Limited (USFBL), incorporated on April 30, 2016, is a Scheduled Commercial Bank dedicated to financial inclusion. Our core focus is on providing microfinance and banking solutions to the underserved and unserved sections of India, especially in rural and semi-urban regions. Since commencing operations on January 23, 2017, we have grown to serve millions of customers, bridging gaps in financial access with innovative and technology-driven services.

License is publicly available at: https://www.utkarsh.bank/uploads/pdf/comprehensive/Licence_utkarsh.pdf

Headquartered in Varanasi, Uttar Pradesh, we empower communities by extending microfinance loans based on the Joint Liability Group (JLG) model, along with a wide array of products including MSME loans, housing loans, personal loans, commercial vehicle and construction equipment loans, and wholesale lending.

Operational Footprint and Performance

As of 31st March'25, the Bank operates over 1,092 banking outlets across 27 states and Union Territories, serving an estimated customer base exceeding five million. The Bank has achieved a notable deposit portfolio surpassing ₹21,500 Crore and continues to enhance asset quality, reflected in the reduction of its gross non-performing assets (NPAs). Key initiatives include the introduction of digital onboarding processes and new product innovations such as gold loans and RERA accounts.

Service Portfolio

Utkarsh Small Finance Bank's diversified product suite includes, but is not limited to:

- Microfinance credit via the Joint Liability Group (JLG) model
- MSME lending services

- Retail credit products including housing, personal, commercial vehicle and construction equipment loans
- Wholesale lending for corporate clientele

Digital banking platforms facilitating internet and mobile banking, digital

onboarding, and online account opening

- Payment solutions including card services, ATM networks, and UPI-enabled transactions
- Insurance, mutual fund services, and remittance solutions



Vision

To be the most trusted, digitized bank that is financially and socially inclusive, and creates value across social strata through insightful and viable solutions.



Mission

Be the preferred financial institution across all customer segments through technology enabled solutions that are sustainable, inclusive, and scalable, supported by a work culture that centers on passion, values and corporate ethics to deliver best in class customer experience.



3.4 Geographical Reach

Utkarsh Small Finance Bank has established a significant geographical footprint, operating 1,092 banking outlets across 27 states and union territories as of March 2025. We have built our strongest networks in Bihar and Uttar Pradesh, which together contribute to nearly half of both our branch presence and gross loan portfolio, demonstrating our commitment to serving regions with a high need for inclusive financial solutions. Over recent years, we have strategically expanded our operations beyond our heartland, reaching communities in metro, semi-urban, and rural locales for broader financial inclusion.

Our nationwide branch network is complemented by regional offices strategically located across major states such as Bihar, Karnataka, Maharashtra, Rajasthan, Uttar Pradesh and West Bengal. Each state is served by multiple branches, with our regional offices overseeing local activities and facilitating direct engagement with customers. This extensive physical presence enables us to deliver a variety of retail, SME, and microfinance services efficiently while staying responsive to local market needs.

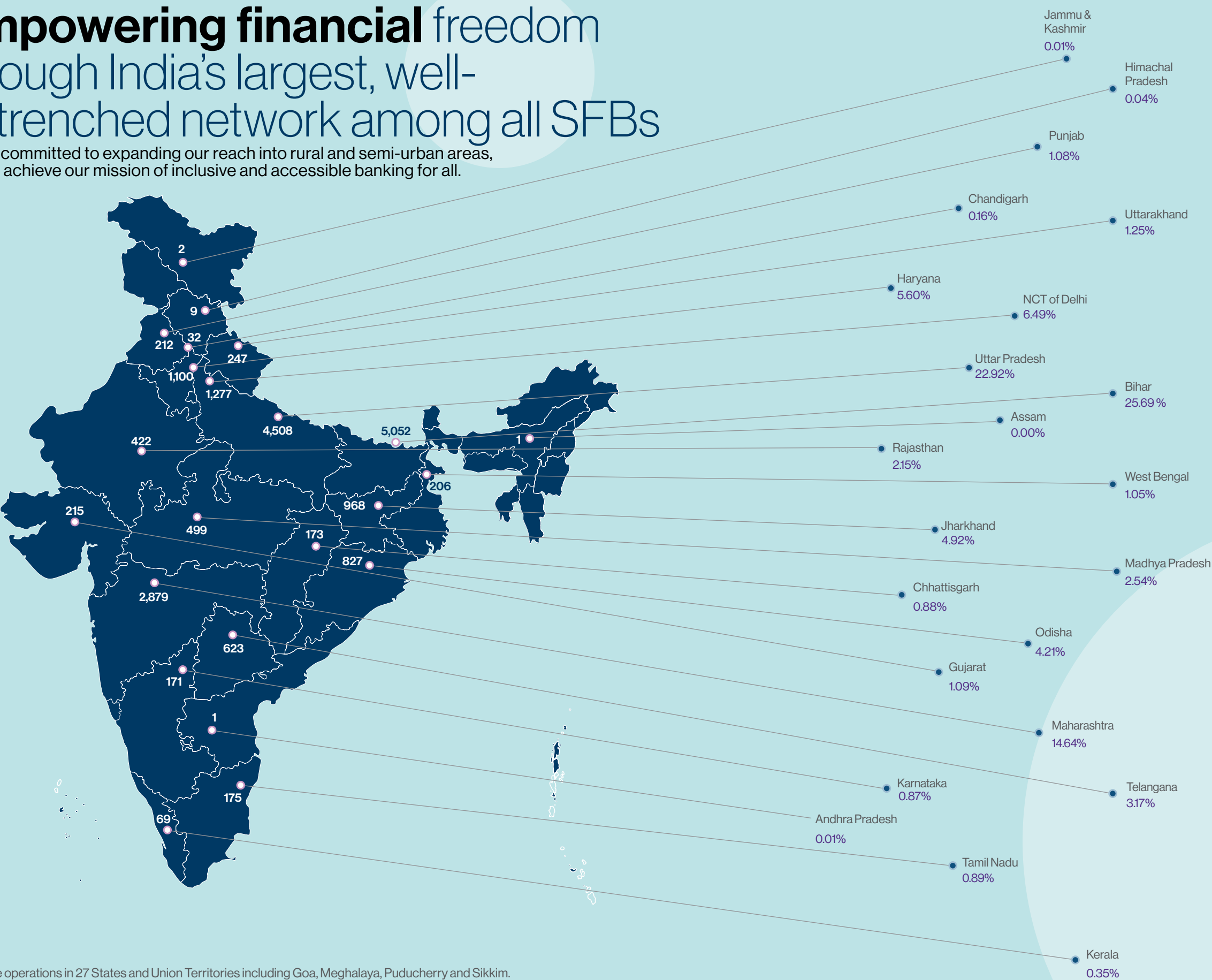
3.3 Our Rationale for Existence

We empower low-income individuals and micro-entrepreneurs by giving them access to formal financial services.

Geographical Presence

Empowering financial freedom through India's largest, well-entrenched network among all SFBs

We are committed to expanding our reach into rural and semi-urban areas, helping achieve our mission of inclusive and accessible banking for all.



Extending our network

1,092	761
Banking outlets	Micro banking branches
331	293
General banking branches	Unbanked Rural Centers (URCs)
369	760
ATMs	Micro ATMs
27	
States and Union Territories	

Total ₹ 19,666 Crore

Loan book as on March 31, 2025

% distribution

*We have operations in 27 States and Union Territories including Goa, Meghalaya, Puducherry and Sikkim.

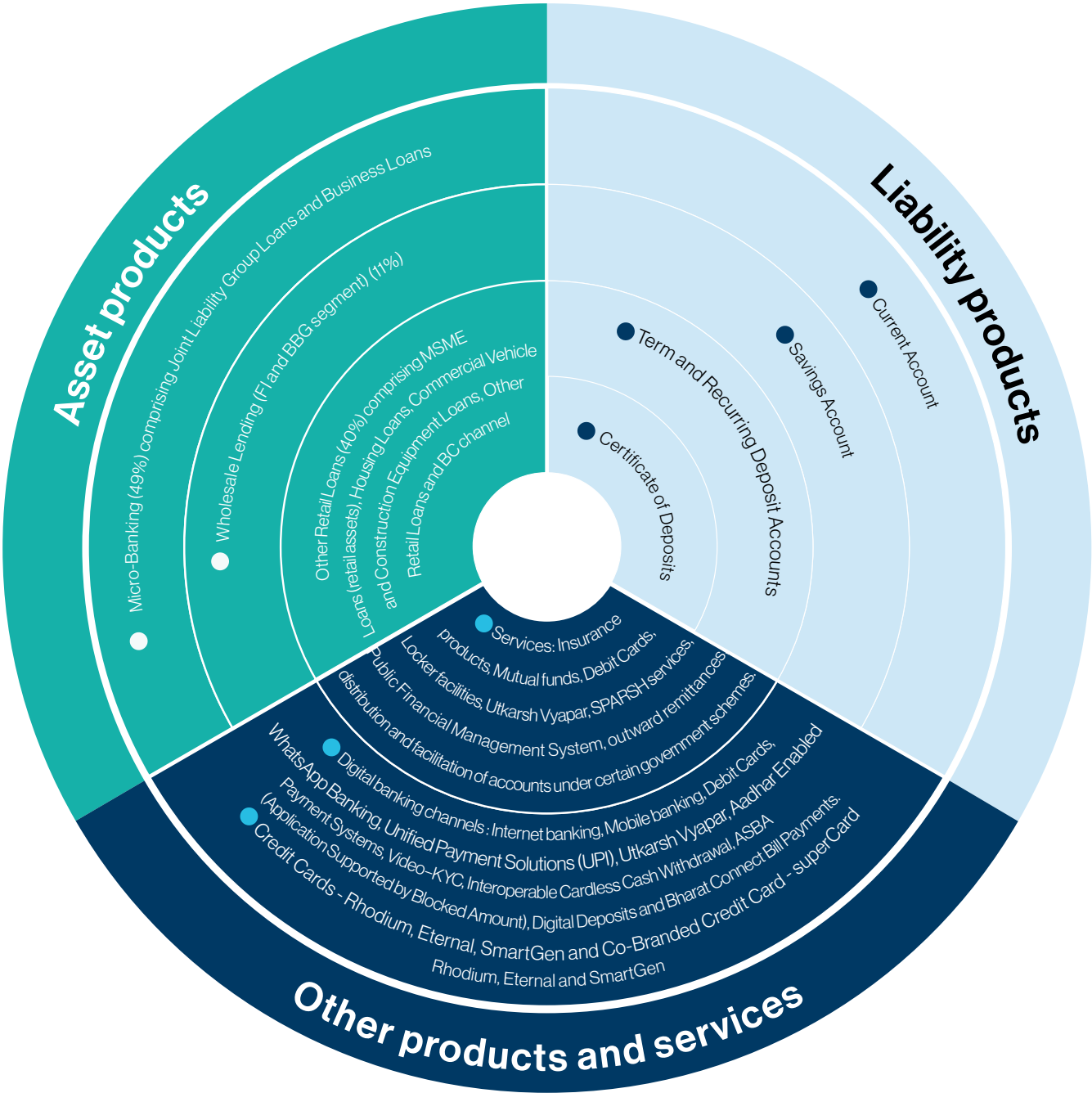


OUR PRODUCT AND VISIONARY OUTLOOK

At Utkarsh Small Finance Bank, our products are designed to empower customers with financial solutions that are simple, secure, and inclusive. Guided by a visionary outlook, we continuously innovate to meet evolving needs and contribute to a more financially resilient society.

3.5 Spectrum of Products and Services

Our products portfolio has been customised to address the one-stop credit needs of the unbanked and unserved across India



04 Visionary Outlook
4.1 Message from the Chairman



to align business growth with India's net-zero goals, the Paris Agreement, and the UN Sustainable Development Goals, ensuring that we contribute to both national and global priorities.

Our green infrastructure, anchored by the GRIHA 5-star certified Utkarsh Tower, demonstrates how business operations can minimize environmental impact while promoting resilience. Reductions of 40% in energy consumption and 70% in water usage, along with solar energy meeting nearly 15% of our needs, demonstrates how setting measurable targets enables us to create positive outcomes and reduce negative impacts.

Social inclusion remains at the heart of our business. With over 30 lakh women customers, women-led branches, and a substantial number of women employees, we are not only providing access to finance but also empowering individuals and communities to build long-term independence and security. By offering bespoke products to underserved groups, we act as responsible partners to our clients and customers, supporting practices that enhance sustainable livelihoods.

Governance continues to be a cornerstone of our sustainability journey. This year, we strengthened our ESG framework through robust stakeholder engagement, transparent disclosures, and rigorous materiality assessments. Embedding these practices into our governance and culture ensures that accountability and responsibility remain central to our decision-making.

We recognize that transparency is key to building trust. By disclosing our progress and challenges openly, we remain accountable to our regulators, customers, shareholders, and employees, and we continuously learn from their perspectives to improve our approach.

The road ahead is demanding, but with our shared vision and strong alignment to the Principles of Responsible Banking, Utkarsh Small Finance Bank is well-positioned to continue championing sustainable and inclusive growth that leaves a positive and lasting legacy.

Sincerely,

Parveen Kumar Gupta
Chairman
Utkarsh Small Finance Bank Limited

Dear Stakeholders,

I am privileged to present the Sustainability Report for FY 2024-25, marking another milestone in Utkarsh Small Finance Bank's journey towards responsible and inclusive growth. As Chairman, I view sustainability not merely as a compliance obligation but as a long-term strategic imperative that shapes our institutional legacy and aligns with the Principles of Responsible Banking.

Over the past year, we have successfully expanded our footprint to 1,092 branches across 27 states and Union Territories, reflecting our determination to reach underserved populations. This expansion is guided by our commitment

4.2 Message from the MD & CEO



Dear Customers, Partners, and Colleagues,

It is my honour to share the FY 2024-25 Sustainability Report, showcasing the tangible strides Utkarsh Small Finance Bank has made towards embedding sustainability into our business operations, customer engagement, and community impact.

Our digital transformation efforts gained strong momentum this year with more than 21 lakh accounts opened through innovative digital platforms such as V-KYC and UPI Lite. This progress enabled a significant move towards paperless banking, reducing our environmental footprint by saving millions of sheets of paper annually. At the same time, it enhanced financial accessibility for rural and underserved populations, reinforcing our mission of inclusive banking.

In FY 2025, we also achieved an important milestone by undertaking greenhouse gas emission calculations for the first time. By measuring Scope 1 and Scope 2 emissions across our head office, branch network, and ATMs, we have established a clear baseline that will guide our future carbon reduction and energy efficiency initiatives. This step marks the beginning of a more structured journey towards climate responsibility.

Our workforce diversity continues to be a source of strength, with over 2,300 women employees and multiple women-led branches representing our belief that inclusive growth starts from within. This commitment is also visible in our tailored financial products that have positively impacted the lives of over 30 lakh women customers, enabling greater autonomy and socio-economic empowerment in communities previously marginalized.

Operationally, the Bank demonstrated resilience and prudence during the year. Deposits grew by 23.4 percent to ₹21,566 crore, while the gross loan portfolio expanded to ₹19,666 crore. Despite wider economic challenges, we maintained robust asset quality and strong capital adequacy and liquidity ratios, underscoring our disciplined approach to risk management.

Governance has been further strengthened with enhancements to our cybersecurity and data privacy frameworks, alongside the integration of climate-related financial risk assessments into our lending and investment decisions. Regular materiality assessments ensure that our ESG priorities remain relevant and aligned with regulatory requirements and global frameworks such as the GRI.

A vital part of our internal sustainability journey has been the focus on employee capability building. This year, we expanded training programs that cover risk management, digital banking, financial inclusion, customer service excellence, and leadership development. These initiatives are cultivating a culture of continuous learning and equipping our teams to meet the evolving needs of customers responsibly.

Our corporate social responsibility programs, implemented through the Utkarsh Welfare Foundation, impacted more than 11 lakh lives during the year.

Flagship initiatives such as the Mahila Udyami Sashaktikaran Programme supported women entrepreneurs with capacity-building and financial independence, while the Village Development Programme promoted sustainable livelihoods through activities such as mushroom cultivation, backyard poultry, and agricultural training. Smart Classes and Nutrition Gardens improved learning environments and child health in government schools, and E-Clinics launched in Uttar Pradesh and Bihar, alongside healthcare support in Meghalaya, expanded access to primary healthcare services. In addition, polyclinic health camps, sanitary napkin vending initiatives, and livelihood programs for artisans and weavers strengthened community well-being and resilience.



Operationally, the Bank demonstrated resilience and prudence during the year. Deposits grew by 23.4 percent to ₹21,566 crore, while the gross loan portfolio expanded to ₹19,666 crore.

In the state of Uttarakhand, Utkarsh Welfare Foundation has been actively working in the districts of Almora, Dehradun, Haridwar, and Udham Singh Nagar. With a vision to promote sustainable development and enhance community well-being, these initiatives empower rural households through livelihood enhancement, healthcare, financial literacy, education, and women's empowerment. In FY 2024-25, the Foundation positively impacted nearly 2.6 lakh lives in the region. Livelihood programs focused on organic farming, backyard poultry, and mushroom cultivation are helping

families strengthen economic sustainability. Smart Classes in government inter colleges and computer literacy training under the Education Programme are enhancing digital and academic learning. On the health front, E-Clinic services, the Swasthya Mitra initiative, and health awareness programs are bringing affordable, quality healthcare closer to rural communities. In addition, the Financial Awareness Programme is connecting families to government schemes, building financial literacy, and enabling prudent economic decisions, fostering resilience and long-term security.

Looking ahead, sustainability remains central to the Bank's vision, driving innovation, responsible growth, and social empowerment. I extend

my heartfelt gratitude to our employees, customers, board members, investors, and partners for their trust and continued collaboration. Together, we will build a future where financial progress goes hand in hand with environmental stewardship and inclusive development

Warm regards,

Govind Singh

Managing Director and CEO
Utkarsh Small Finance Bank Limited

Our workforce diversity continues to be a source of strength, with over 2,300 women employees and multiple women-led branches representing our belief that inclusive growth starts from within. This commitment is also visible in our tailored financial products that have positively impacted the lives of over 30 lakh women customers.

05 Advancing our Sustainability Strategy



Our approach to ESG is built from the issues that are most important to our business and stakeholders. Our strategy has three pillars, which support us in our goal of helping people and businesses prosper. In addition allows us to address a number of societal challenges.

Responsible Banking – Charting Path to a Sustainable Future

Financial Inclusion	Support the Green Economy	Empower People	Foster Inclusive Communities
By meeting the needs of underserved individuals and communities.	By being supportive to environment friendly business activities and helping customers transition to low-carbon economy and achieving our sustainability goals.	By championing Employee well-being, diversity, equity and inclusion.	By playing an active role in the upliftment of communities through Corporate Social Responsibility (CSR).
Material Issues			
- Customer Satisfaction - Empower low-income individuals - Empower micro-entrepreneurs by giving them access to formal financial services	- Incorporating ESG considerations into Lending Practices - Energy Efficiency - GHG Emission Reduction - Climate Change Risk Management - Water Management - Sustainable Resource Consumption	- Employee Well Being initiatives - Employee Turnover Rate & Retention - Diversity Equity and Inclusion - Gender Pay Gap - Harassment Free Workplace - Employee Training and Capacity Development	- Financial Literacy - Health Initiatives - Village Development Program - Education Initiatives - Enterprise Development Program - Aspirational District Programs
Cross-Cutting Enablers			
- Data Privacy and Security - Transparency and Disclosure	- Developing & Managing Robust Risk Management Framework - Corporate Governance & Ethics	- Cultural Conduct and Ethical Behaviour - Regulatory Compliance	

06 Stakeholder Engagement



6.1 Stakeholder Identification & Channels of Communication

Utkarsh Small Finance Bank's stakeholders fall within the following broad categories: Customers, Employees, Communities, Investors, Government and Value Chain Partners.

The Bank prioritizes transparent and open communication and engagement with its stakeholders. The valuable feedback from these stakeholders is crucial in enhancing the Bank's business strategies and risk management practices. This feedback enables the

Bank to refine its internal processes, capitalize on business opportunities, reduce operational uncertainties, and maintain a competitive edge, all while delivering value to every stakeholder involved. Communication channels and material topics are further defined below.

6.2 Material Issues from Stakeholder Engagement

Stakeholder Group	Channels of Communication	Material Topics
Customers 	- Customer Meets and Focus Groups - Regular Meetings and correspondence - Financial literacy programs/camps - Workshops & Campaigns - Advertisements in regional languages - Voice of Customer / Satisfaction Survey - Complaint Management - Emails, SMS, Website - ESG Materiality Assessment	- Culture, Conduct and Ethical Behaviour - Data Privacy and Security - Customer Experience and Satisfaction - Financial Inclusion
Investors & Shareholders 	- Investor support center - Annual public disclosures - Investor meet/calls - Email, Phone Contact - Message service through SMS and WhatsApp - Website	- Culture, Conduct and Ethical Behaviour - ESG Governance Structure - GHG and Climate Risk Management - Enhance investor experience - Transparency and Disclosure - Responsible Banking practices
Regulatory Authorities & Government 	- Reporting and compliance - Public disclosure - Regulatory oversight, including survey and audits - Meetings and communication - Engagement with Trade Associations on Public Policy and Regulatory Matters.	- Culture, Conduct and Ethical Behaviour - Diversity, Equity and Inclusion - Data Privacy and Security - Transparency and Disclosure - Stable and well-regulated financial system - Regulatory Compliance
Employees 	- Corporate Intranet & Internal Meetings & Emails - Volunteerism - Performance Review & Appraisals - Townhall meetings, Leadership communication - Employee Engagement Surveys - Performance, Development and Learning Initiative - Feedbacks & Suggestions - Forums & Events - ESG Materiality Assessment	- Culture, Conduct and Ethical Behaviour - Diversity, Equity and Inclusion - Financial Inclusion & Empowerment - Data Privacy and Security - Talent Management and Development - Workplace safety and Harassment free work environment - Comprehensive wellness Initiatives - Employee Satisfaction
Partners, Vendors & Associates 	- Regular hybrid interactions and surveys are conducted with partners to ensure regular feedback. - Holistic conferences and workshops held.	- Ensure effective communication for quality and efficient service. - High governance standards with policies around corruption, child labour, human rights. - Maintain transparency in all the disclosures and interactions. - Resolution mechanisms and frameworks for handling of differences and disputes.
Communities 	- CSR initiatives at multiple locations - Social activities through the Utkarsh Welfare Foundation - Social Media communication - Regular meetings and interventions - Financial Literacy Programs - Project monitoring and reviews	- Culture, Conduct and Ethical Behaviour - Employment from Rural Areas - Financial Inclusion & Empowerment - Contribution towards various causes/ programs for skill development, financial and digital literacy, safe and drinking water, education, healthcare. - Proactive involvement in community development and upliftment of unbanked rural regions.

