



IDFC FIRST  
Bank

# Policy on Green Deposits

[Policy on Green Deposits](#)

Note: This Policy forms part of IDFC FIRST Bank's Interest Rate on Deposits Policy and is approved by the Board.

### **1.1.Key objectives of policy**

Climate change has emerged as one of the biggest risks to global stability and survival in the recent years. IDFC FIRST Bank is committed to scaling up its sustainability efforts, to support the environment and build resilience among the communities in which we live and work. The Bank recognizes the critical role that the financial sector will have to play towards mitigating this risk by mobilizing resources for green activities/projects. Deposits account as a major source for mobilizing funds for the financial sector.

The Bank endeavors to offer such a green deposit product to clients/customers who are seeking to invest in an interest-bearing product which will help achieve the broader sustainability targets by augmenting the flow of credit to green activities/projects. All green deposits issued henceforth shall be governed under this policy. The allocation and monitoring of green deposits will be done in adherence to the Green Deposits Financing Framework of the Bank. This policy should be read in conjunction with other policies of fixed deposits by IDFC FIRST Bank Limited. Further:

1. This Policy represents the minimum standards for offering green deposit products across the Bank, and is not a substitute for experience, common sense and good judgment. In the event that clarification on interpretation is required, consultation must first be sought from the ESG Department of the Bank. This policy should be read in conjunction with extant regulatory guidelines issued from time to time and are separately communicated to all the relevant stakeholders and such changes will be updated in the policy during the subsequent renewal/amendment.
2. This Policy is guided by the Reserve Bank of India (RBI) Framework for acceptance of Green Deposits (Ref: RBI/2023-24/14 DOR.SFG.REC.10/30.01.021/2023-24, dated April 11, 2023). Any modification/clarification to the extant guidelines issued by RBI from time to time will be deemed applicable and may be updated in the policy along with subsequent amendments, if any, or renewal of the policy.
3. This policy will be an annexure to the Board approved Interest Rate on Deposits Policy.

### **1.2.Definitions**

In these guidelines, unless the context states otherwise, the terms herein shall bear the meaning assigned to them below:

1. "green activities/projects" means the activities/projects meeting the requirements prescribed under the 'Eligible Activities/Projects' as identified by the RBI

2. “green deposit” means an interest-bearing deposit, received by the Bank for a fixed period and the proceeds of which are earmarked for being allocated towards green finance.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under The Banking Regulation Act, 1949 or The Reserve Bank of India Act, 1934, The National Housing Bank Act, 1987 or any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

### **1.3. Issuance of green deposits:**

The Bank shall issue green deposits as cumulative/non-cumulative deposits as defined by the Bank’s ALCO from time to time. On maturity, the green deposits would be renewed or withdrawn at the option of the depositor. The green deposits shall be denominated in Indian Rupees only. The tenor, size, interest rate and other terms and conditions (as applicable to the Bank) for green deposits will be decided by the Bank’s ALCO and will be aligned to the Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016 dated March 03, 2016, (as amended from time to time, applicable to green deposits *mutatis mutandis*).

### **1.4. Use of Proceeds**

The Bank shall use the proceeds raised from green deposits to finance and/or refinance expenditure (in parts or whole) for eligible green projects falling under ‘Eligible Activities/Projects’ as identified under the RBI Framework and detailed in Annexure 1 of this Policy. All eligible Activities/Projects as identified under the RBI Framework (i.e., climate-related or environmental objectives) along with monitoring and validating the sustainability information provided by the borrower, shall adhere to the extant guidelines and the Bank’s Board approved lending policies that lay down the principles of customer selection and ascertaining bankability of the proposals. The Bank shall also ensure that these transactions align with the Bank’s broader internal due diligence standards and applicable risk policies/processes.

### **1.5. Management of proceeds**

Tracking and management of green deposit proceeds will be done subject to fulfilment of regulatory and internal requirements. In case of any unallocated proceeds from green deposits, these would be temporarily parked in liquid instruments having a maximum original tenure of one year.

### **1.6. Third-Party Verification/Assurance and Impact Assessment**

The Bank shall publish details regarding the funds allocated against the green deposits raised on an annual basis. The Bank's allocation of funds raised through green deposits shall be subjected to an independent third-party verification/assurance on an annual basis.

The Bank shall also assess the impact associated with the funds allocated to green finance activities/projects through an Impact assessment report on an annual basis, from FY 2025 onwards. The impact of the use of proceeds shall be reported using applicable key performance indicators.

The Bank shall place the report of the third-party verification/assurance and the impact assessment report on its website.

### **1.7. Reporting and Disclosures**

Within three months of the end of each financial year, the Bank shall place before its Board of Directors a report covering information on total amount of green deposit raised, list of the projects (with description) along with amount allocated and a copy of third-party verification/assurance and impact assessment report.

The Bank shall provide disclosures on the portfolio-level information regarding the use of the green deposit funds in its Annual Financial Statements as per the format prescribed by the RBI.

### **1.8. Policy Revision**

This policy shall be reviewed based on any revision in RBI guidelines or earlier as warranted for its suitability and updated as necessary.