IDFC FIRST Bank

ALWAYS YOU FIRST

TCFD Report August 2024

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Section 1:

Introduction

Climate change has emerged as one of the most formidable challenges of our time, affecting industries, economies, and ecosystems alike. The financial sector is a pivotal player in the global response to climate change, embracing responsibility and recognizing the need for action and increased transparency. The Government of India is playing an important role in advancing global climate goals through the Panchamrit Commitments which target significant renewable energy capacity expansion, afforestation initiatives, and sustainable development practices.

The Reserve Bank of India (RBI) is also playing its part to foster Sustainable Finance and various climate risk management initiatives across the banking sector. In July 2022, RBI issued a discussion paper on Climate Risk and Sustainable Finance which outlined that regulated entities should explore aligning their climate-related financial disclosures on the lines of the Taskforce on Climate-related Financial Disclosures (TCFD) framework. The paper acknowledges that banks may consider TCFD as a desirable framework in the initial stages for climate-related financial disclosures. Referencing a common framework will also facilitate consistency and comparability amongst their peers.

As a growing Indian financial institution, IDFC FIRST Bank recognizes the importance of its role in supporting the country's needs to achieve its climate goals. The Bank takes cognizance of climate-related risks. Accordingly in July 2022, the Bank, as a resolute first step towards a sustainable future, became a TCFD supporter.

The publication of our first TCFD Report provides an opportunity to demonstrate the Bank's commitment towards building a better future. The report shares important information on how the Bank is prioritizing assessing its climate related risks and opportunities for integration into its overall strategy.

The Bank also demonstrates its commitment to transparent corporate and sustainability reporting. It is aligned to key global and domestic reporting standards i.e., International Integrated Reporting Framework and Sustainability Accounting Standards Board (SASB) Framework by the IFRS Foundation, and GRI Standards 2021. The Bank also published the SEBI-mandated Business Responsibility and Sustainability Reporting (BRSR), which quantifies its performance across various ESG parameters. The Bank is also an official participant of the United Nations Global Compact (UNGC).

Section 2:

Task Force on Climate-Related Financial Disclosures (TCFD)

The Taskforce on Climate-related Financial Disclosure (TCFD) recommendations have gained widespread international recognition and support to emerge as the apex framework for disclosing climate-related risks and opportunities. More than 4,000 organizations across 101 countries have aligned their sustainability reporting to cover the TCFD recommendations. This also includes over 1,500 financial institutions, responsible for assets of approx. USD 217 trillion, which are preparing climate risk disclosures aligned to the TCFD requirements.

The TCFD's core framework, released in 2017, comprises four thematic areas:

1. Governance
2. Strategy
3. Risk Management
4. Metrics and Targets

The four pillars of TCFD recommendations

These recommendations are inter-related and supported by 11 disclosure requirements designed to help stakeholders understand how companies perceive and address climate-related risks and opportunities. IDFC FIRST's debut TCFD report is a step forward in the Bank's ambition for enhanced transparency with detailed disclosure of climate-related risks and opportunities and its integration into the governance structures and strategies to facilitate a consistent and comparable reporting.

IDFC FIRST's timeline towards enhanced climate-related disclosures

In the following sections of this report, we have highlighted our performance, activities undertaken, and future priorities which the Bank has set for its climate goals based on the TCFD pillars.

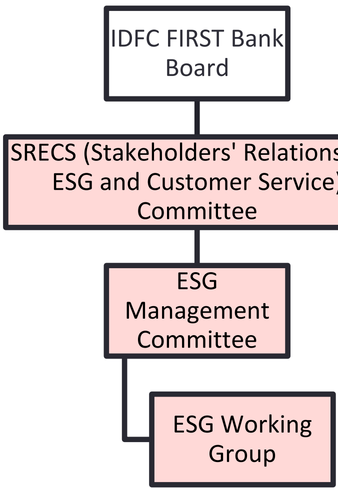
Section 3:

Responses to the Recommendations

I. Governance

The Bank considers ESG as an organizational imperative and has taken steps to set up a dedicated and robust governance structure, for integrating ESG and climate risk considerations into its business model. The Bank has created a Stakeholders' Relationship, ESG, and Customer Service Committee (SRECS Committee) of the Board, which is supported by an ESG management committee and working group. The ESG function is responsible for identifying opportunities for the Bank to create a larger impact, acting as a centre of excellence for all ESG initiatives, monitoring ESG activities and communicating the Bank's ESG progress to stakeholders through benchmarked reporting. It is also responsible for charting the Bank's climate action roadmap and sustainable finance framework.