07 Materiality Assessment

7.1 Methodology and Process

To effectively focus our ESG strategy, our company stakeholders both internal and external, participated in an issue prioritization exercise to identify our most material ESG issues in terms of importance to our business and our community. This exercise identifies a range of issues across the ESG categories. Ultimately issues are prioritized and plotted on a matrix, which ranks issues based on impact to our business and our community.

The Bank conducted this assessment through interviews, surveys and

research with key stakeholders. Stakeholders included, but were not limited to, our executive and board leadership, investors, customers, colleagues, non-profit and community partners, regulators and peers.

Our assessment methodology aligns to Utkarsh Small Finance Bank's broader methodology and included three phases:

1. Material topic identification: Develop a preliminary list of topics based on a variety of internal and external sources.

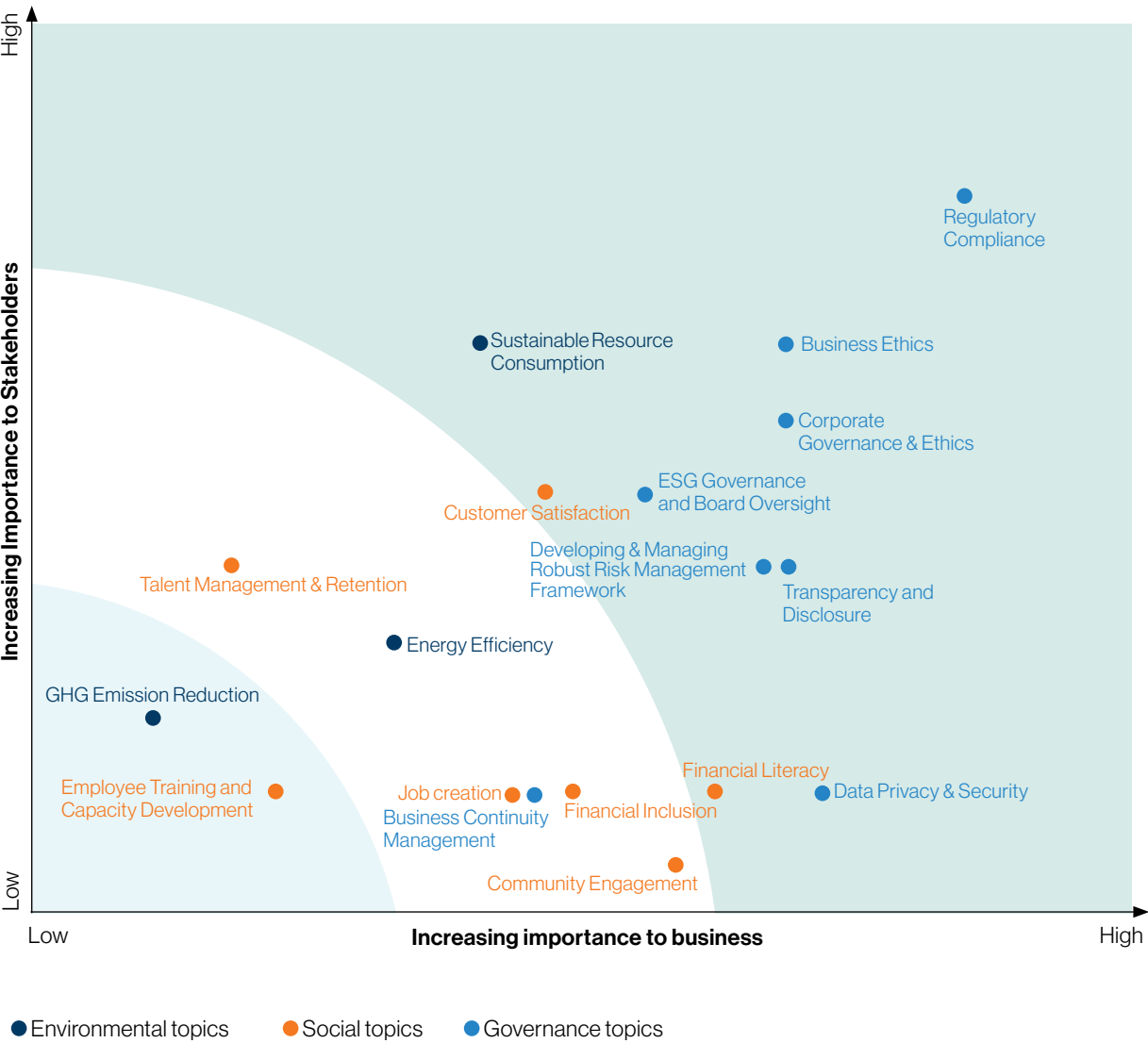
2. Stakeholder input collection: Conduct surveys, interviews and research to capture stakeholder input.

3. Scoring and validation: Assign weights to different topics and generate materiality matrix.

The issues identified in this prioritization will drive our ESG strategy and reporting in the years ahead.

The X-axis of the materiality assessment graph implies importance to business whereas the Y-axis implies importance to the Bank's stakeholders.

7.2 Materiality Matrix



7.3 ESG Risks & Opportunities

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate
1.	Sustainable Resource Consumption 	Opportunity	Sustainable Resource Consumption has a direct bearing on Bank's bottom line. It is necessary to adopt sustainable resource consumption to reduce environmental impact & acknowledge social responsibility.	-
2.	Customer Satisfaction 	Opportunity	Customer satisfaction could directly affect stickiness of customers, Bank's reputation and brand value. It is vital for business expansion, as they aid in preserving customer trust and ensuring they feel appreciated. Bank's rapid growth trajectory and flexibility create opportunities for adapting to evolving customer needs and addressing emerging preferences.	-
3.	Financial Inclusion 	Opportunity	Financial inclusion is widely recognized as a key catalyst for economic empowerment and social development through poverty reduction. Embracing both financial and digital inclusion enhances not only the social and economic progress of India but also positions the Bank as a fundamental promoter of inclusive growth. The Bank perceives vast potential in financial and digital inclusion. Focusing on strategies can help the Bank achieve its goals of increasing client base size, increasing customer loyalty, diversifying revenue streams, cutting costs, and fostering partnerships.	-
4.	Data Privacy & Security 	Risk	Data Privacy & Security has direct regulatory implications from MeitY (Ministry of Electronics and Information Technology) & RBI. A breach of customer privacy and data security systems can result in reputational damage, a decrease in customer trust, and the imposition of legal and regulatory penalties.	Bank has a Data Privacy Policy in place. Cyber-Security framework available. Bank is ISO 27001:2013 (Information Security Management System) certified. Strong governance around information security and data privacy. Cyber Risk Insurance coverage is in place for the bank as a fallback against the risks of cyber incidents.
5.	Regulatory Compliance 	Risk	Regulatory Compliance has direct bearing on Bank's operations & reputation. The expanding footprint has accelerated the hiring process, leading to more manual interventions across different banking operations. Consequently, there is a risk of unintended errors, resulting in non-compliance.	The Bank's processes, policies, procedures, systems, and tools ensure that regulatory compliance is maintained across all operations. Additionally, the Bank adheres to all statutory reporting requirements.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate
6.	Corporate Governance & Ethics 	Risk	Corporate Governance & Ethics has direct bearing on Bank's operations, regulatory performance & brand value. Corporate conduct and ethical practices are essential for protecting the reputation and ensuring the success for the bank.	By fostering a robust ethical culture, Bank upholds its reputation as a trusted financial institution. Bank has implemented effective governance practices which minimizes exposure to business and ethics-related risks. Bank rigorously manages its compliance mechanisms and consistently monitors its performance.
7.	Developing & Managing robust Risk Management Framework 	Risk	Increased vulnerability to economic downturns or market crashes can result in heightened regulatory scrutiny, reputational harm, and decline in investor confidence. Hence developing and managing a robust risk management framework is crucial for the bank.	Bank prioritizes robust risk management, focusing on credit assessment and monitoring across various risk categories. Bank adopts a structured risk management approach, ensuring qualified and experienced officials that lead risk management independently from business functions.
8.	Transparency and Disclosure 	Opportunity	Transparency and Disclosure is essential for increasing stakeholder confidence. It guarantees adherence to regulatory obligations, reinforce market positioning, and enhance relationships with stakeholders.	
9.	ESG Governance and Board Oversight 	Opportunity	Incorporating ESG risks into banking operations is imperative for building a resilient organization. These risks are increasingly becoming uncertain and volatile. Therefore, establishing robust ESG governance and ensuring board oversight is essential for a bank to navigate these evolving challenges effectively and sustainably. ESG Governance and Board Oversight helps create a brand as good corporate citizen & creates visibility. It may reduce possibility of regulatory actions on ESG ground.	
10.	Business Ethics 	Risk	Business Ethics has direct moral and regulatory bearing. It is crucial for achieving bank's objectives, mitigating risks, fostering stakeholder trust, and ensuring business continuity. By placing emphasis on ethical behaviour, the Bank not only seeks to retain its current clientele but also to draw in new customers.	

08 Principles of Responsible Banking (PRB) and Utkarsh Small Finance Bank



The Principles for Responsible Banking (PRB), developed by the United Nations Environment Programme Finance Initiative (UNEP FI) in collaboration with 30 founding banks, came into force on 22 September 2019 at the UN General Assembly in New York. On that date, more than 130 banks from 49 countries, collectively representing over USD 47 trillion in assets, became the first official signatories to the principles.

The Principle of Responsible Banking (PRB) was established to align the strategies and practices of the banking sector with society’s evolving needs particularly in environmental, social, and governance (ESG) areas to advance the global goals embedded in the UN Sustainable Development Goals (SDGs) and the Paris Climate Agreement, while also considering regional and national development priorities. These principles encourage banks to play a pivotal role in addressing global challenges such as climate change, biodiversity loss, inequality, and social inclusion.

The framework emphasizes that banks should align their business strategies with global and local sustainability goals to ensure that long-term growth is balanced with responsibility toward people and the planet. They are expected to continuously assess the environmental and social impacts of their financing activities and, based on these assessments, set clear targets to address their most significant impacts.

Such targets may relate to climate action, biodiversity conservation, financial inclusion, or the protection of human rights, and they should be publicly disclosed to enhance credibility and accountability.

In addition, banks are encouraged to work with their clients and customers to foster sustainable practices, providing products and services that enable a shift toward greener and more inclusive economic models. This collaboration is complemented by the need to engage with a wide range of stakeholders, including regulators, investors, civil society, and local communities, to drive collective progress toward sustainable development.



6 Principles Shaping Our Future



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.

PRINCIPLE 2:
IMPACT & TARGET SETTING



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and the 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.

PRINCIPLE 3:
CLIENTS & 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.

PRINCIPLE 4:
STAKEHOLDERS



We will proactively and responsibly consult, engage, and partner with relevant stakeholders to achieve society's goals.

PRINCIPLE 5:
GOVERNANCE & CULTURE



We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

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.

Effective implementation of these principles also relies on embedding strong governance mechanisms and fostering a culture of accountability throughout the organization. This requires integrating sustainability into decision-making processes, risk management, incentive structures, and employee training. Finally, transparency and accountability are central to the framework, with banks committing to regularly disclose their progress, challenges, and achievements in implementing the principles. This openness not only builds trust but also ensures continuous improvement

in the sector's contribution to global sustainability.

Utkarsh Small Finance Bank (USFB) has been founded on the mission of financial inclusion, with the vision to empower underserved communities through access to affordable credit, savings, and other financial services. As a progressive institution committed to sustainable growth, the Bank recognizes that its long-term success is inherently tied to the prosperity of the environment, society, and economy in which it operates.

By aligning with the UN Principles for Responsible Banking (PRB), Utkarsh

Small Finance Bank reaffirms its dedication to embedding sustainability at the core of its business strategy, operations, and stakeholder engagement. The PRB framework provides a comprehensive guide to shaping a resilient banking system that contributes to people's needs and societal goals as expressed in the Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

The following sections highlight how Utkarsh Small Finance Bank is embracing each principle of responsible banking, while continuing to strengthen its position as a purpose-driven institution.

Principle 1: Alignment

We align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the SDGs, the Paris Climate Agreement, and relevant national and regional frameworks.

Utkarsh Small Finance Bank acknowledges that the true measure of success extends beyond financial performance to include social value creation and environmental

stewardship. Our business strategy is carefully aligned with India's developmental priorities such as financial inclusion, poverty alleviation, rural empowerment, and climate resilience. Key initiatives include:

• **Financial Inclusion as the Core Business Model:** Serving unbanked and underbanked populations in rural and semi-urban areas, offering microloans, self-help group financing, and affordable savings products.

• **Support for Women Entrepreneurs:** Special credit schemes designed for women borrowers to foster self-reliance and gender equality.

• **Sustainable Finance Framework:** Developing financial products that encourage renewable energy adoption, water conservation, and eco-friendly livelihood solutions.

Principle 2: Impact & 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. The Bank regularly assesses the social and environmental impact of its lending portfolio. Being a small finance bank with a strong grassroots presence, Utkarsh is uniquely positioned to

generate positive societal impact while responsibly managing risks.

Positive Impact Creation:

- Providing affordable credit to low-income households helps uplift communities from poverty.
- Expanding branch networks in underserved regions ensures access to formal financial services.
- Promoting financial literacy and digital inclusion helps bridge systemic gaps.

Impact Measurement & Targets:
Social Impact: By FY 2030, the Bank aims to support 5 million women entrepreneurs through microfinance.

Climate Targets: Commitment to increase green lending, focusing on financing clean energy solutions.

Risk Management: Implementation of environmental and social risk assessment frameworks for lending, ensuring clients follow sustainable practices.

Principle 3: Clients & Customers

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

Utkarsh Small Finance Bank places customers at the heart of its business. Our focus is not only on providing financial services but also on guiding customers toward

responsible financial behaviour and sustainable livelihood practices:

• **Capacity Building:** Organizing financial literacy workshops, digital banking awareness camps, and skill-building sessions for rural entrepreneurs.

• **Encouraging Sustainable Livelihoods:** Promoting financing for agriculture practices that are climate-smart, including drip irrigation, organic farming, and renewable energy-powered equipment.

• **Inclusive Digital Banking:** Expanding access to mobile banking platforms, UPI services, and micro-ATMs for communities in remote locations.

• **Customer-Centric Policies:** Transparent interest rates, grievance redressal mechanisms, and ethical customer engagement policies.

By supporting customers' long-term financial well-being, the Bank fosters shared prosperity and trust.



Principle 4: Stakeholders

We proactively and responsibly consult, engage, and partner with relevant stakeholders to achieve society's goals. Utkarsh recognizes that achieving sustainable impact requires active collaboration with stakeholders across the ecosystem. We engage in open dialogues and partnerships with government agencies, regulators,

NGOs, multilateral organizations, and community leaders:

- Partnering with NGOs to implement skill development and women empowerment programs.
- Collaborating with renewable energy providers to facilitate green finance solutions for rural households.

- Working with regulators such as RBI and NABARD to expand financial inclusion initiatives.
- Supporting CSR initiatives in health, education, and sanitation to create holistic community development.

Such collaborations ensure that the Bank remains deeply integrated with societal needs and responsive to emerging challenges.

Principle 5: Governance & Culture

We implement our commitment to these Principles through effective governance and a culture of responsible banking. Governance forms the backbone of responsible banking. At Utkarsh, we ensure that sustainability considerations are integrated into our governance framework and decision-making processes:

- **Management Level Oversight:** The Bank's ESG Steering Committee monitors environmental, social, and governance (ESG) performance.
- **Policies & Frameworks:** Implementation of ESG policies, ethical lending standards, and Sustainable Finance Framework.
- **Culture of Responsibility:** Internal training programs for employees to foster awareness of sustainability practices, customer ethics, and financial responsibility.
- **Diversity & Inclusion in Governance:** Representation of



women and professionals from varied backgrounds in senior management positions.

This culture of responsibility ensures that our workforce is aligned with the values of integrity, transparency, and accountability.

Principle 6: Transparency & Accountability

We 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. Utkarsh Small Finance Bank is committed to transparent communication with stakeholders. Through its Sustainability Report, the Bank discloses its progress

on responsible banking principles, ESG initiatives, and impact measurement:

- **Sustainability Reporting:** Adopting frameworks such as GRI Standards and aligning with BRSR requirements mandated by SEBI.
- **Disclosure of Green Finance:** Reporting the proportion of the loan book directed toward renewable energy, women empowerment, and MSME development.

- **Grievance Redressal Mechanism:** Clear reporting on customer grievances, resolutions, and improvements.

- **Third-Party Assurance:** Ensuring credibility of disclosures through external audits and assurance processes.
- Through openness and accountability, Utkarsh strengthens stakeholder trust and sets a benchmark in responsible banking for the small finance sector.

09 Contribution to SDGs

The United Nations Sustainable Development Goals (SDGs) are a global framework consisting of 17 Goals to be achieved by 2030, serving as

guidelines for integrating sustainability into business practices. Utkarsh Small Finance Bank aligns its operations with these goals and prioritises those

that correspond with its ESG pillars, including:

Responsible Banking – Charting Path to a sustainable Future

Financial Inclusion	Support the Green Economy	Empower People	Foster Inclusive Communities
By meeting the needs of underserved individuals and communities.	By being environment friendly business activities and helping customers transition to a low-carbon economy and achieving our sustainability goals.	By championing Employee well-being, diversity, equity and inclusion.	By active role in upliftment of communities through Corporate Social Responsibility (CSR).
1 NO POVERTY 2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	1 NO POVERTY 2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY



10 Financial Inclusion

10.1 Financial Inclusion for Positive Social Impact

Financial inclusion is not just a service; it's a fundamental right and a prerequisite for the well-being of individuals and the cohesion of society.

10.2 Addressing the Financial Divide

We are passionate about setting up a new age lending entity leveraging technology to bring about a positive change in lives of the underserved segment of India. The Company focuses on reaching out to unbanked and providing financial services to

women entrepreneurs. Along with financial services, we also shoulder the responsibility of educating our clients on financial literacy. This holistic approach contributes to empowering women entrepreneurs, fostering economic independence and promoting financial well-being in rural communities.

By providing financial services to the underserved, we contribute to SDG 1 (No Poverty), addressing economic disparities. Our commitment to supporting women entrepreneurs aligns with SDG 5 (Gender Equality), fostering empowerment in rural

communities. Embracing technology for financial inclusion reflects alignment with SDG 9 (Industry, Innovation, and Infrastructure). The mission to reduce inequalities in access to financial services corresponds to SDG 10 (Reduced Inequalities), promoting inclusive growth. Our Collaborative efforts in financial literacy and partnerships contribute to SDG 17 (Partnerships for the Goals), emphasizing the importance of collective action for sustainable development. We are dedicated to create a positive social impact and align with the global agenda for a more equitable and sustainable future.

10.3 Our Rationale for Existence

We empower low-income individuals and micro-entrepreneurs by giving them access to formal financial services.

At the heart of Utkarsh's journey lies a deep commitment to financial inclusion, which forms the foundation of its very rationale for existence. The institution was established with a vision to bridge the gap between mainstream financial services and the millions of underserved individuals across India, especially in semi-urban and rural geographies. For far too long, these communities have remained excluded from formal banking systems, relying instead on informal credit sources that often trap them in cycles of debt. Utkarsh recognises that the ability to access credit, savings, and other financial services is not merely a matter of convenience but a fundamental enabler

of economic empowerment and social transformation.

One of the most significant aspects of Utkarsh's financial inclusion strategy is its focused attention on women entrepreneurs. Globally, evidence shows that women are disproportionately excluded from formal finance despite being central to household welfare and community development. Through our comprehensive approach, we serve over 30 lakh women customers, most of whom are microfinance borrowers organised through self-help groups and joint liability groups. By extending microfinance loans, encouraging entrepreneurship, and embedding financial literacy programs, Utkarsh

provides women with tools to not only enhance their income but also improve decision-making power within families.

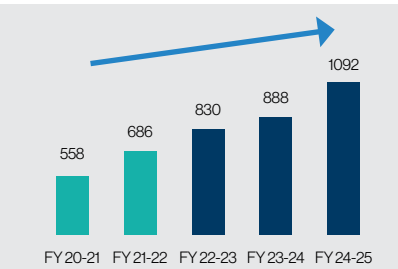
On Ground Capabilities

Accessibility to savings and transactional banking is equally vital in financial inclusion. Utkarsh has recognised that reaching underserved communities requires not only offering credit but also facilitating deposits, withdrawals, and remittances. To this end, the bank has expanded its ATM network steadily at a CAGR of 15%, achieving a total of 369 ATMs as of the end of March'25. Our Branch network has been growing to 1092 at a CAGR of 18% in 27 states of the country.

Growing together

Number of branches
– Our expanding network

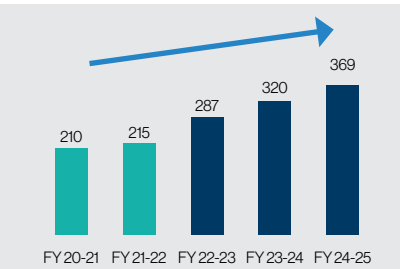
CAGR: 18.28%



Accessible banking

Total Number of ATMs
– Convenient access

CAGR: 15.13%



Geographically, our presence reflects our commitment to reaching the most underserved regions. Nearly 86 percent of our micro-banking branches are located in rural and semi-urban locations, ensuring that financial inclusion is not limited to cities but reaches the heart of India's villages. By placing our branches closer to communities that need them most, we make it easier for individuals to access savings accounts, loans, insurance, and other essential services without having to travel long distances. This local presence also helps build trust, as

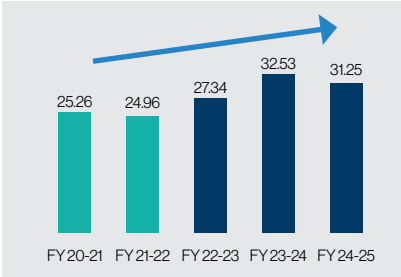
customers engage with staff who often come from the same regions and understand their circumstances deeply.

This growing network allows customers in remote areas to access their funds with ease and enabling greater financial independence. The accessibility of ATMs, coupled with digital banking initiatives, helps bridge the gap between rural customers and the modern financial system, reducing the friction of financial transactions.

Serving more

Total Number of Borrowers (in lakhs) – Convenient access

CAGR: 5.46%



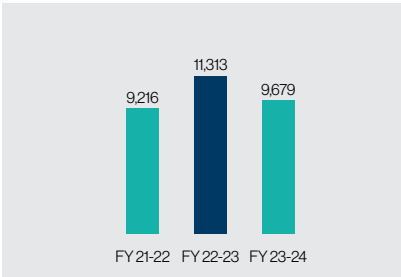
Loan Book

The bank's loan book growth further highlights this commitment. Micro-banking, which accounts for 49% of the total loan portfolio and stands at ₹9,679 crores, underscores Utkarsh's foundational focus on serving the most vulnerable. Micro-loans are often modest in size but high in impact, enabling clients to invest in livestock, expand local shops, or purchase tools necessary for their trade. Such small-ticket loans fuel big dreams, proving that financial inclusion is not about charity but about enabling resilience and economic participation.

