

INDEPENDENT ASSURANCE STATEMENT

To

The Directors and Management
IDFC FIRST Bank Limited
The Square, C-61, G Block, Bandra Kurla Complex, Bandra East
Mumbai- 400051, India

IDFC FIRST Bank Limited (hereinafter referred to as 'IDFC') engaged TUV India Private Limited (TUVI) to conduct an independent external assurance of its Green Fixed Deposit (GFD) Initiative, in accordance with the [Reserve Bank of India \(RBI\) Circular dated April 11, 2023 \(RBI/2023-24/14\)](#), with a reasonable level of assurance. This framework outlines the regulatory guidelines for banks and certain regulated entities to accept and deploy green deposits in accordance with defined environmental objectives. It aims to enhance transparency, discipline, and accountability in the green finance ecosystem, ensuring that proceeds from such deposits are used exclusively for eligible green activities. IDFC has developed an Annual Report (hereinafter referred to as 'the Report') covering the period from April 1, 2024, to March 31, 2025, where details of Green Deposits initiatives are listed. The GFD Initiative is aligned with the RBI's ["Framework for Acceptance of Green Deposits" \(RBI/2023-24/14\)](#), as well as IDFC's Board-approved [Green Deposit Policy](#) and [Green Deposits Financing Framework](#). The assurance engagement was conducted in line with the scope defined for the GFD Initiative, the terms of our engagement, and the requirements of ISAE 3000 (Revised) – the international standard for assurance engagements other than audits or reviews of historical financial information.

Management's Responsibility

IDFC FIRST Bank has introduced the Green Fixed Deposit (GFD) in alignment with its Board-approved Green Deposit Policy and Green Deposit Financing Framework, and in accordance with the Reserve Bank of India's directive, "Framework for Acceptance of Green Deposits" (RBI/2023-24/14). The Bank's management holds responsibility for the collection, analysis, and preparation of the Green Deposit disclosure. This includes maintaining robust internal controls and ensuring compliance with both regulatory (RBI) and internal frameworks. The objective is to ensure the integrity and accuracy of the information, free from any material misstatements—whether intentional or unintentional. IDFC FIRST Bank is also accountable for securely archiving all disclosed data and making it available to stakeholders and regulators upon request.

Scope and Boundary

The scope of work covers the assurance of IDFC's Green Deposit Financing Framework, which is aligned with IDFC FIRST Bank's Board-approved Green Deposit Policy, Green Deposit Financing Framework, and the Reserve Bank of India (RBI) Circular dated April 11, 2023 (RBI/2023-24/14), as disclosed in the Bank's annual report. This assurance engagement includes evaluating the utilization and management of proceeds raised through green fixed deposits during the reporting period. Particular emphasis was placed on the allocation of funds toward financing electric two-wheeler vehicles, a key initiative within the clean transportation sector. Our assurance procedures were conducted in accordance with ISAE 3000 (Revised) and were guided by the principles outlined in IDFC's Green Deposit Financing Framework, which remains fully aligned with the aforementioned RBI Circular. TUVI has identified the following key observations during its assessment:

- i. Full Allocation of Proceeds – The entire fund raised through Green Fixed Deposits (GFD) has been allocated exclusively to eligible electric two-wheeler loans.
- ii. Strong Internal Controls – Effective internal controls and tagging mechanisms are in place to ensure clear traceability and proper segregation of green proceeds.
- iii. Consistent Eligibility Evaluation – Loan eligibility assessments are applied uniformly, supported by verified electric vehicle documentation.
- iv. Regulatory Compliance – IDFC is fully compliant with Paragraphs 5 to 7 of the RBI Green Deposit Circular, which relate to governance, exclusions, temporary deployment of funds, and disclosure requirements.

Limitations

TUVI did not conduct assurance procedures on any forward-looking information presented in the Report, including statements related to targets, expectations, or ambitions. Accordingly, no conclusions are drawn regarding such prospective disclosures. During the course of the assurance engagement, TUVI did not encounter any limitations related to the agreed scope. However, environmental, social, and governance (ESG) goals or claims were not subject to verification as part of this assignment. TUVI's verification activities were conducted on a sample basis, and the accuracy and authenticity of the underlying data remain the sole responsibility of IDFC. TUVI disclaims any liability for third-party reliance beyond intended scope. Financial data referenced in the assurance review was derived from audited financial statements, and its correct application within this Report is the responsibility of IDFC. This assurance statement is specifically limited to the scope defined under the Reserve Bank of India (RBI) Circular dated April 11, 2023 (RBI/2023-24/14). It does not validate or endorse any environmental or social claims related

to the Bank's products, manufacturing processes, packaging, or disposal practices, nor does it apply to marketing or promotional content. TUVI does not permit the use of this assurance statement for greenwashing or misleading claims. It is the responsibility of the reporting organization to ensure full compliance with all applicable legal and regulatory requirements. TUVI considered the financial data provided by client and audited by statutory auditor. TUVI has assessed the end use of funds and the corresponding analysis through the independent assurance exercise. The IDFC is responsible to ensure the intended and appropriate end-use of funds, for which the laid down procedures of internal checks and balances would have to be followed as in the case of other loans.