The Board has a strong oversight of ESG practices & performance within the Bank.



<u>Board-level committee:</u>

The Bank has established the SRECS Committee which will have a primary responsibility for oversight and monitoring of ESG practices & performance within the Bank including review of statutory ESG reporting such as the Business Responsibility and Sustainability Report (BRSR).

This SRECS Committee also assists the IDFC FIRST Board in monitoring the quality of services rendered to the customers and ensure implementation of directives received from the Reserve Bank of India (RBI) in this regard.

The committee is led by the Chairperson, who is a Non-Executive Director, and comprises of the following members:

Name of the Director	Type of Directorship
Dr. Brinda Jagirdar (Chairperson of the Committee)	Independent
Pravir Vohra (Member)	Independent
Sanjeeb Chaudhuri (Member)	Independent
S. Ganesh Kumar (Member)	Independent
Matangi Gowrishankar	Independent Director
V. Vaidyanathan	MD & CEO

The SRECS committee meets at least four times a year, on a quarterly basis with a gap of not more than 120 days between each meeting. In the year FY 2023-24, the SRECS committee has met in April 2023, July 2023, and October 2023, and Jan 2024.

Management Level Committee:

The Bank has set up an ESG Management Committee responsible for overseeing, supporting, and advising on actions to be taken towards the Bank's sustainable business and long-term value creation for stakeholders. This Committee is led by the MD & CEO and comprises senior members across major functions viz., CFO, CRO, Head-Wholesale, Head- Retail, CHRO, Head-Retail Assets & ESG, CCO, Head-Legal & Company Secretary, Head- Corporate Real Estate & Services, and Head- Investor relations.

The primary responsibility of the ESG Management Committee is to support the SRECS committee with executive level oversight and implement the Bank's policies, strategies and programs related to matters of sustainability. It also assumes the responsibility of aligning the Bank's ESG framework with global frameworks such as TCFD, UN Global Compact (UNGC), and others. The Management Committee meets on a quarterly basis preceding the SRECS Committee meetings.

The ESG Management Committee is further supported by the Bank's dedicated ESG function that enables and executes the Bank's ESG ambitions, initiatives, projects, and day-to-day operations. It has been assigned the mandate to drive the Bank's stated goals and its performances with respect to ESG matters and monitor the Bank's progress towards these measurable goals. It will also be responsible for the preparation of disclosures related to the Bank's environmental & social initiatives and metrics in internal & external stakeholders. The ESG Function also apprises the Working Group (Steering Committee), which comprises heads and leads of relevant functions on the execution of ESG initiatives, efforts and activities.

II. Strategy

The foundational value of IDFC FIRST Bank is to be an ethically centered and socially responsible institution which continuously creates and sustains long term shareholder value. The Bank has identified key “levers” defined as per guidance from the Integrated <IR> Framework (now under IFRS Sustainability), which it calls types of “capitals” that would anchor our journey towards a sustainable future. In FY 22-23, the Bank conducted a materiality assessment to ascertain the most important value creating and impact inducing topics, spanning across strategic, economic, environment, social and governance aspects, that are integral enablers for the Bank to create and sustain value.

The Bank published its maiden Integrated Report in 2023 highlighting an integrated approach being undertaken to embed Environmental, Social, and Governance (ESG) considerations into its business, employees, and customer operations. The Bank currently assesses climate risk under Pillar 2 risk category as part of its ICAAP assessment process. This also includes physical and transition risk assessments being carried out for the Bank’s own operations and lending portfolios. The Bank has also released its Green Deposit financing framework to accept green deposits (aligned to the RBI’s guidance on green deposits) and lend under the emerging norms of green finance.

Managing emissions from operational emissions

During the year FY 22-23, the Bank carried out a firm-wide exercise to enhance and create an inventory of its GHG emissions across Scope 1, 2 and 3 categories as per the GHG accounting protocol.

Enhanced computations of GHG emissions from own operations of the Bank

Scope 1	Streamlined data collection of fuel consumed for DG sets via internal systems.
Scope 2	Actual electricity consumption data sourced for specific large offices and estimations basis analysis of other offices and branches.
Scope 3	Initiated computations for new categories i.e., Cat 1 (Purchased Goods & Services), Cat 6 (Business Travels), and Cat 7 (Employee Commute)

The enhanced GHG emission baselining has paved the way for the Bank to identify a glide path towards emission reduction and to evaluate its climate action ambitions.