Micro banking focus

Micro banking portfolio (₹ crores) – Serving communities

CAGR: 2.48%



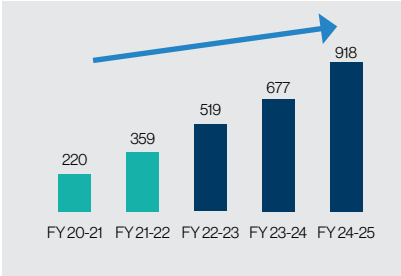
Housing Finance

Recognising that secure shelter is a cornerstone of dignity and stability. The housing loan portfolio, which has grown at a compound annual growth rate of 42.92% to reach ₹918 crores, enables families in underserved markets to own or upgrade their homes. This not only strengthens household well-being but also contributes to community stability and local economic growth through increased demand for construction-related services.

Housing dreams

Housing loan book (₹ crores) – Building homes

CAGR: 42.92%



MSME Lending

Supporting micro, small and medium enterprises with tailored financial products enables business growth and job creation in underserved markets. MSME lending has been growing at an impressive CAGR of 59%.

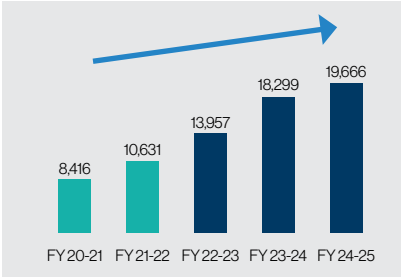
Borrowers

As of 31st March'25, Utkarsh serves over 31 lakh borrowers, reflecting the magnitude of its reach and impact. This vast borrower base represents more than just numbers; it embodies stories of transformation from small farmers investing in better seeds and equipment, to artisans scaling up their traditional crafts, to women establishing small businesses that support household income. Every borrower connected to the Utkarsh ecosystem demonstrates the institution's ability to convert vision into action.

Financial strength

Total loan book (₹ crores) – Our lending capacity

CAGR: 23.64%



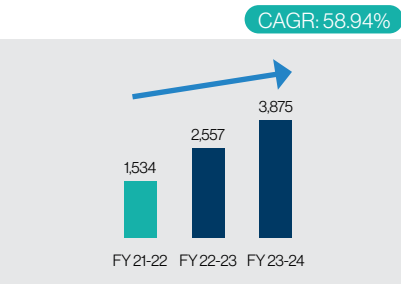
Microfinance

Our microfinance portfolio with more than 30 lakh borrowers, represents one of the largest networks of women-led borrowing groups in the country. These groups are not only financial collectives but also platforms for peer learning, solidarity, and social change. Women who once had no access to credit now run small businesses, from tailoring and handicrafts to vegetable vending and dairy farming creating steady income streams that uplift their families. The multiplier effect of empowering women is visible across dimensions—better nutrition and education for children, improved health outcomes, and a stronger social fabric in communities.



Empowering MSME

MSME Product portfolio (₹ crores)
– Supporting businesses

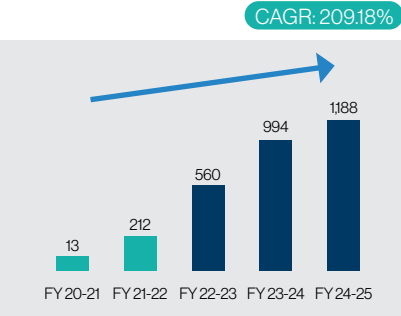


Commercial Vehicle and Construction Equipment (CVCE) Financing

Providing entrepreneurs with access to commercial vehicles and construction equipment, enabling them to expand their businesses and increase income potential. CVCE Financing has been growing fast and has reached ₹1,188 Crores.

Commercial growth

CVCE loans (₹ crores) – Commercial vehicle and construction equipment



10.4. Customer Centricity and Service Innovation

At Utkarsh Small Finance Bank we place our customers at the heart of everything we do. Our purpose goes beyond offering financial products. We aim to create meaningful experiences that make banking simple, accessible, and empowering for every individual. Customer centricity for us means listening carefully to customer needs, designing solutions that address those needs, and continuously innovating to improve convenience, reliability, and trust.

A central part of our approach is the use of digital technology to bring services closer to customers. We have embraced paperless banking as a way to reduce our environmental footprint while also simplifying customer interactions. These changes make account opening, loan processing, and other services faster and more transparent for customers,

Financial Literacy

Financial literacy remains a critical enabler of true financial inclusion, which Utkarsh has embedded this into its model. Providing access to financial products is not enough; communities must also be equipped with the knowledge and confidence to use them effectively. Through structured training sessions, community meetings, and awareness programs, the bank empowers customers to make informed decisions about savings, credit, and investments. This ensures that financial inclusion translates into long-term, sustainable growth for individuals and communities rather than short-lived access.

Impact

The impact of our financial inclusion efforts is visible in stories from across rural India. A woman in Bihar who once borrowed to purchase a sewing machine now runs a tailoring business that supports her family and pays for her children's education. A group of women in Uttar Pradesh have pooled their microfinance loans to start a dairy enterprise that supplies milk to local markets. Farmers in Madhya Pradesh use agricultural loans to invest in better seeds and equipment, improving productivity and incomes. These stories illustrate how financial services, when accessible and inclusive, become powerful tools of transformation.

many of whom are first-time users of formal banking.

We have also invested in digital platforms that improve financial literacy and inclusion. By integrating education with access, we ensure that customers not only use banking services but also understand them, thereby reducing the risks of misuse or financial vulnerability.

The growth in mobile and UPI transactions highlights how our innovations are being embraced by customers. We also recognize that many of our customers face challenges such as limited literacy, language barriers, or lack of familiarity with technology. This ensures that customers can interact with us in the language they are most comfortable with, enhancing both accessibility and trust. We have also introduced innovative tools such as QR-enabled kiosks, AI-driven chatbots, and video KYC facilities. These tools not only reduce the time taken for services but also empower customers to manage

The broader mission of Utkarsh is to foster economic independence and promote inclusive, sustainable growth across rural India. By addressing the unique needs of rural populations—whether through microloans, housing finance, ATMs, or literacy programs—the institution demonstrates that financial inclusion is not a side activity but the very core of its strategy. It views every borrower, depositor, and entrepreneur not just as a customer but as a partner in the collective journey of economic empowerment.

In conclusion, Utkarsh's commitment to financial inclusion goes beyond banking—it is about nation-building at the grassroots. Every loan disbursed, every ATM installed, and every literacy workshop conducted contributes to strengthening the financial fabric of the country. As India continues its journey towards becoming a more equitable and prosperous society, institutions like Utkarsh will play a pivotal role in ensuring that no community is left behind. The story of Utkarsh is thus not only about business growth but also about social transformation, demonstrating how financial services can be a powerful instrument for inclusive and sustainable development.

their financial activities independently and securely.

Customer centricity is not only about digital solutions. It is also about ensuring that the personal touch remains intact. Our employees are trained to provide empathetic and patient support, especially to first-time customers. We encourage our staff to view every interaction as an opportunity to build confidence and trust. In communities where formal banking is a new experience, this human-centred approach makes all the difference in creating lasting relationships.

Through our customer centricity and service innovation initiatives we reaffirm that banking is not only about transactions but about creating long-term relationships built on trust, simplicity, and value. Our customers are our partners in growth, and every innovation we introduce is guided by the goal of making their journey with Utkarsh smoother, safer, and more rewarding.





10.5. Customer Satisfaction and Grievance Management

At Utkarsh Small Finance Bank, we understand that customer satisfaction is the foundation of trust and loyalty. For us, every customer interaction is an opportunity to reinforce this trust by delivering timely, transparent, and empathetic service. We know that banking is deeply personal for our customers, many of whom are engaging with formal financial institutions for the first time, and we are committed to ensuring that their experiences with us are smooth, fair, and respectful.

A key part of building satisfaction is listening carefully to our customers. We have developed a comprehensive grievance redressal mechanism that provides multiple channels for customers to register their concerns. Complaints can be submitted through our branches, contact centres, customer care, email, website, or the online dispute resolution portal. We have also introduced a missed call facility with a 24-hour call-back service in regional languages so that even customers with limited literacy or digital familiarity can access support. This multi-channel approach ensures that no customer is excluded and that every voice has a platform.

Our grievance redressal framework is structured with a three-tier escalation system. At the first level complaints are addressed at the branch itself, where staff members are empowered to

provide quick solutions. If issues remain unresolved, they are escalated to the Nodal Officer, and finally, if needed, to the Principal Nodal Officer. This structure ensures accountability at each level while maintaining a clear timeline for resolution. For normal cases we aim to resolve complaints within ten working days, with specific timelines applied to complex issues. By setting clear standards we ensure that grievances are not only addressed but addressed promptly.

Customer satisfaction is also measured and monitored through regular surveys and audits. We conduct structured customer satisfaction surveys, branch audits, and analytics-based reviews of service quality. These exercises help us identify areas of strength and highlight opportunities for improvement. We were able to improve complaint resolution speed by nine percent year-on-year, demonstrating measurable progress in our responsiveness.

The combination of surveys, audits, and grievance mechanisms creates a feedback loop that continuously strengthens our services. Every grievance resolved is not just a problem addressed but also a learning opportunity. We use these insights to refine our policies, simplify processes, and train our employees, ensuring that similar issues do not recur. This commitment to learning from our customers is what allows us to evolve as an institution that truly reflects the needs of the people we serve.

At Utkarsh Small Finance Bank we understand that customer satisfaction is the foundation of trust and loyalty. For us, every customer interaction is an opportunity to reinforce this trust by delivering timely, transparent, and empathetic service.



11 Support the Green Economy



As a financial institution dedicated to sustainable development, Utkarsh Small Finance Bank acknowledges that enabling progress entails safeguarding the shared environment. While the Bank's core operations are not typically resource-intensive, its extensive footprint, comprising 1092 branches across 27 States and Union territories along with a growing digital infrastructure, inevitably creates environmental impacts. These impacts stem from energy use, branch operations, water consumption, and financed emissions linked to the lending portfolio. The Bank therefore pursues an environmental strategy focused on reducing direct emissions, enhancing resource efficiency, and supporting the transition to a low-carbon economy.

Utkarsh Small Finance Bank is committed to enhancing its positive

environmental impact throughout its business activities and operations. This commitment is reflected in the integration of sustainability into daily practices, coupled with a structured approach to accelerate the adoption of targeted initiatives. The Bank has taken tangible steps towards greener operations, including the construction of its GRIHA 5-star rated headquarters, Utkarsh Tower, which operates at 40% higher energy efficiency compared to conventional buildings.

Natural Resource efficiency is another significant agenda to the Bank's environmental commitment. At Utkarsh Tower, water consumption has been reduced by approximately 70% through the use of efficient flow fixtures and conservation measures.

To ensure that these initiatives are implemented effectively and aligned with broader sustainability goals, oversight is provided by a board-level CSR Committee. Comprising of five independent directors and one executive director, this committee is responsible for driving the Bank's sustainability agenda, embedding Environment, Social, and Governance (ESG) principles across decision-making processes, and ensuring compliance with regulatory frameworks as well as alignment with global standards such as the Global Reporting Initiative (GRI).

The Bank is cognizant to climate change as a critical concern that encompasses environmental, social, and financial dimensions and represents a material risk to the global economy.

11.1 ESG Policy

ESG Policy Overview

Utkarsh Small Finance Bank recognizes that strong Environmental, Social, and Governance (ESG) practices are central to building a resilient financial institution. An ESG Policy enables the Bank to manage risks effectively, appeal to investors and customers who value ethical considerations, enhance corporate reputation, comply with regulatory requirements, and support long-term financial performance. By embedding ESG factors into operations, the Bank not only aligns itself with national priorities and global

Sustainable Development Goals (SDGs) but also fosters innovation in sustainable finance and demonstrates its commitment to addressing environmental and social challenges.

The policy sets out how ESG factors will be integrated into the Bank's financial products and loan portfolio, providing guidance to Relationship and Credit teams on identifying, assessing, and mitigating ESG-related risks.

The Bank's ESG Steering Committee oversees the effective implementation of the ESG Policy. This committee is supported by a dedicated ESG

team that collaborates with Credit, Relationship, and Internal Audit functions to apply ESG standards consistently across all business operations. Through this approach, Utkarsh acknowledges that financing certain borrower activities may give rise to ESG-related impacts and therefore requires systematic management. Left unaddressed, such impacts could translate into credit, regulatory, or reputational risks over time. Conversely, proactive ESG integration can strengthen brand differentiation, improve portfolio performance, deepen borrower relationships, and enhance long-term customer loyalty.

Operational Principles

The Bank's Environmental and Social (E&S) Policy is underpinned by a set of operational principles designed to guide ESG performance across lending and business operations:

1. Preventing Pollution & Using Resources Efficiently: Promoting cleaner production, energy efficiency, and conservation of natural resources in

both the Bank's operations and financed activities.

2. Operating an E&S Management System: Implementing a structured framework for identifying, monitoring, and managing ESG risks throughout the loan lifecycle.

3. Borrower Protection: Ensuring that financing activities uphold borrower rights, avoid exploitative practices, and foster responsible lending.

4. Ensuring Good Working Conditions and Fair Labour Practices: Supporting decent work, non-discrimination, fair wages, and safe working environments in alignment with national labour laws and global standards.

5. Engaging with Stakeholders and Access to Remedy: Maintaining open channels of communication with stakeholders, addressing grievances transparently, and providing mechanisms for remedy where necessary.

Implementation & Applicability

The ESG Policy and its guiding principles have been formally adopted by the Board of Directors of Utkarsh Small Finance Bank. The policy applies to all loans disbursed by the Bank from the date of approval onwards, ensuring consistency and accountability across the entire lending portfolio. Implementation is supported by the Bank's Environmental, Social & Governance Management System (ESGMS), which provides the framework for operationalizing the policy at every stage of financial decision-making.

enabling relationship and credit teams to apply ESG considerations during credit appraisal and monitoring. In addition to internal communication, the Bank has shared its ESG Policy with relevant external stakeholders, including investors and borrowers, and made the document publicly accessible on the Bank's website. This ensures transparency and strengthens stakeholder trust.

Review & Updates

Recognizing the dynamic nature of ESG risks and regulatory requirements, the ESG Policy is subject to periodic review and revision to ensure its continued relevance and effectiveness. At a minimum, the policy will undergo review every three years, though updates may be undertaken sooner if necessitated by evolving environmental, social, or governance contexts. This commitment ensures that the Bank remains responsive to changing stakeholder expectations

and aligned with best practices in sustainable finance.

Audit & Compliance

To uphold accountability and transparency, the ESG Policy and its implementation are subject to regular oversight through the Bank's established Internal Audit framework. Internal Audit will assess adherence to ESG requirements, identify areas for improvement, and provide assurance to the Board and Senior Management regarding the effectiveness of ESG integration. These audits serve as an essential feedback mechanism, ensuring that ESG commitments translate into consistent on-the-ground practices and outcomes.

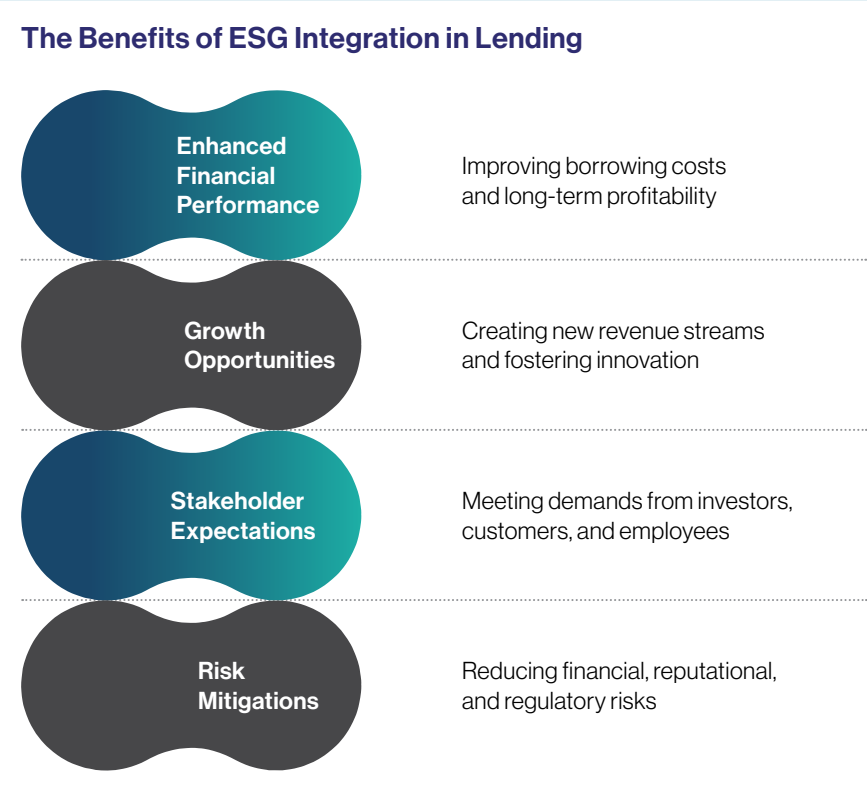
The Bank's ESG Policy, accessible at Utkarsh ESG Policy, reflects a long-term commitment to embedding sustainability in financial operations and to managing risks in a manner that promotes resilience, responsibility, and value creation for all stakeholders.

Communication, Support & Training

To ensure organization-wide alignment, the ESG Policy and its associated principles have been communicated to employees through structured training and awareness programs. These programs build internal capacity,

11.2 Incorporating Environmental and Social Considerations into Lending Practices

ESG Integration in Lending
Incorporating Environmental, Social, and Governance (ESG) considerations into lending practices is becoming increasingly important for financial institutions. As stakeholders demand greater accountability, banks are expected to evaluate not only the financial viability of borrowers but also the potential environmental and social impacts of their activities. Utkarsh Small Finance Bank has established an Environment and Social Risk Management System (ESMS) aligned with its Environment and Social Policy. This system helps identify, assess, and mitigate risks associated with lending, thereby ensuring that financial growth is achieved responsibly while safeguarding the environment and communities.



Applicability of ESGMS to Loan Products
The ESGMS (ESG Management System) framework is not uniformly applicable across all loan products. Its applicability varies depending on the nature of the business, sectoral exposure, and the degree of interaction with ESG aspects. For instance, projects in sectors with higher environmental footprints, such as infrastructure or manufacturing, undergo rigorous ESG assessments compared to low-risk

segments like retail loans. This ensures proportional application of ESG safeguards, optimizing resources while maintaining effective oversight.

Levels of ESGMS Application
The Bank applies ESGMS (ESG Management System) at different levels based on the intensity of environmental and social risks. At the basic level, standard screening is applied to identify borrowers operating in excluded or restricted sectors. At the intermediate level, enhanced due diligence is conducted for sectors with moderate risks, where compliance with national regulations and sectoral standards is verified. At the advanced level, comprehensive environmental and social risk assessments are carried out for high-risk sectors, incorporating monitoring mechanisms and corrective action plans. This tiered approach ensures that ESG due diligence remains both robust and practical.

At the advanced level, comprehensive environmental and social risk assessments are carried out for high-risk sectors, incorporating monitoring mechanisms and corrective action plans. This tiered approach ensures that ESG due diligence remains both robust and practical.

Level of Application	Details on Application
1) Full Application	The potential interaction of the sectors with ESG aspects to which this level will be applicable is expected to be higher. The size of loan to borrowers is comparatively large. Hence the following risk assessment and management procedures of the ESG-MS will be applicable: • Step 1: Screening against Exclusion List • Step 2: ESG Risk and Opportunity Identification • Step 3: ESG Loan Covenants • Step 4: ESG Action Plan • Step 5: ESG Action Plan Implementation
2) Partial Application	The potential interaction of the sectors with ESG aspects to which this level will be applicable is expected to be lower. The size of loan to borrowers is smaller. Hence the following risk assessment and management procedures of the ESG-MS will be applicable: • Step 1: Screening against Exclusion List • Step 2: ESG Risk and Opportunity Identification • Step 3: ESG Loan Covenants
3) Minimal Application	The size of loan to borrowers is small. The potential interaction of the sectors with ESG aspects to which this level will be applicable is expected to be minimal. Hence the following risk assessment and management procedures of the ESG-MS will be applicable: • Step 1: Screening against Exclusion List • Step 2: ESG Loan Covenants
4) Nil Application	The loans and loan products to which this level will be applicable are not envisaged to interact with ESG aspects and hence only screening against exclusion list and client protection requirements will continue to be fulfilled along with applicable requirements of the RBI's Fair Practice Code.

The level of ESGMS application is differentiated across loan categories. Retail loans, such as personal or housing loans, fall under the basic level due to their limited environmental and social implications. Loans to micro, small, and medium enterprises (MSMEs) are	assessed at the intermediate level, as these businesses may have moderate sectoral risks. Large corporate loans and project finance, especially in sectors like energy, infrastructure, and heavy manufacturing, are subjected to advanced ESGMS assessments due to	their significant environmental and social footprints. This categorization ensures that ESG principles are embedded in lending practices while maintaining balance between financial inclusion and sustainability.
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11.3 Sustainable Finance Framework The Reserve Bank of India (RBI) joined the Central Banks and Supervisors Network for Greening the Financial	System (NGFS) as a Member on April 23, 2021. Launched at the Paris One Planet Summit on December 12, 2017, the NGFS is a group of central banks and supervisors willing to share	best practices and contribute to the development of environment and climate risk management in the financial sector, while mobilising mainstream finance to support the transition towards a sustainable economy.
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Subsequent to joining the (NGFS) the RBI set up a sustainable finance group (SFG) within its department of regulation in May'21 to lead the regulatory initiative in the area of climate risk and sustainable finance in the Indian context.

In April'23 RBI came up with the Framework for acceptance of Green Deposits. RBI said "Climate change has been recognised as one of the

most critical challenges faced by the global society and economy in the 21st century. The financial sector can play a pivotal role in mobilizing resources and their allocation thereof in green activities/projects. Green finance is also progressively gaining traction in India. Taking this forward and with a view to fostering and developing green finance ecosystem in the country, it has been decided to put in place the enclosed

Framework for acceptance of Green Deposits for the REs".

Considering the RBI guidance and the global developments Utkarsh Small Finance Bank Limited has adopted "Sustainable Finance Framework" in May'25. The framework provides for sustainable finance solutions in the areas of:

Debt instruments (bonds and loans)	Deposits	General Corporate/ Corporate level Financing
Social Bond/Loan	Green Deposits	Sustainability-Linked Finance
Sustainable Bond		

Utkarsh's Sustainable Finance Framework provides that the allocation of the proceeds would be done on the eligible projects in Environmental, Social and Farm Segments:

ALLOCATION OF PROCEEDS ON PROJECTS IN

Environment, Pollution and Climate Change	Social	Agriculture Finance
Renewable Energy	Healthcare	Farm Credit
Energy Efficiency	Education	Agriculture Infrastructure
Clean Transportation	Financing	Ancillary Activities
Climate Change Adaptation	Affordable basic Infrastructure such as water, electricity and transportation	
Sustainable Water and Waste-water Management	Affordable Housing	
Circular Economy and/or Eco-Efficient Projects	Food Security	
	Employment Generation including through SME Financing/Microfinance	

Renewable Energy (including, production, transmission and distribution): This would include in solar, wind, small hydro, waste to energy, geothermal energy, bioenergy.

Energy Efficiency: Investments, expenditure and financing/ refinancing related to projects and technologies that are designed to enable energy and emissions reductions that aim to achieve energy savings.

Clean Transportation: Investments, expenditure and financing/ refinancing related to projects aiming at developing/ manufacturing low-carbon passenger and freight transportation or related infrastructure.

Climate Change Adaptation: Investments, expenditure and financing/ refinancing related to projects including

data driven systems for monitoring and / or forecasting climate related hazards.

Sustainable Water Management: Investments, expenditure and financing/ refinancing related to projects, including, developing / manufacturing infrastructure, equipment and technology for activities that improve water quality.

Pollution Prevention and Control: Investments, expenditure and financing/ refinancing related to projects in the areas of waste management, pollution control projects approved by India's Commission for Air Quality Management (CAQM), reduction of air emission, soil remediation, recycling etc.

Green Building: Investments, expenditure and financing/ refinancing related to projects including green

buildings certified under EDGE, BREEAM, IGBC, LEED, Green Mark, GRIHA.

Sustainable Management of Living Natural Resources and Land Use: Investments, expenditure and financing/ refinancing related to projects including Programs encouraging sustainable land use and sustainable agriculture, including climate smart agriculture which considers climate mitigation and adaptation measures.

Terrestrial and Aquatic Biodiversity Conservation: Investments, expenditure and financing/ refinancing related to projects including Preserving terrestrial / marine natural habitats.

Circular Economy and/or Eco-Efficient Projects: Investments, expenditure and financing/ refinancing

related to projects including, environmental and sustainability benefits of circular economy and/or eco-efficient projects, production of bio-based resource-efficient/ low carbon products that are RSB certified.

Access to Essential Services: Investments, expenditure and financing/ refinancing related to projects including Healthcare, Education, financing.

Affordable Basic Infrastructure: Investments, expenditure and financing/ refinancing related to projects including Water, Electricity, Transportation.

Affordable Housing: Loans to individuals for purchase or construction of their houses, loans to individuals for renovation of an existing house.

Employment Generation: Investments or projects related to providing employment generation, including Loans to MSMEs as defined by the Government of India. Further, such MSMEs should be engaged in the manufacture or production of goods, in

any manner, pertaining to any industry specified in the First Schedule to the Industries.

Food Security: Investments or projects related to Investment in infrastructure and facilities such as warehouses to provide adequate storage, improve food conservation or improve connectivity in the food chain to avoid food losses.

Farm Credit: Investments or projects related to enabling socio-economic advancement and empowerment, including lending to the agriculture sector shall include Farm Credit short term crop loans and medium/long term credit to farmers), and ancillary activities.

Agriculture Infrastructure: Loans to self-help groups (SHGs) or Joint Liability Groups (JLGs) i.e. Group of Farmers, Small/Marginal Farmers, Farmer Co-operatives of Small/marginal Farmers Directly engaged in Agriculture and Allied Activities, viz., dairy, fishery, animal husbandry, poultry, bee-keeping and sericulture. It includes crop loans to

farmers, which shall include traditional/ non-traditional plantations and horticulture, and loans for allied activities.

Ancillary Activities: Loans up to ₹5 crore to co-operative societies of farmers for disposing of the produce of members, loans for setting up of agri-clinics and agri-business centers, bank loans to Primary Agricultural Credit Societies (PACS), Farmers' Service Societies (FSS) and Large-sized Adivasi Multi-Purpose Societies (LAMPS) for on lending to agriculture.

Socio-Economic Advancement and Empowerment: Loans to individual farmers, Self Help Groups (SHGs) or Joint Liability Groups (JLGs) and/ or corporate farmers, producer organisations, partnership firms & Co-operatives of farmers limited to Small/ Marginal farmers for soil conservation and watershed development, plant tissue culture and agri-biotechnology, seed production, production of biopesticides, bio-fertilizer, and vermi composting.

11.4 Energy Management

Energy Efficiency & Conservation Strategy

Utkarsh recognises that its business operations, while primarily service-oriented, contribute to direct and indirect emissions through electricity consumption, diesel generator usage, and operations of company-owned vehicles. Energy conservation is therefore positioned as both an environmental necessity and a strategic imperative. With a large network of branches, offices, and data centres, cumulative energy demand is significant. By adopting energy-efficient technologies and conservation practices, the Bank reduces operating

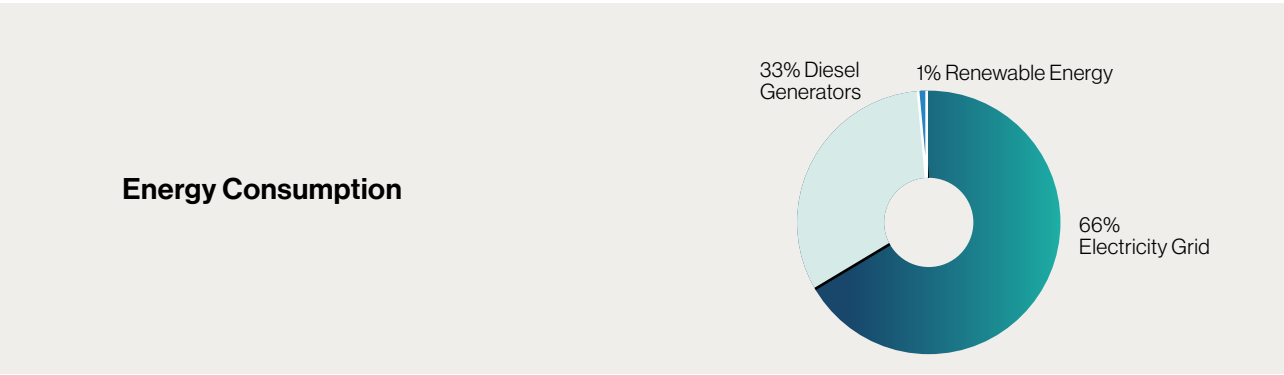
costs, enhances efficiency, and strengthens long-term profitability while supporting its commitment to the Sustainable Development Goals (SDGs), particularly those focused on clean energy and climate action.

The Bank's energy strategy also reflects evolving regulatory frameworks that increasingly emphasise environmental performance and disclosure requirements. By proactively integrating energy efficiency into operations, Utkarsh is well-positioned to meet ESG reporting standards and stakeholder expectations. Beyond compliance, the Bank recognises that responsible energy management enhances its reputation, builds stakeholder trust, and

reinforces its leadership in sustainable business practices.

Energy Consumption (Grid, DG, Renewable)

For FY2024-25, total energy consumption amounted to 71,046 GJ, with 66% sourced from the electricity grid and 33% from diesel generators. Renewable energy contributed 593 GJ, representing an important step in diversifying the Bank's energy portfolio towards cleaner sources. This represents the first year in which the Bank comprehensively calculated energy consumption across all branches and ATMs, establishing a robust baseline for future tracking and improvements.



Energy Intensity & Reduction Measures

The Bank reported an energy emission intensity of 18.89 GJ per crore of turnover in FY2024-25. Through targeted optimisation measures, Utkarsh has achieved a reduction in electricity consumption across its network. These results were achieved through retrofitting lighting systems with LED solutions, improving UPS and HVAC system efficiency, and introducing energy-efficient appliances across offices and branches. Such measures not only lower operational costs but also directly contribute to the Bank's emission reduction goals.

Energy-Efficient Infrastructure (Utkarsh Tower, Appliances)

Utkarsh Tower, the Bank's headquarters, continues to serve as a benchmark for energy-efficient infrastructure. Certified with a GRIHA 5-star rating, the building incorporates advanced design principles that deliver 40% greater energy efficiency compared to conventional buildings. During FY2024-25, Utkarsh Tower improved its energy performance by 7%, playing a pivotal role in lowering Scope 2 emissions. Energy-efficient appliances, regular maintenance of equipment, and systematic monitoring of performance further strengthen the infrastructure's contribution to the Bank's sustainability agenda.

Renewable Energy Initiatives

The integration of renewable energy remains a key focus of Utkarsh's energy management roadmap. The Bank operates a 140 KWP rooftop solar photovoltaic system at its headquarters, which contributes approximately 15% of the building's total electricity needs. In FY2024-25, renewable energy usage was recorded at 593 GJ, with plans to expand renewable adoption across the branch network in the coming years. Utkarsh has set a forward-looking target of powering 25% of its branches with renewable energy within the next two years, underscoring its long-term ambition to achieve carbon neutrality for Scope 1 and Scope 2 emissions by 2030.

11.5 Climate Change Strategy, Risk and Transition

Climate change, primarily driven by greenhouse gas emissions from human activity, has become one of the most pressing global challenges of our time. Its impacts are already visible across ecosystems, communities, and economies, and are expected to intensify further in the coming decades. Rising global temperatures have disrupted weather patterns, accelerated the melting of glaciers, and contributed to sea-level rise, while biodiversity loss and ecosystem degradation have reached critical levels. These environmental shifts are no longer distant projections but present-day realities that threaten economic stability and human well-being.

The consequences of climate change are multidimensional, complex, and

deeply interconnected. They often affect the most vulnerable populations first and most severely. Increasing frequency and intensity of extreme weather events such as prolonged droughts, erratic monsoon patterns, heatwaves, cyclones, and flash floods are straining infrastructure, damaging livelihoods, and imposing additional burdens on public health systems and social safety nets. In India, which is highly dependent on agriculture and natural resources, the risks are particularly acute. Erratic rainfall patterns and delayed monsoons have already disrupted agricultural productivity, leading to food insecurity, rural distress, and income instability for communities reliant on rain-fed farming.

To achieve the alignment with global climate change mitigation and

adaptation initiatives, Utkarsh has prioritised a strategy that focuses on both operational and portfolio-level actions. On the operational front, the Bank is working to reduce the carbon intensity of its activities through measures such as adopting energy-efficient infrastructure, increasing renewable energy usage, digitising operations to reduce paper consumption, and improving resource efficiency across branches and offices. On the portfolio side, Utkarsh is integrating climate considerations into its lending practices, assessing financed emissions, and progressively increasing exposure to climate-aligned sectors such as renewable energy, sustainable agriculture, and green infrastructure.





11.6 Paris Climate Agreement

The Paris Climate Agreement adopted in December 2015 at the 21st Conference of the Parties (COP21) in Paris is a landmark international treaty under the United Nations Framework Convention on Climate Change (UNFCCC). Its central objective is to limit the rise in global average temperature to well below 2°C above pre-industrial levels while actively pursuing efforts to restrict it to 1.5°C. This scientifically backed target represents the threshold beyond which climate impacts would become increasingly severe and potentially irreversible. The agreement came into force on November 4, 2016, and today nearly every nation is a party to it, reflecting an unprecedented level of global consensus on climate action.

What makes the Paris Agreement distinct from earlier frameworks is its inclusive and dynamic approach. Instead of imposing uniform obligations, it allows countries to voluntarily set and update their own climate action plans known as Nationally Determined Contributions (NDCs) which are reviewed and strengthened every five years. The framework is built upon five core pillars which include mitigation, adaptation, finance, transparency, and global stocktaking, making it a comprehensive and action-oriented roadmap for a sustainable future.

Utkarsh Small Finance Bank acknowledges that climate risks pose material financial risks. In the past, events such as floods, droughts, and cyclones have adversely affected the Bank's portfolio performance, particularly in rural and semi-urban areas where clients are more vulnerable to physical climate shocks. India has been ranked among the top ten most climate-vulnerable countries in the Global Climate Risk Index, and studies indicate that climate

change could reduce India's agricultural income by up to 25 percent in severe scenarios. Scientific projections also suggest that the frequency and severity of such events are likely to intensify due to rising greenhouse gas emissions. As such, the Bank views climate risk as an evolving area of strategic importance and is strengthening its capacity to assess, manage, and disclose the potential long-term financial implications.

In addition to green infrastructure, Utkarsh has prioritized digital transformation as part of its sustainability journey. By encouraging digital banking solutions including paperless transactions, e-statements, and digital passbooks, the Bank reduces its dependence on paper and minimizes emissions from branch visits and physical documentation while enhancing customer convenience. For Utkarsh this transition is both an operational advantage and a climate-conscious choice.

Importantly, Utkarsh's financial inclusion mission inherently contributes to climate resilience. By extending credit to micro-entrepreneurs, particularly women and rural households, the Bank fosters diversified and sustainable income streams. This financial empowerment allows low-income communities to invest in adaptive solutions such as climate-resilient agricultural practices, water-efficient technologies, and disaster-resilient housing. In doing so Utkarsh not only strengthens household resilience but also safeguards its loan portfolio from climate-induced shocks. With over 70 percent of India's rural population dependent on agriculture for livelihoods, such interventions become critical for advancing both community well-being and national climate goals.

11.7 RBI Draft Disclosure on Climate Risks (2024)

The Reserve Bank of India has recently issued the Draft Disclosure Framework on Climate-Related Financial Risks, 2024, which will become applicable from FY26. This framework represents a significant regulatory shift as it requires all Indian banks to align their disclosures with the internationally recognized guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD). The framework is designed to bring greater transparency and accountability to the way financial institutions assess, manage, and disclose climate-related risks, ensuring that climate considerations are embedded into the financial system in a structured manner.

The framework emphasizes two critical dimensions of climate risk that banks and regulators must address. The first is the facilitative dimension which includes capacity building, the development of ecosystems that support green financing, and the scaling up of sustainable investment flows. The second is the prudential dimension which focuses on the risk management implications of climate change, ensuring that banks integrate climate-related financial risks into their core governance and decision-making processes.

Together, these dimensions highlight the dual responsibility of banks to both enable the transition to a low-carbon economy and safeguard the resilience of the financial system.

Through these efforts, we demonstrate our readiness to align with the RBI's draft disclosure requirements. We view this framework not merely as a compliance obligation but as an opportunity to strengthen our own resilience, enhance stakeholder confidence, and actively contribute to India's transition towards a sustainable and climate-resilient economy.

11.8 Climate Roadmap

We are formulating strategies that operate across short, medium, and long-term horizons. In the short term, our focus is on enhancing internal capacities, building systems for data collection, and identifying climate-exposed sectors within our portfolio. In the medium term, we aim to progressively measure financed emissions, conduct climate scenario analysis, and expand disclosures on physical and transition risks. Over the long term, we envision aligning our portfolio more closely with India's national commitments under the Paris Agreement and global net-zero pathways while continuing to support rural and underserved communities in adopting climate-resilient practices.

To achieve this, we are putting in place robust frameworks to measure and evaluate material climate risks linked to our lending and investment operations. We are also developing the capacity to assess our portfolio performance under a range of climate scenarios. These efforts allow us to proactively implement strategies that enhance the resilience of our assets while reducing vulnerabilities, ensuring that our business model is aligned with long-term climate and sustainability goals.

Identification of Climate-related Risks

We recognise climate change as a material financial and operational risk and have integrated it into our overall risk management architecture. Consistent with the recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD), we view climate risk through two lenses, transition risks, which arise from the evolving policy, legal, technological, and market landscape, and physical risks, which stem from the direct impacts of extreme weather events and long-term climate shifts.

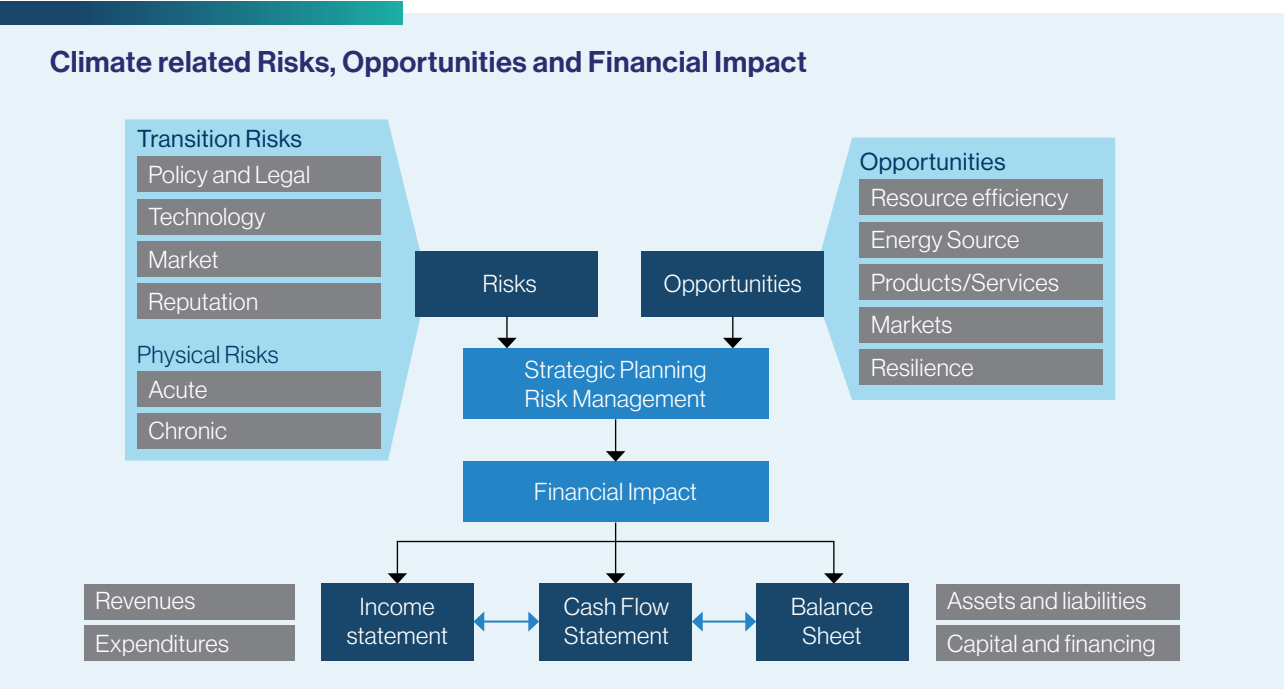
Transition Risks

Among the most significant risks we face is the tightening of disclosure policies. The global regulatory environment is evolving rapidly, with governments and supervisory bodies mandating enhanced climate and sustainability disclosures. Non-compliance with these requirements could expose organisations to penalties, legal challenges, reputational concerns, and restricted market access. We are therefore attentive not only to our own obligations but also to the challenges our clients may face. If they struggle to adapt to these new norms, their financial stability could be affected, which in turn could impact their repayment capacity and our overall portfolio quality.

Another critical dimension is the increasing stringency of environmental regulations. Across the world, new rules are being introduced that govern operating licences, occupational health and safety standards, and emission or discharge limits. While these measures are essential to safeguard people and the planet, they could increase operating costs for certain clients or, in cases of non-compliance, disrupt their ability to continue business operations. This may lead to financial stress among borrowers and potential credit risk exposure for us. To mitigate this, we have started embedding environmental risk assessments into our credit appraisal processes and continue to engage closely with our clients, supporting them in their transition towards sustainable practices.

Physical Risks

Physical risks arising from climate change also pose a significant challenge. In India, the frequency and severity of droughts, floods, cyclones, and heatwaves have increased, disrupting livelihoods and damaging assets across sectors. Agriculture and allied industries are particularly vulnerable, and since they form an important part of the economy, their fragility directly affects the financial system. Such climate events could reduce repayment capacities, disrupt operations at the community level, and affect broader economic activity. They may also impact our own operations by limiting the ability of employees to work or by affecting the physical infrastructure of our branches. These risks have wider implications



for revenue generation and long-term growth.

In response, we are enhancing our ability to stress-test loan portfolios against different climate scenarios and to anticipate the cascading effects of climate events on client performance. By engaging in dialogue with borrowers and supporting the adoption of adaptive practices, we aim to reduce vulnerability at the ground level.

Climate-related Opportunities

While climate change presents undeniable risks, it also creates opportunities for financial institutions to drive innovation, foster resilience, and accelerate sustainable growth. We view the transition to a low-carbon economy as an opportunity to diversify our portfolio, create long-term value for stakeholders, and contribute meaningfully to India's climate and development goals.

One of the most promising opportunities lies in financing renewable energy and clean technology projects. India has set ambitious targets to expand its

renewable energy capacity, and we are positioning ourselves to support this transition by extending credit to solar, wind, and small hydro projects. By enabling clean energy adoption, we not only reduce exposure to high-emission sectors but also strengthen the resilience of the energy ecosystem that our clients and communities depend on.

Sustainable agriculture represents another vital area of opportunity. Given the vulnerability of Indian agriculture to climate risks, financing climate-smart solutions such as water-efficient irrigation systems, organic farming, and sustainable crop diversification practices can help farmers adapt to changing conditions. By supporting these initiatives, we simultaneously safeguard rural livelihoods and reduce the potential credit risk associated with climate-induced agricultural disruptions.

We also see scope for fostering innovation in the circular economy and resource efficiency sectors. Financing businesses engaged in waste management, recycling, and sustainable packaging not only reduces

environmental pressures but also opens new growth avenues for the Bank. Similarly, encouraging clients to adopt energy-efficient technologies and green building practices aligns with both regulatory expectations and market demand.

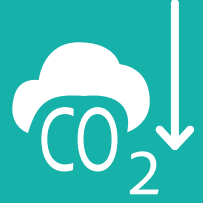
Furthermore, climate-related opportunities extend to digital solutions that reduce environmental impact. By expanding digital banking services, the Bank reduces paper usage, cut emissions associated with physical travel, and enhance accessibility for customers. Digitalisation also improves operational efficiency, which has long-term benefits for both sustainability and financial performance.

By integrating these opportunities into our business strategy, we aim to move beyond risk mitigation towards value creation. Climate-conscious financing and innovation provide us with the ability to build a future-ready portfolio that is resilient, inclusive, and aligned with global sustainability priorities.

11.9 GHG Emissions & Net Zero Target

First GHG Inventory (Scope 1 & 2)

We have completed our first full-year greenhouse gas emissions providing a comprehensive baseline to manage and reduce our carbon footprint. For FY24-25, our consolidated emissions were measured across Scope 1 and Scope 2 categories. Scope 1 emissions, which include diesel consumption for backup generators and company-owned vehicles, amounted to 1,742 tCO₂e, while refrigerant-related emissions contributed 168 tCO₂e. Scope 2 emissions from purchased electricity across our offices, branches, and data centers generated 9,484 tCO₂e, constituting 83% of the combined Scope 1 and Scope 2 emissions.