The GHG computation in FY 22-23 also included an exercise to compute the financed emissions (Scope 3 – category 15) for key select material lending portfolios of the Bank. This was completed based on the Partnership for Carbon Accounting Financial (PCAF) guidance, a leading global standard for financed and facilitated emissions. It has helped the Bank identify data requirements for carrying out a comprehensive baseline assessment across the loan book. Similar methodology & computation has been carried out for FY 23 – 24.

In April 2024, the Bank published their [GHG Emissions Management Policy]. This Policy outlines IDFC FIRST Bank’s commitment to managing and reducing Scope 1, 2, and 3 Greenhouse Gases (GHG) emissions as guided by the GHG Protocol Corporate Standard and in alignment with its environmental sustainability goals.

Decarbonization Roadmap for our own operations

As a growing Bank with an expanding geographic footprint, we recognise the inevitable increase in our direct and indirect emissions. However, our goal is to manage this growth sustainably, and minimise our emission profile. To achieve this, wherever feasible, we are adopting greener infrastructure, evaluating green power tariffs for large offices, and increasing the share of green lending in our portfolio.

The Bank is actively engaged in initiatives to minimise its environmental impact and reduce emissions from its operations. The following are the decarbonisation levers identified to achieve this:

- Movement to UPS from DGs - Wherever feasible, we are evaluating and moving to UPS (Uninterruptible Power Systems) from DGs (Diesel Generators), which are environmentally safer, and attracts lesser noise and maintenance issues.
- Transition to Renewable Energies - Based on feasibility and availability, we plan to shift our power procurement to greener sources. This is subject to ecosystem development, availability of green tariff in our areas of operations. We will also work with our real estate/infrastructure partners to achieve this, since most of our offices and branches are availed on a lease basis and are in multi-tenanted buildings. Today, our Corporate Head Office in Mumbai (The Square, BKC) is fully powered by the green grid.
- Creating Awareness - We encourage our employees to opt for electric vehicles for commute and also provide EV Charging facilities in three large offices. We also train our employees in utilising lesser resources such as paper, which add to overall wastage and indirect emissions.
- Building a greener portfolio - We are evaluating and building different market offerings that are greener in nature. Some of our offerings, such as EV financing, is a key tenet in this strategy. Further, we are also seeking to accelerate financing in the renewable energy space for retail consumption.

The Bank acknowledges the ongoing policy & regulatory changes in India to scale the deployment of existing energy efficient and renewable technologies. The Bank has initiated collecting for emission sources since 2022 & also improving its data tracking as well. During the year FY 23-24, the Bank established a baseline of operational emissions for FY 22-23.

As part of its green infrastructure initiative, the Bank has also received IGBC and LEED certifications for several of its large offices, with its Head Office being recertified as 'IGBC Platinum'. In fact, ~21% of the Bank's total infrastructure is green certified (and ~50% of its large office is green certified). The Bank is also now working towards ensuring that its branches are aligned to best practices in environmental design, paving the way for their green certification.

In order to foster a culture of sustainable mobility for its employees, the Bank has unveiled EV Charging stations at three of its large offices in Mumbai, Thane and Hyderabad. The Bank has also established partnerships to ensure EV cab utilization in select locations.

The Bank aims to enhance use of recycled paper and incentivize digitized/paperless transactions throughout the offices. The Bank is striving to monitor and accurately measure water usage in all our offices and reduce the water wastage progressively. Through active water management, the Bank is now able to save thousands of liters of water every year. Furthermore, for multiple large offices, the Bank has an in-situ Sewage Treatment Plant, effectively rendering them as Zero Liquid Discharge facilities. Looking ahead, the Bank is transforming its ESG challenges into opportunities by bringing in new initiatives such as automation of ESG data collection using SaaS model; setting targets on climate action post assessment of GHG baselines and carbon roadmap; identifying possible responsible lending opportunities; and proactively assessing climate risks at a Bank level through TCFD assessment and stress testing.

Resilience of our strategy, taking into consideration different climate-related scenarios, including a 2°C or lower

The 1.5ºC and 2ºC pathways are temperature goals established under the Paris Agreement, aiming to limit global warming, with an aspirational target of 1.5ºC below pre-industrial levels. These pathways provide benchmarks for the Bank to align with global efforts to mitigate climate change.

As a Bank, we are committed to the global cause of decarbonization and climate action. We have identified a glide path to achieve Net Zero (Scope 1 & 2) by 2050 (aligned to Science-based Targets), twenty years ahead of the national target of 2070. Within this timeframe, we expect green electricity grid to be progressively made available across states and deep geographies, which is essential to enable this transition.

Addressing climate-related opportunities through our businesses, strategy, and financial planning

The Bank has always undertaken a value-driven approach to embed ESG considerations into its business strategy which enables the inclusion of climate considerations in addressing the needs of its customers, employees, communities, and all other stakeholders. This has resulted in the following milestones which we have been able to achieve in FY 23-24:

1. In FY 23 – 24, the Bank developed and deployed a Board-approved GHG Emissions Management Policy which outlines the approach to the measurement, monitoring, and management of greenhouse gas emissions. Further, aligned to the Paris Agreement, the bank developed a glide path to Net Zero by 2050 for its own emissions (Scope 1+2).
2. The Bank has become a leading financier for electric two wheelers in India and financed over 1.96 lakh electric two wheelers till FY 23 - 24. Further, over 5,100+ electric three wheelers have been financed by the bank in the rural areas contributing to increasing last mile connectivity.
3. The Bank has become a leading financier with maximum finance tie ups by introducing industry first end-to-end digital journeys.
4. The Bank's three large corporate offices provide electric charging stations for vehicles for employees.
5. The Bank has achieved green building certification for over 0.7 million sq. ft. office area.
   On the social side, the Bank has been actively involved in reaching deep rural geographies, thereby accelerating financial inclusion. Today, it has customers in 85,000+ villages, touching 8 million households. Further, about 55% of the Bank's rural borrowers are women.
6. IDFC FIRST Bank's rural banking business, has delivered 3 million livelihood (cattle) loans and under Water, Sanitation and Health (WASH), and has given over 3,50,000 loans.
7. A series of specialised training sessions and workshops on climate risk & ESG have been conducted for multiple stakeholders.

III. Risk Management

Addressing climate risk is gaining prominence for enhancing the risk management practices of banks. Climate change introduces a new dimension of risk, encompassing physical, transition, and other risks that can have a significant impact on the financial landscape.

By integrating climate risk considerations into risk management frameworks, banks can proactively identify and assess the vulnerabilities associated with climate-related events, such as extreme weather events or shifts in market dynamics due to environmental policy changes, changes in customer preferences, etc. This not only fortifies a bank's resilience against unforeseen disruptions but also positions it to seize opportunities in the emerging green economy. Furthermore, incorporating climate risk in risk assessments aligns with regulatory expectations, fostering compliance and transparency. At IDFC FIRST Bank, we believe that recognizing and mitigating climate risk not only safeguards the Bank's financial stability but also underscores its commitment to sustainable and responsible banking practices as part of its overall ESG strategy.

The Bank has committed and mobilized capital into a variety of companies and projects, including those in the infrastructure sector, manufacturing and services sector and extractive industries that may be associated with environmental and social risks and impacts. To address these concerns, the Bank has a well laid out Environmental and Social (E&S) policy to guide its risk and business teams to conduct a thorough environment and social risk assessment of companies at the time of credit appraisal and monitoring of environmental performance throughout its loan period.

The E&S policy outlines the Bank's commitment to address environmental and social risks in its lending activities. Based on this policy, it carefully evaluates the E&S risks, associated with a project / transaction and works closely with the clients to execute mitigation measures / corrective actions as identified during the evaluation process. The Bank has embedded climate risk related considerations within its Environment and Social policy which is a part of the Credit policy.

Management of climate-related risks

The Bank undertakes multiple actions to ensure that its risk management strategies are well-informed and responsive to the evolving of climate-related risks. The Bank's Environment Risk function is primarily responsible for ensuring adherence to E&S policy by various business verticals, including wholesale and retail banking [1]segments.

The Credit policy of the Bank dictates identification and monitoring of exposures which may be impacted by climate risk. It acknowledges the two key channels through which climate risk could arise i.e.,

1. **Physical risk** – refers to direct risks arising from climate and weather-related events (e.g., heatwaves, floods, storms). These risks may impact in terms of temporary shutdown of operations of the borrowers or deterioration in value of collaterals, etc.
2. **Transition risk**- refers to indirect risks arising from the process of moving towards a lower carbon intensive economy. Transition involves changes across sectors and the speed at which it takes place would affect the scale of disruption for affected entities or industries.