GHG Inventory Completion

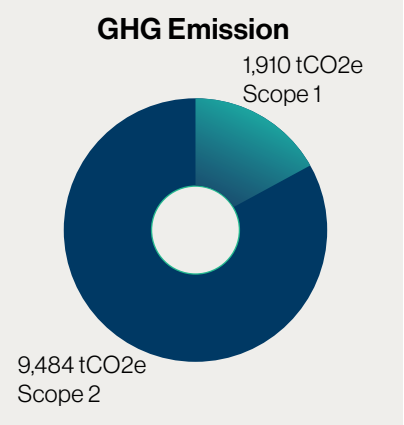
First full year Greenhouse Gas Emissions Inventory completed



Scope Categories

Measured across Scope 1 and Scope 2 categories

GHG FY2024-25	Metric tonnes of CO2e
Scope 1 (Diesel for backup generators, company vehicles)	1,742 tCO ₂ e
Scope 1 (Refrigerant)	168 tCO ₂ e
Scope 2 (Purchased electricity)	9484 tCO ₂ e



Emission Intensity Analysis

Monitoring emission intensity allows us to understand the environmental impact of our operations relative to our financial performance. For FY2024-25, the energy emission intensity was calculated at 3.77 tCO₂e per crore of turnover. By combining absolute emission data with intensity metrics, we are able to track the effectiveness of energy conservation initiatives and monitor the decoupling of business growth from carbon emissions.

Net Zero by 2040 Commitment

We are committed to achieving net-zero greenhouse gas emissions from our operations by 2040. This target aligns

with the Paris Climate Agreement's objective of limiting global temperature rise to well below 2 degrees Celsius and striving towards 1.5 degrees Celsius. Our net-zero commitment encompasses absolute Scope 1 and Scope 2 emissions and represents a forward-looking approach to environmental stewardship. Achieving this target will require sustained reductions in operational emissions and a strategic shift toward renewable and low-carbon energy sources across all facilities.

Key Decarbonisation Levers

To achieve our net-zero ambition, we are implementing a multi-pronged decarbonisation strategy focusing on renewable energy, energy efficiency, and technology-driven interventions.

Renewable Energy

Renewable energy is a primary lever in our strategy. We have already begun sourcing renewable energy for key facilities, including our corporate office, and plan to expand this transition across the majority of our offices and branches by 2040. Currently, renewable energy accounts for 593 GJ, representing an initial step toward reducing dependence on fossil-fuel-based electricity.

Energy Efficiency

Energy efficiency is another critical lever. We are systematically replacing

conventional lighting with LEDs, upgrading HVAC systems, and deploying star-rated energy-efficient appliances in offices and branches. These improvements also support our Scope 2 reduction targets and enhance resource efficiency.

Technology Integration

Technology integration further strengthens our decarbonisation efforts. We employ smart energy management systems, automated lighting and HVAC controls, and real-time monitoring to optimize energy consumption and minimize waste. In parallel, we continue to explore innovative approaches to reduce emissions, including further electrification of company vehicles and adoption of low-carbon office practices.

Through our comprehensive GHG inventory, emission intensity analysis, net-zero commitment, and strategic decarbonisation initiatives, we demonstrate an unwavering commitment to environmental stewardship, long-term resilience, and sustainable growth. We will continue to monitor, report, and improve our performance to ensure that our business operations align with global climate objectives and the expectations of our stakeholders.



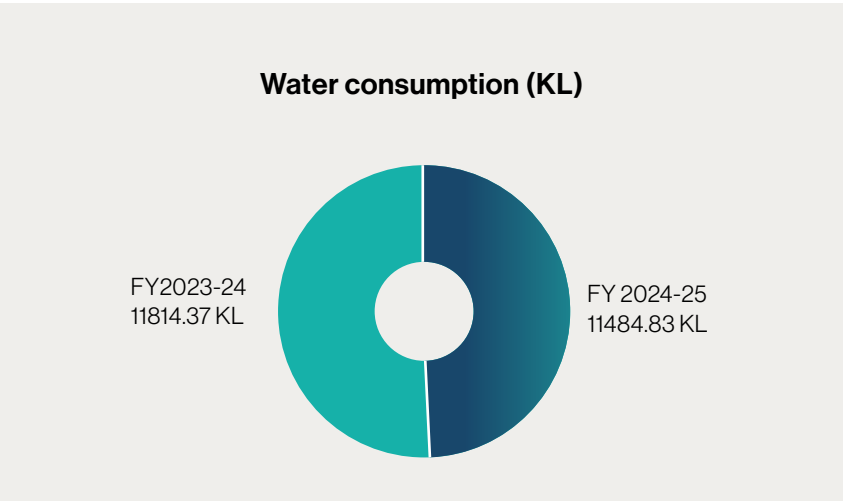


11.10 Water Management

Water Consumption & Footprint

We recognize that water is a finite and shared resource, and effective management of water is a critical aspect of environmental sustainability and responsible business operations. While water is not a direct input for our core banking services, it is essential for employee and customer needs, operational facilities, sanitation, and maintenance. Understanding the importance of water conservation within an ESG-integrated business management system, we have implemented measures to systematically track, manage, and reduce water consumption across all offices, branches, and administrative facilities nationwide.

For the financial year 2024-25, our total water withdrawal and consumption across India amounted to 11,484.83 kilolitres, reflecting a reduction from 11,814.37 kilolitres in FY2023-24. Water consumption has been calculated using a standardized methodology where daily water use per employee



is assumed to be 45 litres, consistent with the National Building Code of India, and considering 250 working days annually. This approach provides a comprehensive assessment of our water footprint and enables us to identify opportunities for optimization and efficiency improvements. Water management is guided by globally recognized frameworks such as the Water Resources Institute (WRI) Water

Risk Assessment methodology, which allows us to evaluate water-related risks, optimize usage, and ensure sustainable water stewardship across our operations.

Efficiency Measures

To improve water efficiency, we have installed low-flow fixtures across our offices and branches, which reduce water demand by approximately 70

percent compared to conventional systems. This is complemented by awareness programs and training for employees, emphasizing responsible water use and conservation practices. By fostering a culture of sustainability within the organization, we ensure that every employee understands the importance of conserving water and actively participates in efficiency efforts.

We have also implemented Sewage Treatment Plants (STPs) at our major facilities, including our corporate headquarters. The 90 kilolitres per day capacity STPs treat all wastewater generated on-site, which is then reused for non-potable purposes such as washroom flushing, landscaping, and maintenance activities. This practice achieves zero wastewater discharge from these facilities and significantly reduces freshwater demand. By integrating advanced treatment and recycling systems, we are enhancing operational efficiency while minimizing environmental impact and contributing to sustainable resource management.

Rainwater Harvesting Initiatives

Rainwater harvesting forms a key pillar of our water management strategy. We have installed rainwater collection systems at multiple corporate office buildings to capture and store rainwater for non-potable use. These systems supplement municipal water supply, reduce dependence on groundwater, and manage stormwater runoff, thereby lowering flood risk. By integrating rainwater harvesting with water recycling, low-flow fixtures, and efficient infrastructure, we are systematically reducing our water footprint while promoting sustainable water management practices.

Future Initiatives and Climate Resilience

Looking ahead, we aim to further strengthen our water management strategy by exploring innovative technologies such as smart water meters, automated leak detection systems, and greywater recycling. These initiatives will provide real-time monitoring of water use, identify inefficiencies, and ensure optimized water consumption.

Employee engagement remains central to our water stewardship efforts. Training sessions, workshops, and awareness campaigns will continue

to educate our workforce on the importance of water conservation and encourage behavioural changes that complement technological and operational improvements. By fostering a culture of water responsibility, we aim to ensure that all stakeholders contribute to reducing our water footprint and promoting sustainable practices.

11.11 Digitisation and Sustainable Resource Consumption

Reducing Paper Consumption: Tangible Environmental Benefits

One of the most significant outcomes of our digital push has been the reduction in paper usage. In FY24, our paperless initiatives led to the saving of 2,97,35,191 sheets of paper, equivalent to nearly 3,498 mature trees. By avoiding paper consumption at this scale, we directly support environmental conservation efforts while also demonstrating our commitment to responsible banking practices.

Beyond the immediate benefit of tree conservation, paperless processes reduce the environmental burden of paper production, including deforestation, high water consumption, and energy use. They also cut down logistics requirements and minimize waste management challenges associated with traditional operations. Through digitized account opening, documentation, and transaction processes, we have lowered administrative overheads, improved operational efficiency, and nurtured a sustainable work culture within the Bank.

Digital Transactions: Redefining Banking and Sustainability

The rapid adoption of digital transactions has not only changed how customers engage with financial services but has also contributed to environmental protection. By enabling anytime, anywhere access to services, we have improved customer convenience while lowering the environmental footprint associated with branch-based banking. This has resulted in:

• **Reduced Commuting:** Digital platforms eliminate the need for frequent branch visits for routine activities such as transfers, bill payments, or inquiries. This translates into fewer vehicles on the road and reduced emissions.

• **Time and Fuel Savings:** What once required hours of travel and waiting in queues can now be completed within seconds through mobile apps, internet banking, and wallets, saving both time and fuel.

• **Traffic and Pollution Reduction:** Fewer branch visits mean reduced vehicular traffic, lower fuel use, improved air quality, and reduced noise pollution, ultimately supporting healthier cities.

Through these changes, digital transactions have proven to be more than a convenience they are a driver of environmental responsibility, conserving resources and aligning with global sustainability goals.

Digital Onboarding: Enabling Inclusion and Efficiency

Digital onboarding has emerged as a cornerstone of our sustainability strategy. In FY24 alone, 5,76,906 customers joined us through our Digi Onboarding platform, and by the end of FY25, this number had expanded to 27,10,751 digital accounts. By eliminating the need for physical documentation and in-person visits, digital onboarding reduces paper consumption, lowers emissions linked to travel, and improves turnaround time.

This seamless and secure process has enhanced customer satisfaction while also advancing our mission of financial inclusion. Customers in underserved rural and semi-urban regions are now able to access banking services efficiently, without having to travel long distances.

UPI and Mobile Banking: Driving Cashless Ecosystems

Utkarsh Small Finance Bank has been a front-runner in introducing digital payment solutions. We launched our UPI App in FY 2021-22 and were among the first Small Finance Banks to roll out the UPI Lite Application, enabling small-ticket transfers of up to ₹200. The adoption of these services has grown consistently, reflecting strong customer acceptance of digital finance.

Our mobile banking platforms have not only provided convenience but also contributed directly to social and environmental benefits. With fewer customers visiting branches, fuel consumption and congestion in urban areas have decreased, leading to measurable reductions in carbon emissions. Even conservative estimates point to significant environmental savings attributable to these initiatives.

Building a Comprehensive Digital Ecosystem

To support sustainable growth and improve efficiency, we have built a comprehensive suite of digital solutions, including:

- Internet and Mobile Banking
- UPI Lite and Utkarsh UPI App
- Digi Onboarding

- Fintech Integrations
- eKYC and e-Sign services
- Video KYC
- Utkarsh Vyaapar platform

These platforms streamline financial processes, enhance security, and significantly reduce the paper and energy consumption associated with manual operations. They also provide scalable solutions that accommodate the needs of a growing customer base and transaction volumes, while aligning with our ESG commitments.

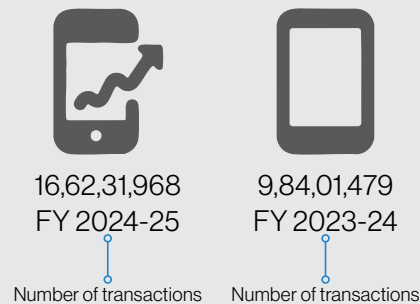
Continuous Improvement and Technological Investments

Since the launch of digital onboarding in FY 2020-21, we have continuously refined our digital

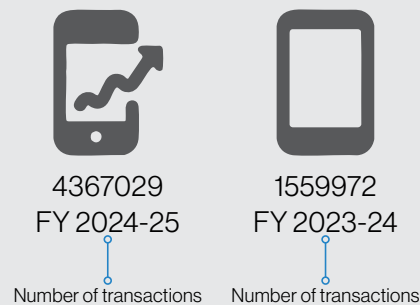
processes. While challenges arose during FY 2022-23, we adopted targeted strategies and made focused technology investments to strengthen engagement of our customers with our platforms. Enhancements in data analytics, onboarding processes, and transaction security ensured that customer experience remained seamless and efficient.

Ongoing software upgrades and the adoption of emerging technologies have further bolstered our operational efficiency, reduced costs, supported better management of NPAs, and delivered improved customer satisfaction. These investments not only ensure compliance with industry regulations but also prepare us for future growth.

Digital Transactions on Mobile UPI APP



Digital Transactions on Mobile Banking APP



11.12 Resource Efficiency & Waste Management

Commitment to Circular Economy

We view waste not as a burden but as a resource opportunity, integrating circular economy principles into our operations. We explore innovative Waste-to-Energy models, including pilot projects converting food waste into biogas, and maintain recycling partnerships that enable us to close the loop on resource-intensive waste streams such as e-waste, batteries, and paper. Our procurement policies encourage the use of recycled content materials and support responsible supply chain practices. By maximizing resource recovery and minimizing waste-to-landfill, we demonstrate alignment with the United Nations Sustainable Development Goal on Responsible Consumption and Production.

Resource Efficiency in Buildings and Operations

At Utkarsh, we integrate sustainability into every aspect of our operations,

prioritizing resource efficiency in energy, water, and materials across our facilities. Our flagship building, Utkarsh Tower, exemplifies our commitment to sustainable design and operational excellence, achieving energy efficiency that surpasses conventional benchmarks by 40%.

Waste Segregation and Recycling

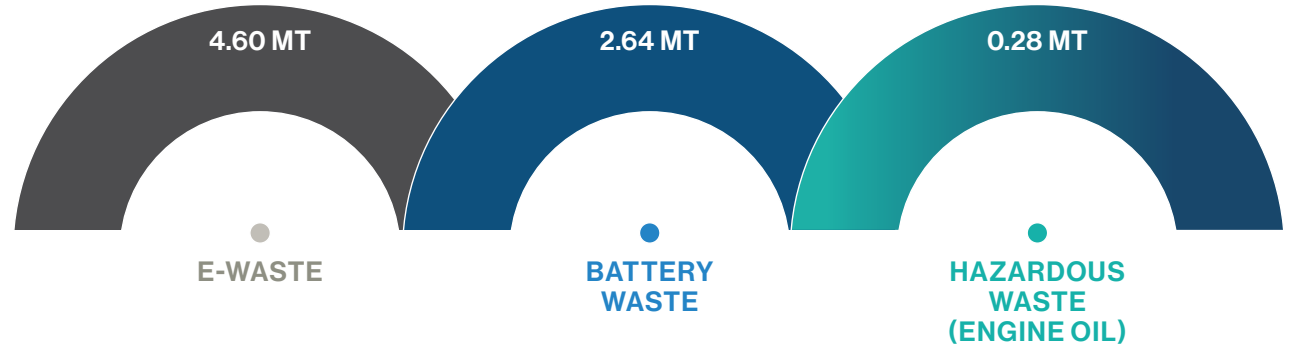
We maintain a robust waste management system across all our locations, ensuring that every waste stream is handled responsibly. Our approach classifies waste into plastics, e-waste, batteries, hazardous waste such as engine oil, and organic waste, each directed to authorized recyclers or responsibly managed treatment channels. In the FY 2024-25, we successfully recycled 7.52 metric tons of waste, through authorised waste collectors and recyclers.

E-Waste and Battery Disposal through Authorized Recyclers

As a technology-driven organization, we generate electronic and electrical waste from end-of-life IT equipment and electronic devices. We adhere strictly to India's E-Waste Management Rules of 2016 and Hazardous and Other Wastes Rules of 2016, ensuring responsible disposal and material recovery. In FY 2024-25, we disposed of 4.60 metric tons of e-waste through Pollution Control Board-authorized recyclers.

Our used batteries, 2.64 metric tons, were collected and diverted through a structured buy-back and recycling mechanism. These processes allow us to recover valuable materials and minimize environmental hazards, promoting responsible consumption and production in alignment with global sustainability benchmarks.

Waste (MT)



Digital Record Management and Dematerialisation

We have embraced digital workflows across our operations to reduce dependence on physical records and paper-based processes. Initiatives such as video-based customer identification

and tab-based account openings have significantly minimized paper applications. Internal approval workflows are now largely paperless, with digitized records stored securely in our Document Management System. Dematerialization of securities allows our clients to trade

and invest digitally, eliminating the paperwork traditionally associated with financial transactions. Together, these initiatives result in substantial paper savings, reduce our carbon footprint, and reinforce our digital-first green banking model.

11.13 Green Building and Sustainability Initiatives

Green Building Commitment

Utkarsh Tower, our flagship office, has achieved the prestigious GRIHA 5-star certification, making it one of the very few green-certified buildings in Uttar Pradesh. This certification validates our

adherence to rigorous benchmarks in energy efficiency, water conservation, indoor environmental quality, sustainable material usage, and overall ecological impact throughout the building lifecycle. For us, this certification reflects our dedication to creating spaces that are resource-efficient, healthy for occupants, and environmentally responsible.



The architectural design of Utkarsh Tower incorporates energy-efficient features that significantly reduce our environmental footprint. We have achieved 40% greater energy efficiency compared to conventional office buildings, thanks to design interventions such as double-glazed windows, recessed glazing, and high-puff insulation that collectively reduce annual heat gain by approximately 3%. In addition, over 25% of cement used in the building has been replaced with fly ash, and 100% of structural elements are built with AAC or fly ash bricks. These measures reduce dependence on virgin resources and lower embodied carbon, demonstrating our commitment to sustainable construction practices.

Our smart building technologies, including automated lighting and HVAC systems integrated with the Building Management System (BMS), enable real-time monitoring and optimization of energy consumption. Through these interventions, we have achieved a 21.35% reduction in the Energy Performance Index (EPI) and a 27.74% reduction in branch-level Energy Performance Metric (EPM) between FY 2015 and FY 2020, showcasing measurable improvements in operational efficiency and sustainable infrastructure management.

Renewable Energy Leadership

We continue to champion the transition to clean energy within our operations and communities. Our 140 kWp rooftop solar photovoltaic (PV) system at Utkarsh Tower offsets over 15% of the building's annual electricity demand, directly reducing our operational carbon footprint. Energy-efficient lighting fixtures and low-flow water systems further decrease resource consumption across the building.

Beyond our own operations, we support renewable energy adoption among customers through strategic lending partnerships, enabling financing for thousands of residential rooftop solar installations. By integrating renewable energy into both our operations and our customer offerings, we reinforce our commitment to India's clean energy transition while empowering communities to embrace sustainable energy solutions.

Biodiversity and Afforestation

Our Harit Utkarsh program demonstrates our dedication to biodiversity restoration and ecological sustainability. We planted over 100,000 native, drought-resistant saplings across 11 states, engaging local schoolchildren, NGOs, and community groups to ensure long-term survival and ecological restoration. By prioritizing native species, we ensure ecological resilience, support local fauna, reduce water requirements, and promote community ownership of our plantation initiatives.

Additionally, we have funded biodiversity restoration projects along riverbank areas in Uttar Pradesh and Bihar. These projects involved replanting native grasses and installing protective fencing to prevent cattle intrusion. These efforts contribute to habitat restoration, strengthen ecosystem services, and reinforce our commitment to environmental stewardship.



Green Infrastructure Initiatives

We have embedded sustainability protocols into the design and construction of all new branches and major offices. Our green infrastructure measures include thermal insulation, daylight-optimized layouts, low-VOC paints, and sustainable landscaping, making sustainability a standard across our physical assets.

Through these initiatives, we not only reduce operational energy demand and enhance climate resilience, but we also contribute to sustainable urban development, aligning our infrastructure growth with broader ESG objectives.

12 Empower People



12.1 Human Resource Strategy & Workforce Overview

At Utkarsh Small Finance Bank we believe that our employees play a significant role and are the driving force behind our success. Our human resource strategy is built on the understanding that a people-focused workplace not only improves productivity but also creates a deeper sense of belonging and purpose. We have therefore designed our

HR philosophy around the values of employee engagement, recognition, communication, emotional intelligence, human values, and customer orientation. These principles guide how we hire, train, and support our people, and they ensure that our workforce grows alongside the organization while feeling respected and valued at every stage.



Our journey of workforce growth has been remarkable. From 12,617 employees in FY 2021-22 we have expanded to 19,620 employees in FY 2024-25. This growth of more than 55 percent over three years reflects our commitment to creating employment opportunities in the communities where we operate. In just the last financial year alone, our employee strength increased by 22 percent as we added more than 3500 new colleagues. This expansion has been closely aligned with our branch network which now covers 1092 locations across 27 States and Union Territories. Every branch that we open is not only a step towards greater financial inclusion for our customers but also an opportunity for young men and women to find meaningful employment and contribute to the banking sector.

Our workforce today is comprised of 16,769 men and 2,851 women, translating into 85.5% male and 14.5% female representation. While women are still underrepresented compared to men, their presence in our workforce is steadily growing. We have introduced initiatives such as women-led branch

management to encourage female leadership and to inspire more women to take up roles in banking and financial services. We also provide maternity leave, childcare support, sabbatical options, and on-site crèche facilities, which help women balance personal and professional responsibilities. These measures have created an environment where women feel supported in pursuing their careers and where inclusivity is more than just a policy but a living experience.

Our employees are the face of Utkarsh in the communities we serve. Many of our customers are first-time users of banking services and often require patient guidance to understand financial products. We therefore train our people not only in technical and operational skills but also in empathy, communication, and customer orientation. This ensures that every interaction goes beyond a financial transaction and becomes an opportunity to build trust and confidence. In communities where formal banking has been absent for decades, our employees play the dual role of service providers

and educators, bringing financial literacy and inclusion to the grassroots.

We also recognize the importance of onboarding in shaping the early experiences of our employees. Every new recruit goes through a structured process that introduces them to our systems and processes while also immersing them in our values and culture. This early investment builds confidence and helps create a sense of connection with our larger mission. Training continues well beyond the initial phase with regular programs designed to upgrade skills, improve efficiency, and keep employees prepared for the evolving needs of the sector.

A central aspect of our workforce strategy is our focus on job creation in underserved areas. Many of our branches are located in rural and semi-urban regions where economic opportunities are limited. By hiring locally, we not only strengthen our presence in these areas but also provide livelihoods that directly benefit local families. Our employees become role models in their communities, demonstrating the value

of education and professional careers while also acting as bridges to the formal financial system. This ripple effect makes our workforce strategy a key contributor to regional development and social transformation.

The philosophy that guides us is simple. When we take care of our people, they take care of our customers. When our employees feel engaged, supported, and recognized, they bring their best selves to work, and this in turn enhances customer satisfaction and organizational

performance. Our growth in workforce numbers is therefore matched by our continuous focus on employee well-being and our determination to create a workplace that is inclusive, empowering, and aligned with our mission of financial inclusion.

12.2 Diversity, Equity, and Inclusion (DEI)

Culture of Inclusivity

At Utkarsh Small Finance Bank we believe that diversity and inclusion are not only moral imperatives but also strategic strengths. A workplace that embraces differences creates space for creativity, empathy, and innovation, all of which are essential to serving the diverse communities across India where we operate. We are committed to ensuring that every employee, regardless of gender, ability, background, or social identity, feels

welcome, respected, and supported in their professional journey with us.