At a broad level, the Bank has integrated the following climate risk management process:

1. Physical Risk: This will be assessed for all borrowers (except NBFCs and MFIs) as part of a credit proposal for sanctioning fresh term loans with tenor more than 3 years and cumulative loan exposure of more than INR 100 crores.

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[1] Covering retail assets and commercial banking only. It does not include retail liabilities.

2. Transition Risk: A cap on the aggregate exposure to identified sectors has been defined as part of Risk Appetite Framework and is reviewed annually.

The Risk department and ESG team work collaboratively to identify, assess, and manage risks associated with climate change. The Bank's Credit Risk team along with the Environment Risk Group jointly focuses on evaluating the potential impact of climate-related factors on the creditworthiness of borrowers and the overall loan portfolio. On the other hand, the Bank's ICAAP process also captures the impact of Climate change on its portfolio.

The various steps undertaken by the Bank, to tackle climate related risk are as follows:

1. A comprehensive Environmental & Social (E&S) policy along with alignment to national E&S requirements and IFC Performance standards paves the way for a through E&S assessment of its borrowers and projects at the time of credit appraisal and monitoring of environmental performance throughout its loan period.
2. The Bank guided by its Credit policy ascertains major climate and weather-related events which could impact the revenue generation of the borrowers and/or the collaterals provided by them against the loan.
3. The Bank's Credit policy covers the assessment and management of impact by climate change through review and monitoring of transactions of wholesale banking, retail, and commercial finance segments businesses covered by the E&S Policy throughout the loan tenure.

The Bank understands that it is exposed to climate-related risks through its lending and other financial intermediary-related activities, in addition to its own operations. It may assume exposure to material climate-related risks through their borrowers, customers, or counterparties. With this understanding, the Bank has started explicitly recognizing climate risk as one of the Pillar 2 risks under its annual ICAAP assessment. This included an assessment of transition risk assessment for wholesale portfolio and physical risk which was carried out across retail portfolios.

Physical risk management:

The Bank's majority of lending exposure is geared towards its retail business portfolio and herein below is the outcome of physical risk assessment across the various retail lending products which included secured, unsecured, and joint liability group products:

- ✓ There has been no observed impact of natural calamities in the mortgage and unsecured retail loan portfolio.
- ✓ The Bank has minimal presence in areas prone to natural disasters such as flooding, landslides, etc.
- ✓ For other rural lending portfolios such as Joint Liability Group, the Bank has additional capital buffers. Additionally for mortgage products, prior to accepting collaterals, the Bank has in place elaborate guidelines for checking the acceptability of properties situated near water bodies, etc. Collaterals are insured against climate and natural calamities.

For the wholesale portfolio of the Bank, the physical risk impact is identified and classified on the basis of a categorization framework. It considers both the historical and a likely impact of severe weather-related events on the borrower's financial parameters such as EBITDA margins and Asset Cover Ratio (ACR). Based on the quantum of impact on these parameters, the borrowers are then classified into 3 categories viz., High, Medium, Low based on internally monitored thresholds to appropriately manage the classified loan exposures.

Transition risk management:

Basis RBI's bulletin on 'Climate Stress Testing and Scenario Analysis' published in January 2024, the bank has identified high carbon intensive sectors and has defined an overall ceiling on the exposures to such identified sectors which is detailed in the Risk Appetite Statement. The compliance of the ceiling on the Banks exposures to such identified sectors is reviewed on a quarterly basis. On an annual basis, impact of transitional risk on various sectors would be reviewed and accordingly the identified sectors and the overall cap may be revised.

IV. Metrics and Targets

The Bank's commitment to addressing climate-related challenges is supported by a robust framework of metrics and targets, offering a quantitative lens into the climate strategy and performance. This section serves as a comprehensive overview, delving into the meticulous metrics employed by the IDFC FIRST Bank to assess climate-related risks and opportunities in alignment with our strategic imperatives and rigorous risk management processes.

Recognizing the uncertainty about when and how climate-related risks might impact, the Bank has initially focused on the ones that would be most critical. To address these issues, the Bank referred regulatory advice and leaned on industry best practices and experts to measure, manage, and monitor climate-related risks. This approach helped narrow down and understand the key metrics to be computed to improve its capabilities in managing climate-related risks and opportunities.