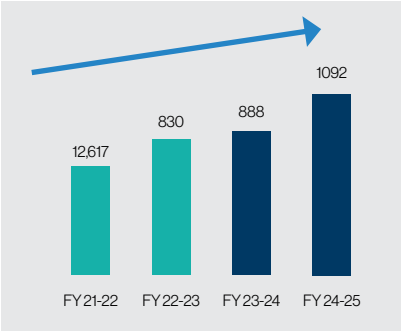
Our DEI efforts are closely tied to our mission of financial inclusion. Many of our employees come from the same rural and semi-urban communities that we serve, and their experiences help us understand the needs of customers more deeply. By reflecting the diversity of our customer base in our workforce, we ensure that our services are relevant, empathetic, and accessible.

Gender Diversity

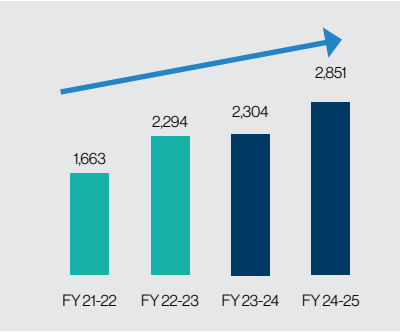
Our workforce of 19,620 employees represents a growing mix of individuals

who bring varied perspectives and experiences. Among them, 2,851 are women, comprising 14.5 percent of our total strength. While this proportion is lower than we aspire to achieve, it represents steady progress, especially as we continue to strengthen female representation across all levels of the organization. We are consciously building a pipeline for women leaders, encouraging them to take on branch leadership roles and actively promoting their career advancement. The presence of women in leadership is vital not only for gender balance but also for creating role models who can inspire the next generation of female professionals in banking.

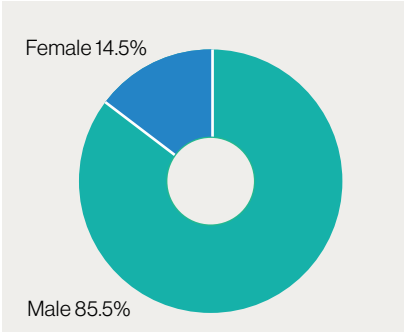
Growing together
Total employees
– Our expanding team



Women empowerment
Female employees
growth– Building Diversity



Gender Distribution
Demographic Analysis



Differently Abled Employees

Inclusivity at Utkarsh extends beyond gender. We are proud to have 8 employees with disabilities working with us. Although they represent a miniscule percentage of our workforce, their contributions are invaluable, and their inclusion reflects our commitment to building a workplace where opportunities are accessible to all. To support differently abled employees, we provide adaptive technologies, workplace modifications, financial assistance, and preferential postings that allow them to work effectively and comfortably. Specialized training programs and return-to-work measures are also made available, ensuring that inclusion is not limited to recruitment

but extends to day-to-day support and career development.

Gender Pay Gap

Equity in pay and treatment is another principle we uphold strongly. Our compensation framework is designed to eliminate bias and ensure fairness. In FY 2024-25 the median salary for female employees was ₹19,132 compared to ₹18,842 for male employees, reflecting not only pay equity but also progress towards closing the gender wage gap. This outcome is the result of deliberate efforts to standardize pay structures, promote transparency, and recognize the value of contributions without discrimination.

Pay Equity:
Median Salary Comparison
FY 24-25 Analysis



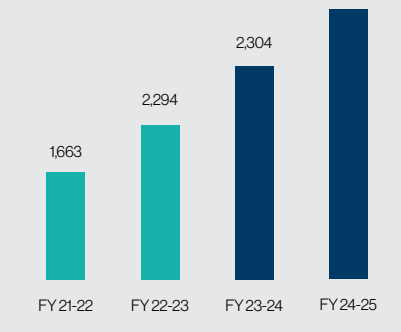
Parental Leave Policy

We also recognize parental rights and support employees in balancing professional and family responsibilities. Maternity leave, paternity leave, adoption

leave, sabbatical options, and on-site crèche facilities ensure that employees are supported during critical life stages. In FY 2024-25 all 476 employees who availed parental leave returned to work,

giving us a 100 percent return rate. This not only reflects our strong retention practices but also demonstrates the trust employees place in us to support their personal and professional journeys.

Parental Leave



POSH

To reinforce inclusivity, we follow a zero-tolerance approach toward discrimination and harassment of any kind. Our Prevention of Sexual Harassment (POSH) policy provides a strong framework for addressing complaints, with dedicated internal committees to ensure impartial inquiry and resolution. In FY 2024-25, 13 complaints were reported under POSH, of which 6 were upheld. While the number of cases is relatively small compared to the size of our workforce, we treat each one with

utmost seriousness and ensure that corrective action is taken swiftly. These mechanisms are designed not just to address incidents but also to build a culture of trust where employees feel safe and confident in raising concerns.

12.3 Commitment to Human Rights

At Utkarsh Small Finance Bank we believe that respect for human rights is the foundation of a fair and responsible workplace. As a financial institution that serves millions of customers

and employs thousands of people, we understand that our actions carry great responsibility. Human rights are therefore deeply embedded in our policies, practices, and culture, ensuring that every individual connected with Utkarsh whether an employee, customer, or community member is treated with dignity, fairness, and respect.

We uphold the principle of equality in all aspects of our operations. Our hiring practices are strictly non-discriminatory, ensuring equal opportunity for individuals regardless of gender, age, caste, religion, physical ability, or background. By promoting fairness in recruitment, training, and career progression, we ensure that every employee has access to the same opportunities to learn and grow. Our pay structures are designed with transparency and equity in mind, as demonstrated by the fact that the median remuneration for women employees is slightly higher than that of men, reflecting our commitment to closing the gender pay gap.

We also maintain a strict whistleblower policy https://www.utkarsh.bank.in/uploads/pdf/our-policy/template_ten/Whistle_Blower_Policy%20_Final.pdf that protects employees who report unethical behaviour or misconduct. This mechanism provides multiple secure channels for raising concerns anonymously, ensuring that individuals can come forward without fear of reprisal. Every whistleblower complaint is reviewed and resolved by designated authorities, including the Audit Committee and the Chief of Internal Vigilance, to maintain fairness and impartiality.

Beyond workplace rights we also uphold the right to privacy and data protection for both employees and customers. With the rise of digital banking and increased reliance on technology, protecting personal data has become more important than ever. We have established strict protocols for data handling, storage, and access, ensuring compliance with regulatory requirements and building trust with customers who entrust us with sensitive information.

Our human rights framework also extends to health, safety, and wellness. We recognize that the right to work in a safe and healthy environment is

fundamental. This is why we invest in occupational safety measures, provide health insurance and accident coverage, and promote wellness through preventive healthcare initiatives. Employees and their families benefit from health checkups, wellness campaigns, and counselling support, reinforcing our commitment to protecting both physical and mental well-being.

Our approach to equality is not limited to internal practices. It also extends to the way we serve customers and communities. We ensure that our services are accessible to vulnerable populations, including rural households, women entrepreneurs, and differently abled individuals. Through inclusive financial products, financial literacy initiatives, and community development programs we uphold the rights of individuals to access essential financial services and opportunities.

12.4 Employee Health, Safety, and Wellness

At Utkarsh Small Finance Bank we recognize that the well-being of our employees is central to the sustainability of our organization. A healthy, safe, and supportive workplace not only enables our people to perform at their best but also strengthens their long-term association with us.

Our health coverage reflects this commitment. In FY 2024-25, 91 percent of our male employees and 93 percent of our female employees were covered under health insurance schemes, while accident insurance extended to nine percent of all employees across genders. Health insurance ensures that our employees and their families have access to quality medical care without financial strain, while accident insurance provides critical security in unforeseen circumstances.

Beyond financial protection, we actively promote preventive health and holistic wellness. Every year we organize a dedicated Wellness Month during which employees participate in yoga sessions, mindfulness workshops, and health awareness seminars. These programs are designed not just to encourage physical activity but also to promote mental resilience and emotional balance. Regular health checkups are arranged for employees as well as their spouses,

with all costs covered by the Bank. These initiatives have been well received by employees, many of whom have shared that such efforts make them feel valued and cared for at a personal level.

Safety at the workplace is another area we approach with seriousness and rigor. Fire drills, evacuation training, and incident reporting mechanisms are conducted regularly so that employees are equipped to handle emergencies calmly and effectively. These exercises are not treated as routine formalities but as essential measures to build awareness and preparedness across our workforce.

12.5 Employee Engagement and Recognition

At Utkarsh Small Finance Bank we consider employee engagement to be the cornerstone of building a motivated, productive, and loyal workforce. We believe that when employees feel heard, supported, and valued, they are more likely to take pride in their work and contribute wholeheartedly to our collective success.

Recognition plays an equally important role in reinforcing positive behaviours and motivating employees to achieve more. At Utkarsh, recognition is not limited to financial rewards but extends to appreciation of effort, innovation, and adherence to our values. Employees who achieve sales targets, deliver exceptional customer service, or contribute innovative solutions are formally recognized and celebrated. Recognition is made visible through , awards ceremonies, and communication platforms, ensuring that achievements are acknowledged across the organization. This visibility fosters inspiration and creates a culture where excellence is both celebrated and emulated.

Our recognition framework is also closely linked with career development. We provide structured growth opportunities through competency mapping, succession planning, and talent management programs that prepare employees for higher responsibilities. The Internal Job Posting system allows employees to explore opportunities across departments and locations, creating avenues for mobility and advancement within the Bank. This ensures that career

progression is not restricted but is dynamic and aligned with the aspirations of employees. Recognition for learning and development achievements further reinforces this culture, motivating employees to continually upskill themselves and expand their capabilities.

We place strong emphasis on providing holistic employee benefits that support both personal and professional lives. Housing loans, bike loans, and mobile loans are part of our benefits package, easing financial pressures and helping employees meet important personal milestones. These benefits demonstrate that we see our employees not only as professionals but also as individuals with personal goals and responsibilities. When employees feel supported in their personal lives, they are better able to contribute with focus and energy at work.

Engagement is also nurtured through the creation of opportunities for social connection. Annual events, sports days, cultural programs, and festival celebrations bring employees together beyond their formal roles and build a sense of camaraderie. These occasions reinforce our identity as one Utkarsh family where collaboration, joy, and togetherness are celebrated as much as professional achievement. By fostering such experiences, we ensure that employees feel emotionally connected to the organization and its people.

We also encourage employees to participate in idea-sharing platforms where innovation and creativity are

recognized. Employees who propose solutions that improve efficiency, enhance customer experience, or reduce operational challenges are encouraged to lead the implementation of their ideas. This empowerment fosters a sense of ownership and demonstrates that every individual, regardless of their role, has the capacity to influence the organization's growth trajectory.

By weaving recognition, benefits, communication, and cultural engagement into one framework, we have created a comprehensive strategy that strengthens motivation and loyalty. Our approach ensures that recognition is not episodic but a continuous thread in the employee experience. For us, engagement is not simply about increasing productivity; it is about cultivating an environment where people feel proud to be part of Utkarsh and are inspired to contribute to our shared purpose of financial inclusion and social impact.

12.6 Job Creation and Retention

At Utkarsh Small Finance Bank we view job creation as both a responsibility and an opportunity. As we expand our network and grow our services, we recognize that each new branch, each new product line, and each new customer segment we reach creates possibilities for employment. These opportunities are especially meaningful because a large portion of our operations are in rural and semi-urban areas where stable and respectable

employment can change the trajectory of families and entire communities.

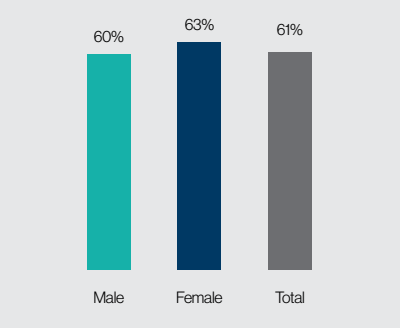
Our hiring in the last few years has been a reflection of this commitment. In FY 2024-25 we welcomed 14,574 new recruits into the Utkarsh family. Out of these, 2,183 were women and 12,391 were men, marking an important step in improving gender diversity in our workforce. This level of recruitment represents more than just numbers, it demonstrates the trust that people place in our organization as a platform for growth and also shows our ability to attract and retain talent across the country. Compared to earlier years the growth has been substantial. In FY 2021-22 we recruited 7,650 employees, in FY 2022-23 the number rose to 10,750, and in FY 2024-25 it climbed further to 14,574. This shows a CAGR 24% over three years, reflecting the pace of our expansion and the opportunities we are creating.

Retention of talent is just as important as hiring new employees. We understand that an engaged and stable workforce is critical to our ability to deliver high quality services to our customers. In FY 2024-25 our turnover stood at 10,847 employees, which included 9,219 men and 1,628 women. While turnover is a reality in every growing organization, we continuously evaluate the reasons behind exits and refine our policies to enhance retention. We offer competitive compensation, clear career progression pathways, and structured learning opportunities to ensure that our employees see long term growth prospects with Utkarsh.

12.7 Learning and Development

At Utkarsh Small Finance Bank we believe that the growth of our organization is inseparable from the growth of our people. Learning and development form the backbone of our human resource strategy, ensuring that employees are continuously equipped with the knowledge, skills, and mindset required to excel in a dynamic financial sector. For us, training is not a one-time activity but an ongoing journey that begins the moment an employee joins us and continues throughout their career.

Employee turnover rate
FY 2024-25

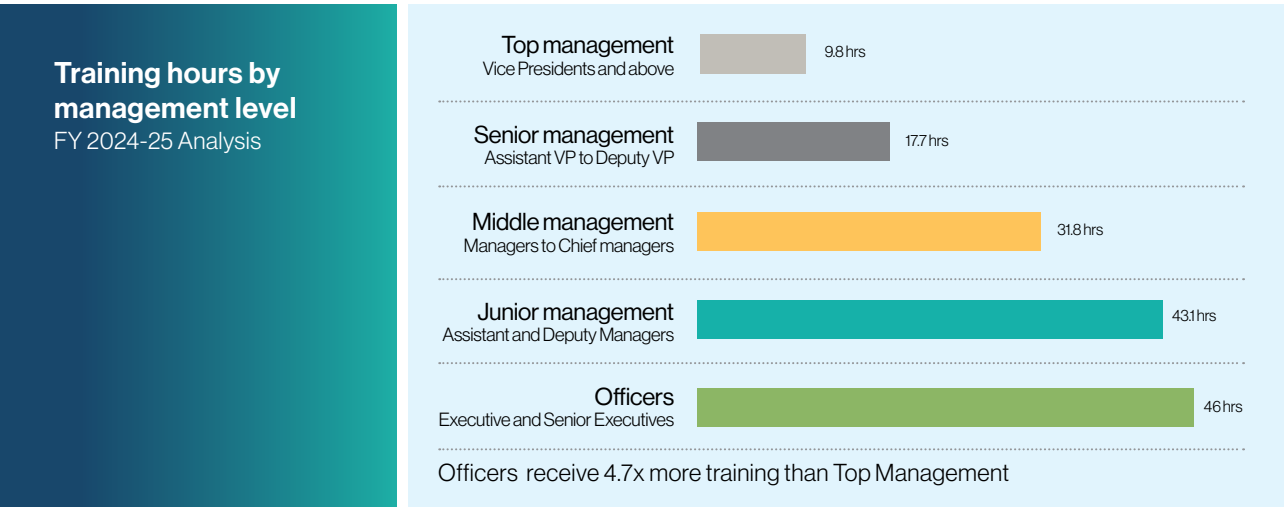


Our job creation and retention strategies have ripple effects beyond our organization. Every employee who joins Utkarsh contributes to household income, supports local economies, and becomes a representative of formal banking in their community. Particularly in rural areas, our employees act as catalysts for change, encouraging financial literacy and inclusion among people who may have never engaged with a bank before. Thus, the jobs we create are not just positions within an organization but vehicles for wider social transformation.

Our investment in learning is reflected in the scale of training coverage. In FY 2024-25, 7,481 employees participated in structured training programs, representing more than sixty percent of our total workforce. These programs covered both men and

women, with 7,059 male employees and 422 female employees receiving training. Importantly, female employees averaged slightly more training hours than their male counterparts, with 51.48 hours compared to 48.94. This demonstrates our effort to empower women with skills

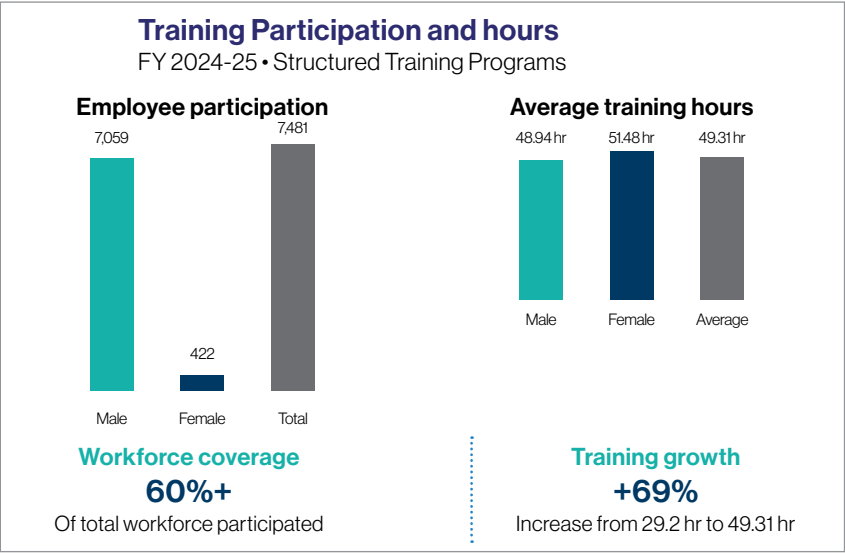
and opportunities for advancement. On average, every employee received 49.31 hours of training, a sharp increase from 29.2 hours in the previous year. This growth in intensity underscores our determination to strengthen capacity building across all levels of the Bank.



Our learning initiatives are carefully tailored to the different layers of the organization. For top management including vice presidents and above, training focuses on strategic thinking and leadership development with an average of 9.8 hours in FY 2024-25. Senior management such as assistant vice presidents to deputy vice presidents

undertook 17.7 hours of advanced leadership and operational excellence programs. Middle management including managers to chief managers received an average of 31.8 hours, covering areas like decision-making, resource optimization, and customer service excellence. Junior management employees such as assistant managers

and deputy managers benefitted from an average of 43.1 hours of training that built their supervisory and functional skills. Officers, comprising executives and senior executives, received the most intensive training averaging 46 hours, focusing on foundational skills, customer interaction, and operational efficiency.



Beyond formal hours, our training portfolio spans a wide range of areas. We run induction programs that ensure new employees are well integrated into the culture and operational systems of the Bank. Functional training provides specialized knowledge relevant to roles in operations, credit, risk management, compliance, and customer service. Leadership development programs nurture the next generation of leaders, combining classroom sessions with mentoring and coaching by senior professionals. We also run unique initiatives such as the Utkarsh Probationary Officer Programme and the Utkarsh Abhyuday Programme which create structured pathways for career advancement and prepare

employees for higher responsibilities within the Bank.

Learning is also embedded in our culture through continuous initiatives such as online training platforms, knowledge sharing publications, and interactive workshops. Our internal newsletters

“Gyan Darpan” and “Utkarsh Voice” serve as tools for spreading insights, case studies, and success stories across the organization. Employees are encouraged to share learnings and innovative practices, creating an environment where knowledge flows freely across teams and departments.

Utkarsh Small Finance Bank has numerous training programs aligned with the employee life cycle and mapped to the role requirements and career path of an employee. They are classified as mentioned below:

Initiatives	Description
Utkarsh Aarambh	Induction programs for newcomers to initiate them to the Bank’s vision, mission, values and culture instilling a sense of purpose, belonging and alignment. The program also provides them with essential information, resources, and support and help them adapt, understand their role and become productive members of the team
Utkarsh Manthan	Preparing Future Leaders by way of Management/Leadership Development Programs through elite institutions.
Utkarsh Pragati	Refresher Trainings to remain updated on the products, processes and policies on a continuous basis.
Utkarsh Saksham	Upskilling & Reskilling programs to build capacities and capabilities of the employees on various functional & soft skills.
Utkarsh Shikhar	Leadership Development Programs planned and conducted for the Senior & Top Management
Utkarsh Udaan	Preparing the promotees for taking up their future roles well with respect to both functional and soft skills.
Statutory & Mandatory Training (Certifications)	These training programs/certifications become necessary due to the directives from the government of India, regulatory bodies such as Reserve Bank of India, and other institutions such as IBA.
E-Learning	The Bank has its own Learning Management System (LMS platform) with a library of courses and certifications to serve the ongoing learning and developmental needs of the employees, thus encouraging a culture of continuous learning.

We recognize the importance of experiential learning as well. Employees gain exposure not only through classroom and digital platforms but also through visits to national and international organizations, peer learning opportunities, and cross-functional projects. This blend of formal and experiential learning ensures that our people do not just acquire theoretical knowledge but also gain the confidence to apply it effectively in their roles. Competency-based assessment centers further complement this

approach by identifying strengths and areas for development, enabling us to design targeted training interventions that maximize impact.

Our L&D framework is closely aligned with performance management. Every employee at Utkarsh receives a formal performance and career review, ensuring that training needs are mapped to their aspirations and organizational goals. Recognition is also linked to learning achievements, motivating employees to invest in continuous improvement. This creates a cycle where

training fuels performance, performance opens opportunities, and opportunities drive further learning.

At Utkarsh we see learning and development as a shared journey. It reflects our belief that when our employees grow, we grow with them. By investing in their skills, expanding their horizons, and preparing them for the future, we are not only strengthening our workforce but also reinforcing our mission of building a financially inclusive India.