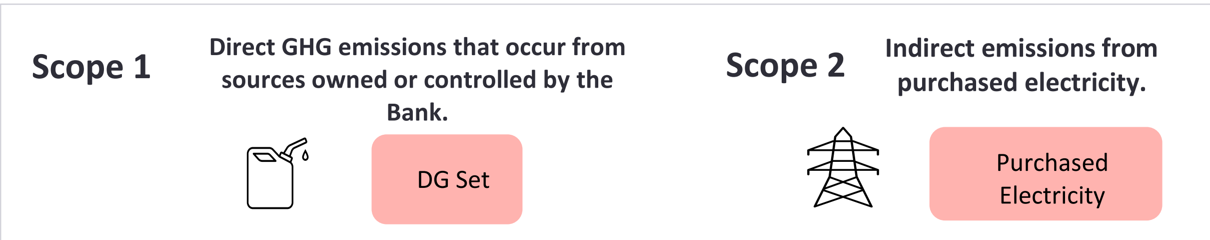
By establishing a baseline for our operational emissions and extending this assessment to financed emissions, we gain valuable insights into the carbon footprint associated across our value chain. This not only enhances our risk management processes and enables the Bank to take a step towards its broader sustainability goals.

The Bank has established a baseline measurement of its own emissions in FY 2023, encompassing Scope 1 (direct emissions), Scope 2 (indirect emissions from energy consumption), and Scope 3 (indirect emissions from sources like air travel). This baseline serves as a reference point for setting up its decarbonization plan for operational emissions and in line monitoring its progress as per the targets.

The Bank has also initiated computation of financed emissions from material segments of its wholesale and retail loan portfolios. This is a crucial step for understanding the carbon footprint linked to its financial activities and has helped the Bank identify additional data requirements.

Computation of operational emissions

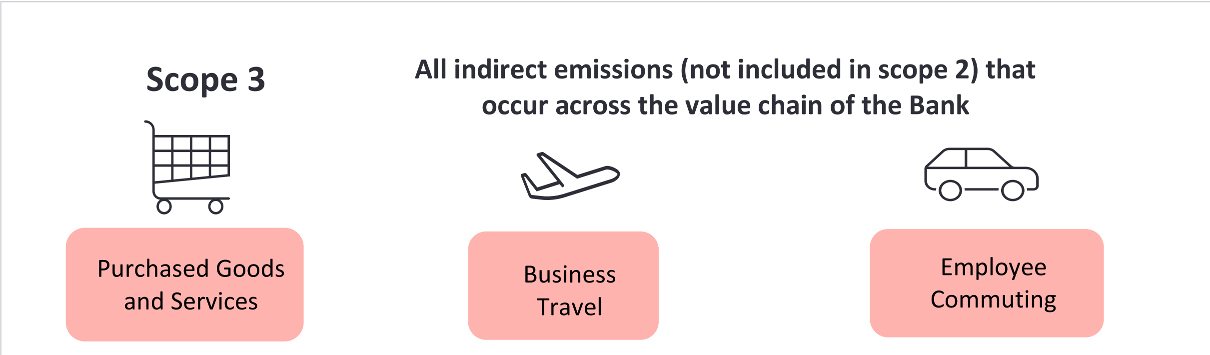
The Bank is committed to addressing GHG emissions comprehensively and now computes emissions from all material activities across its operations. The approach taken by the Bank to compute its emissions from own operations across emission categories are as follows:



1. **Scope 1 emissions:** It includes the combustion of diesel purchased by the Bank for its various facilities for DG sets. Data on diesel fuel purchases was extracted from our financial management system to determine the volume of diesel consumed.

2. **Scope 2 emissions:** It includes emissions arising from the consumption of grid electricity, primarily derived from non-renewable sources, by IDFC FIRST Bank. The calculation approach is based on a systematic process that ensures accuracy and reliability. We have used emission factors from the Central Electrical Authority's (CEA) CO2 Baseline Database for the Indian Power Sector, Version 18. These factors are essential for quantifying the emissions associated with electricity generation in India.

The Bank has identified three of our largest offices with the highest electricity expenditure for which monthly electricity bills are used to identify actual electricity consumption. For the remaining office locations, we conducted meticulous analysis of electricity bills from various sites across India. By examining the expenditure data and its corresponding consumption patterns, we calculated emissions for these locations.