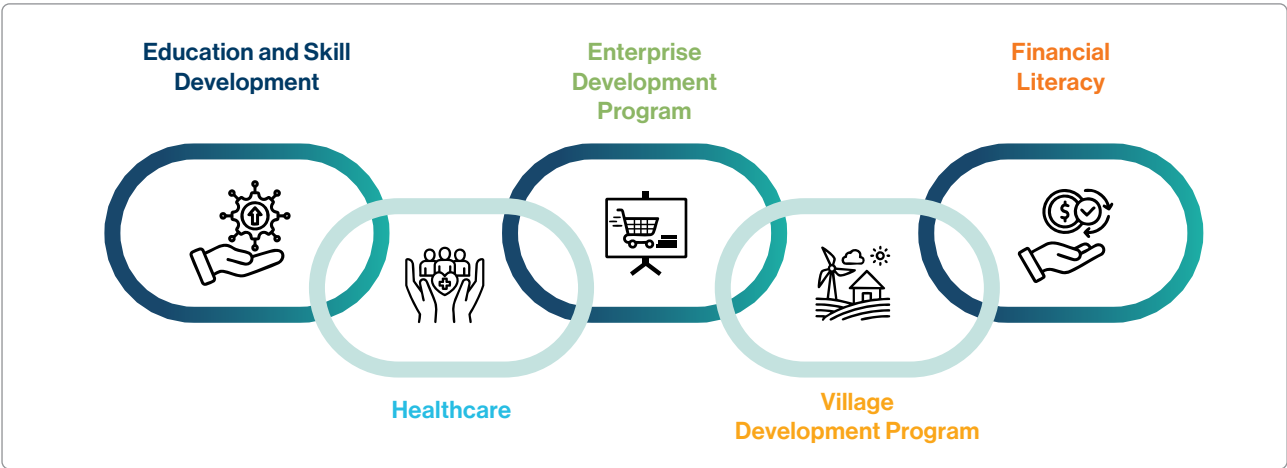
13 Foster Inclusive Communities



13.1 Community Engagement and CSR Policy

At Utkarsh Small Finance Bank we see ourselves not only as a financial institution but also as an active partner in the development of the communities where we operate. Our Corporate Social Responsibility initiatives are guided by the belief that true progress can only be achieved when social and economic development go hand in hand. We have therefore adopted a CSR approach that focuses on empowering marginalized populations, improving access to essential services, and creating sustainable livelihood opportunities. These initiatives are carried out primarily through the Utkarsh Welfare Foundation, our dedicated arm for community development.

Our CSR philosophy is built on three guiding principles. First, we strive to create balance between social and economic development so that our growth as a financial institution also translates into growth for the communities we serve. Second, we focus on eliminating barriers to social inclusion by working with the most underserved populations, particularly women, rural households, and marginalized groups. Third, we seek to create shared value by designing programs that not only improve lives but also strengthen the ecosystems in which we operate.



Our efforts cover a wide geographic footprint with programs being implemented in Bihar, Jharkhand, Madhya Pradesh, Meghalaya, Odisha, Uttar Pradesh, and Uttarakhand. Through these initiatives we have

reached thousands of households and individuals, impacting their lives in areas such as financial literacy, healthcare, education, skill development, and village transformation. Our CSR spending in FY 2024-25 stood at ₹3.40 crores,

positively impacting over one lakh lives across 24 districts and seven states. This level of commitment reflects our strong alignment with the Companies Act, 2013 and our dedication to making a measurable difference.



Financial Literacy Program

13.2 Financial Literacy

Financial literacy is one of the cornerstones of our CSR initiatives. We believe that economic empowerment begins with financial awareness. Through more than 1,200 financial literacy camps, we have educated over two lakh individuals on the importance of savings, household financial planning, the use of formal banking services, and the prevention of over-indebtedness. Many of the beneficiaries come from vulnerable rural backgrounds, where access to banking knowledge is limited. By equipping them with essential financial skills, we enable them to make informed decisions and safeguard themselves from exploitative practices.

This initiative also contributes to the United Nations Sustainable Development Goals, particularly Goal 8: Inclusive and Sustainable Economic Growth.

"Finance ki Paathshaala" is another key effort under this commitment. It refers to the Post Graduate Diploma in Banking & Financial Services program, a one-year course offered by Utkarsh Small Finance Bank in collaboration with Sharda University and Baddi University. The program includes classroom learning, an internship at a bank branch, and on-the-job training, with the objective of developing skilled professionals to support the bank's operations.

13.3 Healthcare

Healthcare is another priority area where we have made significant strides. Through polyclinic camps, e-clinics, and specialized health camps focused on women and children, we have delivered primary healthcare services to more than 5.8 lakh beneficiaries. Our Swasthya Mitra programme has trained paramedical workers who provide doorstep checkups and medicines, bringing medical assistance directly to households in underserved regions. We have also strengthened health infrastructure by supporting hospitals with surgical instruments, ICU beds, and oxygen meters. These efforts ensure that communities not only receive immediate care but also benefit from improved health systems in the long term.



Healthcare Camp

13.4 Village Development Program

Village development has emerged as a comprehensive initiative under our CSR portfolio. We adopt a participatory approach that involves communities in planning and implementing interventions. Smart classes for digital learning have been set up to improve educational outcomes, while agricultural initiatives provide modern techniques, input support such as seeds, and market linkages that enhance productivity. Women in these villages are trained in mushroom cultivation and backyard poultry, giving them additional sources of income. Sanitation and water projects further strengthen the quality of life in these villages, creating environments that are healthier and more resilient.



13.5 Education and Skill Development

Education and Skill Development form another cornerstone of our impact initiative. Over 14,760 individuals received support through education-focused programs. Our skill entrepreneurship development programs reached 1,756 participants, equipping youth and women with vocational abilities that increase their employability and financial independence.

13.6 Enterprise Development Program

In Enterprise Development Program, our focus has been on supporting artisans, weavers, and women entrepreneurs. Through capacity building, training, and market linkages we have helped marginalized groups transform their skills into sustainable businesses. The Mahila Udyami Sashaktikaran Programme has been particularly impactful in building the business acumen of women micro-entrepreneurs. By helping them diversify, professionalize, and scale their enterprises, we enable women to become financially independent and contribute actively to household and community prosperity.



13.7 Aspirational District Program

The program aims to transform India's 112 Aspirational Districts, as identified by NITI Aayog and the Government of India, by improving social and economic indicators such as health, education, agriculture, financial inclusion, skill development, and basic infrastructure. Utkarsh channels its CSR activities into these regions, focusing on the most disadvantaged communities to uplift living standards, facilitate inclusive growth, and encourage self-reliance.

Utkarsh has actively spent funds in multiple aspirational districts across Bihar, Jharkhand, Uttar Pradesh, and Uttarakhand, such as Chandauli, Garhwa, Giridih, Haridwar, Hazaribagh, Katihar, Muzaffarpur, Purnea, Palamu, Ranchi, Sonbhadra, and Udham Singh Nagar. These efforts aim to align local development with national priorities, reducing poverty and enabling marginalized populations to participate fully in economic growth.

Utkarsh's strategy emphasizes collaboration with local governments and leveraging its strong rural and semi-urban presence, using a multi-pronged, sustainable approach through its Welfare Foundation. The bank strives for long-term impact by focusing on financial inclusion, entrepreneurship, and

holistic community upliftment, aligning with India's broader SDG and inclusion goals.

13.8 CSR Outcomes

Through its Corporate Social Responsibility (CSR) initiatives, Utkarsh has been able to make a significant impact across key focus areas such as financial literacy, healthcare, education, skill development, and village development. Financial literacy programs have benefitted approximately 2,08,177 individuals, equipping them with the knowledge and confidence to manage personal finances effectively. Healthcare initiatives have reached nearly 5,88,450 people, providing critical medical support and spreading awareness on preventive health practices, especially among underserved populations.

Educational programs have empowered around 14,760 beneficiaries, creating opportunities for learning and growth, while 1,756 individuals have been positively impacted through skill development, vocational training, and entrepreneurship programs aimed at building economic independence and sustainable livelihoods. Village development initiatives have supported 5,004 people, contributing to improved community infrastructure and enhancing the overall quality of life in rural areas.

A notable aspect of Bank's CSR outcomes is the focus on vulnerable and marginalized groups, who make up about 90% of the total beneficiaries. While the inclusive approach of village-level outreach has extended benefits to other sections of the community as well, the organization's efforts remain rooted in uplifting those most in need.

On the community front, our CSR programs through the Utkarsh Welfare Foundation will scale up their reach and impact. We plan to expand financial literacy programs, introduce more health awareness initiatives, and invest in sustainable livelihood models that build resilience in rural households. Village development will remain a focus area, with greater integration of education, health, sanitation, and income generation efforts to create holistic change at the grassroots.

Our vision is to build an institution that not only delivers banking services but also creates opportunities, fosters inclusion, and contributes to a more equitable and sustainable society. We know that this journey will require perseverance, innovation, and collective effort, but we are confident that with our people, our customers, and our communities by our side, Utkarsh Small Finance Bank will continue to grow responsibly and make a lasting difference in the lives we touch.



14 Sustainability Governance Framework



14.1 ESG Governance Structure and Oversight

A robust corporate governance framework forms the cornerstone of a sustainable enterprise and fosters confidence among stakeholders and the broader community. Our guiding principles, supported by comprehensive frameworks, policies, and controls, ensure responsible conduct across all operations. We continuously assess and enhance our processes and structures to advance transparency, effectiveness, and accountability, thereby supporting inclusive and sustainable growth.

Constitution of Board of Directors

The Board of Directors of the Bank are constituted in accordance with the provisions of the Companies Act, 2013 (Act), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, the Banking Regulation Act, 1949 (the BR Act, 1949) and the Articles of Association. The Board consists of eminent people with considerable professional expertise in business administration, audit, banking, payment & settlement, compliance, account, finance, human resource, risk, strategy, information technology and other related fields.

Committees of the Board of Directors

For effective decision-making, the Board acts through various Committees, which oversee specific operational or strategic matters falling within the ambit of the specific terms of reference of that committee. The Board has constituted 12 such committees. All the Board Committees have a specific charter, and these Committees monitor activities falling within their terms of reference. Additional details of the Board Committees, its composition, attendance, meetings held during FY 23-24 etc. have been provided separately in Corporate Governance Report.

Conflict of Interest

The Bank upholds stringent policies on Code of Conduct for Directors & Senior Management Personnel, accessible on the Bank's website, providing a framework for addressing norms to avoid conflict of interest situations.

The Bank also has Related Party Transaction Policy https://www.utkarsh.bank.in/uploads/pdf/our-policy/template_ten/Related_Party_Transaction.pdf, which:

(i) Ensures timely identification of the transactions between the Bank and its related parties in compliance with the applicable laws,

(ii) Govern the approval process and disclosure requirements to ensure transparency in the conduct of RPT in the best interest of the Bank and its shareholders.

There were no complaints received in relation to issues of Conflict of Interest of the Directors & KPMs in FY25.

Board Evaluation

In accordance with the Companies Act, 2013 (Act) and the framework for Board evaluation, the Nomination and Remuneration Committee and the Board of Directors have carried out, annual performance evaluation of the Board, its Committees and Directors individually. Further, a meeting of Independent Directors was held in accordance with the provisions of the Act.

A questionnaire was prepared for evaluation based on criteria which included providing strategic perspective, attendance, time devoted and preparedness for meeting, quality, quantity and timeliness of flow of information between the members of the Management, contributions at the meetings, effective decision-making ability, role and effectiveness of the Committee. The Directors completed the questionnaire and provided feedback on the functioning of the Board, its Committees and Directors individually and the same has been noted in the meetings of the Board of Directors.

Executive Management

Our management structure encourages effective leadership that is consistent with our corporate standards and promotes a strong corporate culture. We manage our company on a line-of-business basis, while also maintaining strong corporate functions and governance. Executive level committees support the Board, provide a path for escalation of risks and execute effective operations, strategy and risk decisioning. Many senior management committees are further supported by additional committees that execute specific functions aligned to businesses, programs or risk types.

The Bank has created a management level ESG committee having the following constitution. The terms of reference of the ESG committee includes reviewing the ESG performance of the Bank & guiding the Bank's future course of actions in terms of ESG including disclosures. ESG Committee is responsible for reviewing and approving the reported information, including organization's material topics. The committee should also describe the process for reviewing and approving the information.

ESG Steering Committee
Permanent Members
- MD&CEO - (Chairman, ESG Steering Committee) - Chief Compliance Officer - Chief Risk Officer - Head Credit - ESG Officer (Convenor) - Independent External Member
Permanent Invitees
- CFO - CHRO - Head- MB - Head-Assets - Head- Consumer Banking, Liabilities

Key Policies that Support our ESG Strategy

To integrate ESG considerations into all aspects of the Bank's operations, Utkarsh has adopted a variety of essential policies, codes of conduct, and guidelines. These measures actively foster and maintain its dedication to responsible banking throughout the organization.

POLICIES			
Governance Based Policies			
Nomination Policy	Policy on Board Diversity	Whistle Blower Policy	CSR Policy
Prevention of Sexual Harassment Policy	Data Privacy Policy	Risk Management Policy	Related Party Transaction Policy
Non-Executive Compensation Policy	Fair Lending Practices Code	Business Responsibility Policy	Policy on Code of Conduct- Directors & SMP
Code of Conduct for Prohibition of Insider Trading and Code of Fair Disclosure and Conduct	Customer Compensation Policy	Customer Rights Policy	Customer Grievance Redressal Policy
Sustainable Finance Framework	ESG Policy	ESG -Management System	

14.2 Anti-Corruption, Anti-Bribery and Fair Competition

Utkarsh Small finance Bank Limited is dedicated to combating corruption and promoting fair competition in all its markets. We have implemented rigorous anti-corruption policies and procedures, including regular training for employees and management. Compliance with fair competition laws is a key component of our commitment to ethical business practices, fostering a level playing field in the industry.

To reinforce our commitment to ethical, legal, and value-driven operations, Utkarsh practices a zero-tolerance approach to bribery and corruption. In accordance with the Bribery Act, we have established anti-bribery procedures that include:

- Ensuring that all employees understand the definition of bribery and our zero-tolerance stance.
- Identifying high-risk areas for bribery within the organization and implementing appropriate mitigation measures.
- Providing protection for whistleblowers and thoroughly investigating any allegations of bribery or corruption.
- Addressing instances of bribery or corruption swiftly and effectively.
- Regular monitoring of the effectiveness of an ethics and compliance control system performed through internal testing and formal external auditing.

Number of reports related to whistleblower procedure: 0

Percentage of employees trained on business ethics: 100%

During the reporting period, we encountered no incidents of bribery or corruption.



14.3 Data Protection & Privacy

We care about our customers and walk that extra mile to earn their trust and loyalty. We ensure that customer information is protected and secure. We only use customer information as agreed, and we maintain compliance with applicable laws and regulations.

The Bank is committed to keeping Personally Identifiable Information (PII) secure and using it exclusively for banking-related activities. The Bank has implemented a privacy policy designed to protect the personal information

provided or disclosed by customers. This policy outlines how the Bank collects, uses, discloses, stores, secures, and disposes of personal and sensitive data.

The Data Privacy Policy is available on the Bank's website: https://www.utkarsh.bank/uploads/policy/Data_Privacy_Policy.pdf

The security of personal information is a priority and is protected by maintaining physical, electronic and procedural safeguards that meet applicable laws. The Bank shall take reasonable steps

and measures to protect the security of the customer's personal information from misuse and loss, un-authorized access, modification or disclosure. The Bank maintains its security systems to ensure that the personal information of the customer is appropriately protected and follows the extant standard protection norms followed for the transmission of information.

During the year 2024-25, number of complaints related to breaches of customer privacy and losses of customer data was nil.

14.4 Cybersecurity Governance

The Bank is ISO 27001:2013 certified.	Cyber Risk Insurance coverage is in place for the bank as a fallback against the risks of cyber incidents.
The Bank has got the awards from IBA for better Cyber Risk Management consecutively for the past two years (2021-22 & 2022-23).	The Bank has Cybersecurity Policy, Cyber Crisis Management Plan (CCMP) and Information Security Policies in place approved by the Board.
Cybersecurity Incident Response Team (CSIRT) and Cyber Crisis Management Team (CCMT) are constituted as prescribed under the Cyber Crisis Management Plan (CCMP).	Security Operations Centre (SOC) is active on 24x7 basis for real-time monitoring and protection of the bank's assets.

The Bank has an independent information security group to manage cyber risks, governed by a board-approved policy. Periodic awareness exercises keep employees updated on security practices. The information security function is driven by both technology and process driven controls. The Bank has established effective processes in line with RBI guidelines, ensuring cybersecurity compliance. Governance and management processes are in place to implement, maintain, and improve policies. The Bank meets RBI's Baseline Cybersecurity Resilience requirements, employing defense-in-depth security measures.

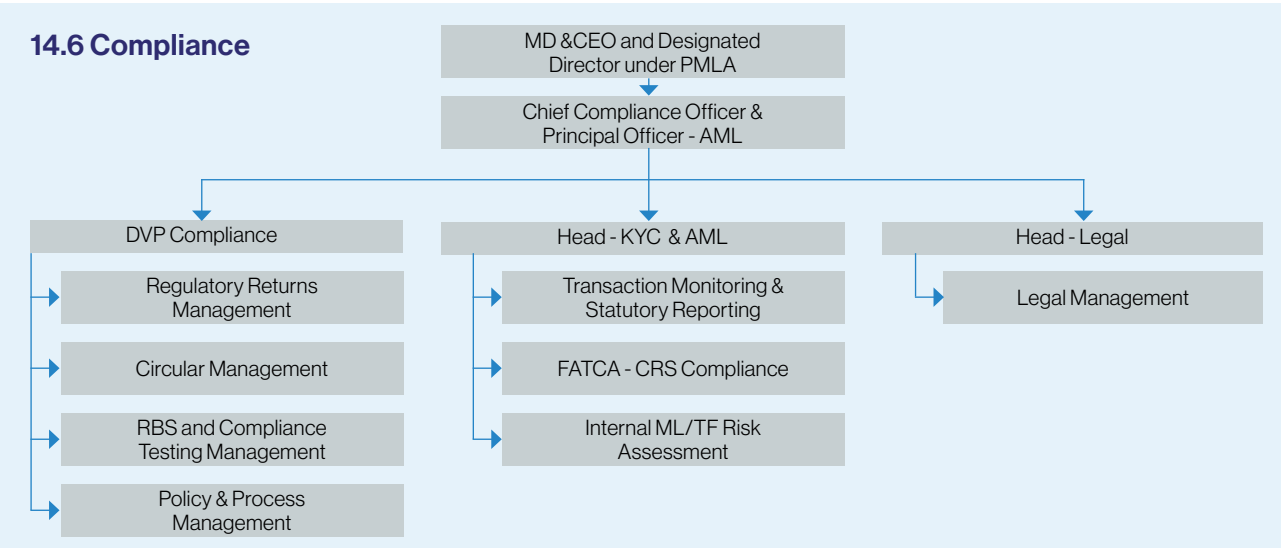
Robust Cybersecurity awareness program is in place as part of overall Cybersecurity program for customers, employees, and partners. Our Risk Management committee ensures compliance with internal cyber risk policies.

(Risk Management Policy-https://www.utkarsh.bank/uploads/pdf/ourpolicy/template_ten/Risk_Managment_Policy.pdf)

14.5 Business Continuity and Disaster Management Plan

The Bank has well established Business Continuity Plan (BCP) framework

which has been put in place to ensure continuity of service in case of natural or unnatural calamity to its large customer base. The effectiveness of the approved Business Continuity Plan (BCP) framework is tested for all identified critical units to ensure readiness to meet various contingency scenarios and take corrective actions wherever any issues are observed. The Bank has smoothly managed to run its operations by adapting to various continuity plans. Treasury has put in place robust Business Continuity Plans (BCP) and periodically conducts business from alternate locations as part of BCP.



Process framework within the compliance department

The Bank's Compliance Department (CD) consists of Regulatory Compliance, AML Compliance and Legal Compliances. The Compliance Department has an established process of dissemination of guidelines or circulars released by various regulators, review of policies and tracking creation of new policies by the stakeholders,

tracking timely submission of returns to regulatory authorities, correspondence with regulatory authorities, transactional alerts monitoring, drafting and vetting of agreements and advising various internal stakeholders on legal Compliances matter. This helps the Bank to ensure effective compliance with policies, regulatory guidelines, and applicable legal framework and action points as per the Regulator's expectations.

In addition to the interaction with the regulators, the compliance department periodically apprises the bank's management, Board of Directors, and Board Committees on the changes in the regulatory environment and the status of compliance thereof in the bank. Necessary steps have been initiated towards cultivating and building a strong compliance culture within the Bank.

Risk-Based Supervision (RBS) data management

Bank's Compliance Department has institutionalised a well-defined circular management process that inter alia covers the dissemination and tracking of the circulars, till implementation. Submission of data elements under Risk-Based Supervision and interface with the onsite RBI Inspection team is the responsibility of compliance department. Compliance Department acts as the interface and the SPOC, representing the bank vis-à-vis these different authorities for any requirements.

Returns Management Process

Bank's Compliance Department has institutionalised a robust returns management process to ensure timely submission of such returns

Policy management process

Compliance Department of the bank maintains the repository of all policies approved by the Board. To ensure transparency, all departments of the bank, while reviewing any existing policy or drafting any new policy, seek views from the compliance department, before seeking approval of the Board of Directors.

AML/Transaction monitoring process

The AML cell of the compliance department is responsible to supervise the adherence to the prescribed guidelines with respect to transaction monitoring and statutory reporting under the Prevention of Money Laundering Act (PMLA) to Financial Intelligence Unit – India (FIU IND).

Compliance risk assessment framework

The compliance risk assessment framework of the bank helps in the assessment of its compliance risk through compliance testing.

Legal Management

The legal management process helps in addressing queries related to Clarification on branch operation queries, Advising on issues related to disciplinary proceedings against employees, Drafting of notices pertaining to Collections, Vetting of agreements, Advising on issues relating to title investigation reports prepared by empaneled advocates, Conducting Legal Audit etc.

Process Framework of Compliance Department

Tax Compliance

Bank is committed towards maintaining transparency and highest standards of integrity wherein emphasis is placed on the timely and accurate compliance. The tax function is embedded under leadership of Chief Financial Officer. The Board / Audit Committee is periodically kept informed on tax litigations, compliances and updates on tax developments and also tax issues that could have significant impact on organisation. Bank observes compliance with the tax legislation of the country, discharging tax liabilities duly and respects the underlying policy intent. Bank endeavors act in integrity and does not indulge in artificial arrangements to avoid tax through unethical means. Bank observes strong governance practices to abide with the tax principles.

Bank adheres to the “**maker-checker-reviewer**” control mechanism for monitoring the compliance reporting. Bank adheres to the internal SOP’s and the compliance due date calendar / checklist / risk control matrix (RCM) to fulfil the tax compliance. This is further audited by the Internal Audit function on

quarterly basis. The grievances raised related to tax are addressed within specified TAT and with the collaboration of internal stakeholders. Bank engages with tax consultants for a timely review of reporting requirements and for their opinions on the tax positions of the bank. The same is duly disclosed in the financials and the annual reports. Tax authorities are one of the important stakeholders and we believe in an honest and transparent approach/disclosures in all our submissions. Approach towards managing the tax matters is in line with its corporate purpose, strategy and culture.

Approach towards managing the tax:

i. Tax strategy of the bank is a subset to the budget / rolling forecasts and these are reviewed and approved by the Board of Directors.

ii. Bank observes all applicable laws, rules and regulations in meeting compliance and reporting responsibilities. This includes complying with the applicable tax laws and ensuring the payment of tax and filing of returns within the prescribed due dates. The bank is in continuous process of automating the process of tax

compliance to improve & streamline the quality of reporting.

iii. Bank draws its tax strategy in line with its Budget Forecast considering the anticipated earnings, write off, NPA provisions and other key metrics and these are periodically reviewed as per the rolling forecasts.

iv. Bank maintains a collaborative and transparent relationship with the Tax regulators by responding to all communications from the tax authorities on a timely basis. The bank works in collaboration with the tax consultants to observe timely submission of responses and closure of tax matters. While the recourse of litigation/ appeal is being followed in cases of disagreements with the authorities, the bank maintains a professional and collaborative interaction throughout the process. The bank continuously engages on updates on tax issues and policy matters.

v. Bank consistently keeps all stakeholders informed about its taxation approach which involves a thorough analysis of updates regarding relevant laws, judicial precedents and consultations with tax practitioners and counsels.