3. **Scope 3 emissions:** We are amongst the few Indian banks which have started computing under multiple sub-categories of scope 3 emissions as follows:

    i. Category 1: Purchased goods and services estimated for only paper (A4 and A3) consumption. Emission factor taken from US EPA's WARM Tool and environmental impact estimates (for paper consumption) were made using the Environmental Paper Network Paper Calculator Version 4.0.(https://c.environmentalpaper.org/)

    ii. Category 6: Business Travel (Air Travel): Data collated from third-party travel vendor and emission factor for Business Travel has been taken from US Environment Protection Agency document.

    Business Travel (Local Conveyance Car): To calculate emissions linked to local conveyance expenses in the fiscal year 2022-2023, we follow a streamlined process. We begin by collecting data on the total annual reimbursement expenses for local conveyance incurred by IDFC FIRST Bank.

    We have estimated emissions assuming all vehicles as diesel powered and employ CO2 Emission Factors by Fuel specific as per the Cross Sector Tool.

    iii. Category 7: Employee Commuting includes shuttle car and bus services by IDFC FIRST Bank for their employees. Distance travelled was taken along with Emission Factor for other regions by Vehicle Distance from Cross Sector Tools Passenger Diesel Car and Diesel Bus for calculating the emission. For Work from Home under Employee

    iv. Commuting calculations electricity consumption of laptop, fan, router & tube light is used.

Break-up of GHG emissions from operations for FY 23-24

Parameter	FY 21-22 Absolute Emissions (tCO_2e)	FY 22-23 Absolute Emissions (tCO_2e)	FY 23-24 Absolute Emissions (tCO_2e)
Scope 1 (DG Set)	455	291	566.65
Scope 2 (Purchased Electricity)	19,199	24,821	36,270.07
Total (Scope 1 & 2)	19,654	25,112	36,836.72
Scope 3			
Category 1: Purchased Goods & Services (Paper)	-*	1,577	2080.6
Category 6: Business Travel (Air Travel)	791	2,332	5221.2
Category 6: Business Travel (Local Conveyance Car)	-*	23,121	30,650.1
Category 7: Employee Commuting (Employee Commute)	-*	1,111	1,175.6
Category 7: Employee Commute (Work from Home)	-*	382	276.8
Scope 3 (Total)	791	28,523	39,404.2*
Total (Scope 1, 2 & 3)	20,445	53,635	76,240.92

**Scope 3 category not calculated earlier and computed for the first time in FY 22-23. Independent Assurance has not been carried out by an external agency.*

Break-up of GHG emissions intensity from operations for FY 23-24

Parameter	FY 21-22 Emissions Intensity (tCO_2e/INR m)*	FY 22-23 Emissions Intensity (tCO_2e/INR m)*	FY 22-23 Emissions Intensity (tCO_2e/INR m)*
Scope 1 and Scope 2	0.010	0.010	0.1244
Scope 3	0.011	0.022	0.1331

**tCO_2e per INR million of the Bank's Total Assets as of FY 21 – 22, FY 22 – 23 & FY 23- 24.*

Targets used by the organization to manage climate-related risks and opportunities and performance against targets.

We are continuously striving to minimize our environmental impact by shifting to green solutions, optimizing our consumption and continuous performance evaluation. The Bank has outlined several key targets to drive sustainability and climate action:

Parameter	Goals/ Targets for IDFC FIRST Bank
GHG Emission Reduction	• Implementing Third-Party Assurance for Scope 1 and Scope 2 emissions, ensuring verification of emission data. • Covering a minimum of three Scope 3 emission categories (indirect emissions) apart from financed emissions by FY2024, indicating a comprehensive approach to emissions tracking.
Renewable energy	• Achieving 20% renewable energy in the energy mix for large offices by 2025, which promotes a cleaner energy profile.
Green & Climate Finance	• 10% of finance towards wholesale responsible lending by 2027
Water & Waste Management	• Estimating the percentage of offices located in water-stress areas by 2025, highlighting water resource management. • Implementing water conservation initiatives for all large offices by 2025, indicating a commitment to responsible water usage. • 20% reduction of waste intensity from FY 2023 baseline by 2030
Paper Use Reduction	• Actively exploring opportunities to use recycled paper in all applicable aspects of operations, promoting sustainability and responsible practices. • Digitized or paperless banking process in rural areas. • Implement waste reduction, and recycling initiatives for all large offices