15 Sustainability Goals & Targets

Goals and Targets

Each theme is broken down into key areas aimed at addressing goals and targets as part of the bank’s sustainability initiatives. The bank has developed a structured and detailed internal strategy through stakeholder consultation process and is making efforts to achieve its goals accordingly.

Section	Sr. No.	Theme	Key area	Goals
Environment	1	Carbon & other GHG Emissions	Tracking GHG Emissions	▪ Monitor and report Scope 3 emission (only (i) Business Travel, (ii) Employee Commute, (iii) Purchased Goods, and (iv) Waste Generated) from own operations by FY 27. ▪ Monitor the Y-o-Y reduction in GHG Emission by FY 2030 onwards (On incremental basis).
			Emission Reduction Targets	▪ Replace at least 50% of leased and owned vehicles with electric 2W/4w by FY 29 (Owned: Scope 1 Leased: Scope 3) ▪ Convert 70% old owned DG sets from diesel to CNG by FY 29 (on incremental basis)
			Energy consumption	▪ Based on the performance, identify reduction target in overall power consumption by FY32 (on incremental basis).
	2	Climate Risk Management	Disclosure as per TCFD standards	▪ Develop a climate strategy focusing on 'Risk Management' pillar as per TCFD recommendations by FY29.
	3	Sustainable Resource Consumption/ Management	Waste Management	▪ Achieve 50% reduction in solid waste (paper + plastic waste) through comprehensive recycling and waste diversion strategies by end of FY32.
			Paper Consumption	▪ Aim 50% and 90% reduction in paper usage by FY29 and FY 32 respectively by (i) promoting e-statements and (ii) digitalisation of workflows.
	4	Opportunities in Green Finance	Green Deposit Framework	▪ 100% allocation of the raised green deposits by FY35.
Social	5	Human capital	Diversity and inclusion	▪ 90% women in workforce should be covered under mentorship program by FY 30 ▪ Ensure atleast 20% women work participation of total workforce by end of FY 35. ▪ Atleast 1% person with disability will be included in active work force by FY 35
Governance	6	Oversight on ESG	ESG Risk Assessment Policy	▪ Test the efficacy of the ESGMS every 2 years through an independent agency from FY27 onwards.
	7	Board Functioning	External Assessment of Board Performance	▪ By FY28, develop a policy on the performance evaluation of the Board, that will function as a performance evaluation framework for Board and its committees.
	8	Business Ethics & Integrity	Antibribery Anti-Corruption (ABAC) Policy	▪ 100% of Utkarsh's employees should be trained under ABAC policy training program by FY32.
			Whistle Blower Mechanism	▪ Review and improve whistle blower policy and mechanism by end of FY30.

16 ESG Disclosures

16.1 GRI Content Index

GRI STANDARD DISCLOSURE	DESCRIPTION	SECTION	LINKAGE TO SECTION NO.
GRI 2: General Disclosures 2021	2-1 Organizational details	SR 2025> About the Company	3
	2-2 Entities included in the organization's sustainability reporting	SR 2025> About the Report	2
	2-3 Reporting period, frequency and contact point	(No Restatements)	-
	2-4 Restatements of information		
	2-5 External assurance	(External Assurance not conducted)	-
	2-6 Activities, value chain and other business relationships	SR 2025> Stakeholder Engagement	6
	2-7 Employees	SR 2025> Empower People	12.1
	2-8 Workers who are not employees	(Bank has outsourced the workers)	-
	2-9 Governance structure and composition	SR 2025> ESG Governance Structure and Oversight	14.1
	2-10 Nomination and selection of the highest governance body	Annual Report 2025	Corporate Governance Report
	2-11 Chair of the highest governance body	Annual Report 2025	Corporate Governance Report
	2-12 Role of the highest governance body in overseeing the management of impacts	SR 2025> ESG Governance Structure and Oversight	14.1
	2-13 Delegation of responsibility for managing impacts	SR 2025> ESG Governance Structure and Oversight	14.1
	2-14 Role of the highest governance body in sustainability reporting	SR 2025> ESG Governance Structure and Oversight	14.1
	2-15 Conflicts of interest	Annual Report 2025	Corporate Governance Report
	2-16 Communication of critical concerns	Annual Report 2025	Corporate Governance Report
	2-17 Collective knowledge of the highest governance body	Annual Report 2025	Corporate Governance Report
	2-18 Evaluation of the performance of the highest governance body	Annual Report 2025	Corporate Governance Report
	2-19 Remuneration policies	Annual Report 2025	Corporate Governance Report
	2-20 Process to determine remuneration	Annual Report 2025	Corporate Governance Report
	2-21 Annual total compensation ratio	SR 2025>	BRSR Principle 5 – Essential Indicator - P1
	2-22 Statement on sustainable development strategy	SR 2025> Visionary Outlook	4
	2-23 Policy commitments	SR 2025> Sustainability Governance Framework	14.1

GRI STANDARD DISCLOSURE	DESCRIPTION	SECTION	LINKAGE TO SECTION NO.
	2-24 Embedding policy commitments	SR 2025> Sustainability Governance Framework	14.1
	2-25 Processes to remediate negative impacts	SR 2025> Stakeholder Engagement	6.1
	2-26 Mechanisms for seeking advice and raising concerns	SR 2025> Customer Satisfaction & Grievance Management	10.5
	2-27 Compliance with laws and regulations	SR 2025> Sustainability Governance Framework	14.6
	2-28 Membership associations	Annual Report 24-25> BRSR	BRSR Principle 7 – Essential Indicator - P1
	2-29 Approach to stakeholder engagement	SR 2025> Stakeholder Engagement	6
	2-30 Collective bargaining agreements	Not Applicable	Not Applicable as workers association is not present.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	SR 2025> Materiality Assessment>Methodology and Process	7
	3-2 List of material topics	SR 2025> Materiality Assessment> Material Topics Identified	
	3-3 Management of material topics	SR 2025> Materiality Assessment	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Annual Report 24-25	Financial accounts
	201-2 Financial implications and other risks and opportunities due to climate change	SR 2025> Support the Green Economy> Climate Change Strategy, Risk and Transition, sustainable Finance Framework	11.2 / 11.3
	201-3 Defined benefit plan obligations and other retirement plans	Annual Report 24-25	BRSR Principle 3 – Essential Indicator – P2
	201-4 Financial assistance received from government	(The Bank has not received any financial assistance from the Government.)	-
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Annual Report 24-25> BRSR	BRSR Principle 5 – Essential Indicator – P2
	202-2 Proportion of senior management hired from the local community	SR 2025> Empower People	12.2
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	SR 2025> Foster Inclusive communities	13
	203-2 Significant indirect economic impacts	SR 2025> Foster Inclusive communities	13
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Annual Report 24-25> BRSR	BRSR Principle 8 – Essential Indicator – P4
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Annual Report 24-25> BRSR	
	BRSR Principle 1 – Essential Indicator – P4		
	205-2 Communication and training about anti-corruption policies and procedures		
	205-3 Confirmed incidents of corruption and actions taken		

GRI STANDARD DISCLOSURE	DESCRIPTION	SECTION	LINKAGE TO SECTION NO.
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Annual Report 24-25> BRSR	BRSR Principle 1 – Essential Indicator – Q5&Q7
GRI 207: Tax 2019	207-1 Approach to tax	SR 2025> ESG Governance Structure and Oversight > Tax Compliance	14.6
	207-2 Tax governance, control, and risk management		
	207-3 Stakeholder engagement and management of concerns related to tax		
	207-4 Country-by-country reporting	Not Applicable	Not Applicable as operations are only restricted to India.
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Not relevant considering the nature of the business	-
	301-2 Recycled input materials used		
	301-3 Reclaimed products and their packaging materials		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	SR 2025> Support the Green Economy> Energy Management	11.4
	302-2 Energy consumption outside of the organization	(This is outside the boundary & scope of the reporting)	-
	302-3 Energy intensity	SR 2025> Support the Green Economy> Energy Management	11.4
	302-4 Reduction of energy consumption	SR 2025> Support the Green Economy> Energy Management	11.4
	302-5 Reductions in energy requirements of products and services	(No mapping is available given the nature of Bank's business activities, as the products and services are inherently intangible.)	-
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	SR 2025> Support the Green Economy > Water Management	11.10
	303-2 Management of water discharge-related impacts	(Water consumption is limited to drinking and sanitation purpose only.)	-
	303-3 Water withdrawal	SR 2025> Support the Green Economy > Water Management	11.10
	303-4 Water discharge		
	303-5 Water consumption		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	SR 2025> GHG Emission & Net Zero Target	11.9
	305-2 Energy indirect (Scope 2) GHG emissions	SR 2025> GHG Emission & Net Zero Target	
	305-3 Other indirect (Scope 3) GHG emissions	(No Mapping done.)	
	305-4 GHG emissions intensity	SR 2025> GHG Emission & Net Zero Target	
	305-5 Reduction of GHG emissions	(No Mapping done.)	
	305-6 Emissions of ozone-depleting substances (ODS)	Not Applicable as business belongs to service industry.	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Annual Report 24-25> BRSR	

GRI STANDARD DISCLOSURE	DESCRIPTION	SECTION	LINKAGE TO SECTION NO.
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	SR 2025> Support the green Economy> Resource Efficiency & Waste Management	11.12
	306-2 Management of significant waste-related impacts	Annual Report 24-25> BRSR	BRSR Principle 6 – Essential Indicator – P9
	306-3 Waste generated	Annual Report 24-25> BRSR	
	306-4 Waste diverted from disposal	Annual Report 24-25> BRSR	
	306-5 Waste directed to disposal	SR 2025> Support the green Economy> Resource Efficiency & Waste Management	11.12
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Not Applicable as suppliers are limited only to IT & stationery providers. Hence environmental impacts arising out of them is considered to be limited.	-
	308-2 Negative environmental impacts in the supply chain and actions taken		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	SR 2025> Empower People> Job Creation and Retention	12.6
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Annual Report 24-25	Employee Benefits
	401-3 Parental leave	SR 2025> Empower People> Diversity, Equity, and Inclusion (DEI)	12.2
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	(In the event of operational changes such as relocation, closure, or opening of new branches, the affected/concerned employees are notified well in advance to allow them to adapt to these operational changes. For Trainee grade employees, the notice period is 7 days. For others, it is from 30 days to 90 days depending on role and function)	-
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	SR 2025> Empower People	BRSR Principle 3 – Essential Indicator – P10 & P11
	403-2 Hazard identification, risk assessment, and incident investigation		
	403-3 Occupational health services		
	403-4 Worker participation, consultation, and communication on occupational health and safety		
	403-5 Worker training on occupational health and safety		
	403-6 Promotion of worker health		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-8 Workers covered by an occupational health and safety management system		
	403-9 Work-related injuries		
	403-10 Work-related ill health		

GRI STANDARD DISCLOSURE	DESCRIPTION	SECTION	LINKAGE TO SECTION NO.
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	SR 2025> Empower People> Learning and Development	12.7
	404-2 Programs for upgrading employee skills and transition assistance programs	SR 2025> Empower People> Learning and Development	12.7
	404-3 Percentage of employees receiving regular performance and career development reviews	SR 2025> Empower People	12.2
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	SR 2025> Empower People> Diversity, Equity, and Inclusion (DEI)	12.2
	405-2 Ratio of basic salary and remuneration of women to men	Annual Report 24-25	Disclosure on Remuneration
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	SR 2025> Employee & Community Engagement> Employee DEI	12.2
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not Applicable as Bank's suppliers generally constitute of large IT companies and stationary suppliers. Hence risk of denial of freedom of association is limited. Further the Bank has legally mandated all its suppliers to comply with legal mandates.	-
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	(The Bank is dedicated to maintaining moral labor standards and strictly forbids any form of child labor. Results of assessment carried out in FY25 can be reviewed in BRSR, which is a part of Annual Report 24-25.)	-
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	The(Bank is dedicated to maintaining moral labor standards and strictly forbids any form of compulsory labor. Results of assessment carried out in FY25 can be reviewed in BRSR, which is a part of Annual Report 24-25.)	-
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	(The Bank has HR Policy in place that address different aspects of the human rights. The policy and code of conduct with the stakeholders ensures the Bank's philosophy of upholding human rights.) (No such training was given in the FY24.)	-

GRI STANDARD DISCLOSURE	DESCRIPTION	SECTION	LINKAGE TO SECTION NO.
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Not Applicable as the Bank is present in urban, semi-urban region.	-
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	SR 2025> Foster Inclusive Communities > Community Engagement & CSR Policy	13.1
	413-2 Operations with significant actual and potential negative impacts on local communities	(No such negative impacts.)	-
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	(The Bank has a Supplier Code of Conduct outlining its expectations from vendors to adopt sustainable practices.)	-
	414-2 Negative social impacts in the supply chain and actions taken		
GRI 415: Public Policy 2016	415-1 Political contributions	(Bank avoids making any political donations or contributions to any candidates or parties.)	-
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	(Given the nature of the Bank's business activities, the products and services are intangible in nature. Bank adheres to all the regulatory standards.)	-
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	(No such incidents.)	-
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	(Labelling of products offered by the Bank is included as part of the terms and conditions outlined for each product.)	-
	417-2 Incidents of non-compliance concerning product and service information and labeling	(No such incidents.)	-
	417-3 Incidents of non-compliance concerning marketing communications	(No such incidents.)	-
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR 2025> Corporate Governance> Data Protection & Privacy	14.3

16.2 SASB Content Index

SASB DISCLOSURE	DESCRIPTION	SECTION	LINKAGE TO SECTION NO.
FN-CB-230a.1	Number of breaches, % that are personal breaches, number of account holders affected	Data Protection & Privacy	14.3
FN-CB-230a.2	Description of approach to identifying and addressing risks	Materiality Assessment > ESG Risk & Opportunities; Cybersecurity Governance	7.3, 14.4
FN-CB-240a.1	Number and amount of loans outstanding qualifying for community development	Financial Inclusion	10
FN-CB-240a.2	Number and amount of past due/nonaccrual loans qualifying for community development	Financial Inclusion;	10
FN-CB-240a.3	Number of no-cost retail checking accounts provided to unbanked/underbanked customers	Financial Inclusion > Addressing the Financial Divide	10.2
FN-CB-240a.4	Number of participants in financial literacy initiatives	Foster Inclusive Communities > Financial Literacy	13.2
FN-CB-410	Description of approach incorporating ESG factors in credit analysis	Support the Green Economy > Incorporating Environmental and Social Considerations into Lending Practices	11.2
FN-CB-410b.1	Absolute financed emissions by Scope 1, Scope 2, Scope 3	Support the Green Economy > GHG Emissions & Net Zero Target	11.9
FN-CB-410b.2	Gross exposure by industry and asset class	About the Company > Spectrum of Products and Services; Financial Inclusion	3.5, 10
FN-CB-410b.3	Percentage of exposure included in financed emissions calculation	-	-
FN-CB-410b.4	Description of methodology for financed emissions calculation	-	-
FN-CB-510a.1	Monetary losses from legal proceedings related to fraud, insider trading, etc.	Sustainability Governance Framework > Anti-Corruption, Anti-Bribery	14.2
FN-CB-510a.2	Description of whistleblower policies and procedures	Sustainability Governance Framework > Anti-Corruption, Anti-Bribery; Empower People > Commitment to Human Rights	14.1, 14.2, 12.3
FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score by category	Not Applicable - USFB is not a G-SIB	-
FN-CB-550a.2	Approach to integrate stress test results into capital planning and strategy	-	-
FN-CB-000 (A/B)	Number and value of checking accounts and loans by segment	Financial Inclusion > Our Rationale for Existence, About the Company	10

Glossary of Terms

A Adaptation Adjustments in ecological, social, or economic systems in response to actual or expected climatic stimuli and their effects or impacts, which moderates harm or exploits beneficial opportunities.	Annual Reporting The practice of providing stakeholders with yearly information about a company's activities, financial performance, and impact on society and the environment. Aspirational Districts The 112 districts identified by NITI Aayog and the Government of India for focused intervention and	rapid improvement across multiple development indicators. Assurance External verification of sustainability report data and processes by independent third parties to enhance credibility and reliability of disclosed information.
B Baseline A starting point used for comparisons, particularly in the context of environmental reporting where it represents projected consumption or emissions in the absence of any reduction activity.	Biodiversity The variety of life on Earth, encompassing the variability among living organisms from all sources including terrestrial, marine and aquatic ecosystems, and the ecological complexes of which they are part.	Business Responsibility and Sustainability Reporting (BRSR) A mandatory reporting framework introduced by SEBI for the top 1000 listed entities in India to disclose their performance on environmental, social, and governance parameters.
C Carbon Footprint The total amount of greenhouse gases produced directly and indirectly to support human activities, typically expressed in equivalent tons of carbon dioxide (CO2e). Carbon Neutral/Carbon Neutrality Achieving net zero carbon dioxide emissions by balancing emissions with removal or offsetting an equivalent amount of carbon dioxide from the atmosphere. Climate Change Long-term shifts and alterations in global or regional climate patterns,	primarily attributed to human activities that increase greenhouse gas concentrations in the atmosphere. Compliance Adherence to relevant laws, regulations, policies, and ethical standards, especially regarding environmental protection, anti-corruption, anti-money laundering, and fair competition. Effective compliance systems include audits, controls, and continuous monitoring. Conflict of Interest Situations where personal interests of Board members, employees, or executives may conflict with their professional duties, potentially influencing decisions or actions to the	detriment of organizational integrity and transparency. Corporate Social Responsibility (CSR) A company's commitment to manage the social, environmental and economic effects of its operations responsibly and in line with public expectations. CSR Committee A board-level committee responsible for formulating and monitoring the implementation of corporate social responsibility policy and activities.

D

Data Protection & Privacy

Policies, systems, and processes designed to safeguard personal, financial, and sensitive data from unauthorized access, disclosure, modification, or loss, ensuring compliance with national standards (such as India's Data Protection Act and RBI guidelines).

Decarbonization

The process of reducing carbon dioxide emissions across business

operations, supply chains, and financed activities, typically through enhanced energy efficiency, adoption of renewable energy, and process innovation aimed at achieving net zero.

Diversity, Equity, and Inclusion (DEI)

Organizational efforts to ensure fair treatment and full participation of all people, particularly those from underrepresented groups.

Digital Banking

The digitization of all traditional banking activities and programs that historically were only available to customers when physically inside a bank branch.

Due Diligence

A comprehensive assessment of a business or investment to evaluate its commercial potential, risks, and compliance with standards and regulations.

E

Energy Efficiency

Using less energy to provide the same service or output, often achieved through technological improvements or behavioral changes.

Energy Management System (EMS)

A systematic approach to controlling and reducing an organization's energy consumption to improve energy efficiency.

Environmental, Social, and Governance (ESG)

A set of standards for a company's behavior used by socially conscious investors to screen potential investments covering environmental stewardship, social responsibility, and governance practices.

ESG Framework

A structured approach to integrating environmental, social, and governance considerations into business operations and decision-making processes.

ESG Exclusion List

A list of sectors, activities, or companies that a financial institution will not finance or invest in, due to unacceptable ESG risks or negative impacts (e.g., fossil fuel extraction, child labour, arms production)—often aligned with standards like the IFC Exclusion List.

ESG Management System (ESGMS)

The operational system deployed to identify, manage, monitor, and mitigate ESG risks and opportunities across the loan portfolio or business operations, ensuring step-wise compliance, due diligence, and continuous improvement.

ESG Policy

Formal guidelines and procedures that govern how an organization addresses environmental, social, and governance issues in its operations and decision-making.

ESG Risk Assessment

The process of identifying, analyzing, and evaluating environmental, social, and governance risks that could impact business operations or performance.

F

Financial Inclusion

The availability and equality of opportunities to access financial

services, ensuring that individuals and businesses have access to useful and affordable financial products.

Financed Emissions

The greenhouse gas emissions that financial institutions finance through their lending and investment activities.

G

GHG (Greenhouse Gas) Emissions

Gases such as carbon dioxide, methane, and nitrous oxide that trap heat in the atmosphere, leading to global warming and climate change. Organizations report direct (Scope 1), energy indirect (Scope 2), and other indirect (Scope 3) emissions.

Global Reporting Initiative (GRI)

An international independent standards organization that promotes sustainability reporting through the development of comprehensive sustainability reporting standards.

Green Bonds

Fixed-income instruments specifically earmarked to raise money for climate and environmental projects that have positive environmental benefits.

Green Building

A building that uses processes that are environmentally responsible and resource-efficient throughout its lifecycle from design to operation.

Green Finance

Financial investments flowing into sustainable development projects and initiatives that encourage the

development of a more sustainable economy.

Greenhouse Gas (GHG) Emissions

Gases that trap heat in the atmosphere, including carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), and fluorinated gases.

GRIHA (Green Rating for Integrated Habitat Assessment)

An Indian rating system for evaluating the environmental performance of buildings throughout their lifecycle.

I

Impact Assessment

The process of identifying and evaluating the potential positive and negative effects of a project, program, or policy on environmental, social, and economic conditions.

Inclusive Growth

Economic growth that creates opportunities for all segments of the population and distributes the dividends of increased prosperity fairly across society.

F

Financial Inclusion

The availability and equality of opportunities to access financial services, ensuring that individuals and businesses have access to useful and affordable financial products.

Financed Emissions

The greenhouse gas emissions that financial institutions finance through their lending and investment activities.

J

Joint Liability Group (JLG)

A small group of individuals who come together to avail bank loans either individually or through the group mechanism against mutual guarantee.

L

Life Cycle Assessment (LCA)

A technique for assessing the environmental aspects and potential

impacts associated with a product, process, or service throughout its life cycle.

Low-Carbon Economy

An economy based on energy sources with low greenhouse gas emissions, primarily through the use of clean energy technologies.

M

Material Topics/Issues

Topics that reflect an organization's significant economic, environmental, and social impacts or substantively influence the assessments and decisions of stakeholders.

Materiality Assessment

The process of identifying, refining, and assessing numerous potential environmental, social and governance issues that could affect a business.

Microfinance

Banking services provided to unemployed or low-income individuals who otherwise would have no other access to financial services.

MSME (Micro, Small and Medium Enterprises)

Businesses classified based on investment in plant and machinery or equipment and turnover, playing a crucial role in economic development.

N

Net Zero

Achieving a balance between the amount of greenhouse gas emissions produced and the amount removed from the atmosphere or offset.

Non-Performing Assets (NPA)

A loan or advance for which the principal or interest payment remained overdue for a period of 90 days.



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