Our Responsibility

TUVI's role in this engagement was to conduct a reasonable assurance on the Green Fixed Deposit (GFD) Initiative and to express a conclusion based on the procedures performed. The scope of our engagement did not extend to evaluating the adequacy or effectiveness of IDFC's overall ESG strategy, governance, or broader sustainability management, beyond what is specifically included in the agreed scope of assurance. TUVI's responsibility is strictly limited to the verification of selected non-financial quantitative and qualitative information disclosed by IDFC, in accordance with the defined scope of work. The reporting organization is accountable for maintaining and archiving all related data for a reasonable retention period. This assurance statement is intended solely for use by the management of IDFC. TUVI's verification was conducted on a sample basis, and the authenticity, accuracy, and completeness of the underlying data remains the full responsibility of IDFC. TUVI expressly disclaims any liability or co-responsibility for:

1. Decisions made by any individual or entity based on this assurance statement; and
 2. Any consequences or damages arising from the use of erroneous or incomplete data reported by the organization.
- This engagement is conducted on the assumption that all data and information provided by IDFC is accurate, complete, and truthful.

Verification Methodology

During the assurance engagement, TUVI employed a risk-based approach, concentrating its verification efforts on the accuracy and integrity of disclosures related to the Green Fixed Deposit (GFD) Initiative. The review included an assessment of the robustness of data management systems, information flows, and internal controls supporting the reported information. The following procedures were undertaken:

- a) Review of Frameworks and Policies – Examination of internal policy documents and frameworks governing the management of green deposits.
- b) Fund Flow Analysis – Reconciliation of green deposit proceeds raised and their allocation to eligible projects, in line with pre-defined criteria.
- c) Sample Testing – Verification of a sample of disbursed electric vehicle (EV) loans to confirm compliance with eligibility requirements under the Green Deposit Financing Framework.
- d) Controls Evaluation – Assessment of internal controls related to proceeds management, project selection, monitoring mechanisms, and associated MIS/reporting systems.
- e) Disclosure Review – Evaluation of both internal and external disclosures related to the green deposits to ensure consistency and accuracy.
- f) Regulatory Compliance Check – Review of adherence to relevant provisions of the RBI Circular (RBI/2023-24/14), including exclusions and norms for temporary parking of funds.
- g) Traceability Testing – Validation of traceability for a sample of green deposits to their corresponding loan disbursements.
- h) KPI and Impact Assessment Review – Review of sustainability-related key performance indicators (KPIs) and the methodologies used to estimate environmental impacts, such as avoided greenhouse gas (GHG) emissions.

Verification team opted below RBI Green Deposit Financing Framework – Key Criteria

- i) Applicability: Covers Scheduled Commercial Banks (excluding RRBs), deposit-taking NBFCs, and Housing Finance Companies.
- j) Green Deposit Definition – Term deposits with proceeds earmarked for eligible green projects.
- k) Board-Approved Policy: Mandatory policy outlining objectives, issuance, allocation, monitoring, and management of unallocated funds.
- l) Eligible Green Activities: Funds to be used in sectors like renewable energy, clean transport, waste/water management, biodiversity, energy efficiency, climate change adaptation, sustainable water and waste management, pollution prevention and control, green buildings, sustainable management of living natural resources and land use, terrestrial aquatic biodiversity conservation, etc.
Excluded: Fossil fuels, nuclear power, landfill projects, hydropower plants larger than 25 MW, certain waste/incineration projects, alcohol, weapons, tobacco, gaming, or palm oil industries, renewable energy projects generating energy from biomass using feedstock originating from protected area.
- m) Proceeds Allocation: Must be strictly used for green projects with internal controls; unallocated funds to be parked in liquid instruments. IDFC is having mechanism to monitor the end-use of funds allocated against the deposits raised. The "Portfolio-level information on the use of funds raised from green deposits" was shared to the assurance team.
- n) Validation and project evaluation – Validation and Project Evaluation – The Bank has stated the presence of policies and internal evaluation processes governing project selection, management of proceeds, and validation of sustainability disclosures, as referenced in respective internal documents. However, these documents were to be made available for

independent review during the assurance processes. “Impact Assessment: Annual environmental impact reporting; becomes mandatory from FY 2024–25. IDFC has performed the impact associated with the funds lent for or invested in green finance activities/projects through an Impact Assessment Report “Green Deposit- Impact Assessment Report FY 24–25”.

- o) Disclosures: Annual public disclosure of deposit details, fund allocation, and impact metrics.
- p) Product Features: INR-denominated, regular deposit terms, premature withdrawal allowed as per policy

Evaluation and Compliance

Sr. No.	Parameter	Summary of Observations
1	Use of Proceeds	All GFD proceeds for FY 2024–25 were allocated to Electric Two-Wheeler loans classified as green assets, per fund flow data (dated 06/06/2025 & 09/06/2025), with no interim deployment in ineligible instruments.
2	Internal Controls	Robust tagging and reconciliation mechanisms, including structured MIS, defined codes, and real-time tracking, enabled a shift to same-day allocation in FY 2024–25—an improvement suggested
3	Eligibility Assessment	Reviewed sample documents confirmed classification aligned with RBI-defined eligible green activities under Paragraph 7.
4	Regulatory Compliance	Policies, allocation methods, and assurance processes aligned with RBI Circular Paragraphs 5–7; Board-approved framework documents were publicly available as required.
5	Impact Assessment	The draft Impact Assessment estimates EV financing benefits using methodologies aligned with Annex 1 of the RBI framework, including GHG avoidance benchmarks.
6	Governance	Governance includes quarterly ESG meetings involving the ESG Management Committee and the ESG & CSR Board Committee, along with regular quarterly updates provided to Board Members and Key Managerial Personnel (KMPs). Oversight is evidenced through the January 2025 ManCom review and Q4 FY25.
7	Sample Testing	Sample green loan accounts met internal controls and eligibility criteria, with no documentation inconsistencies observed.
8	Disclosures	Internal MIS aligned with public disclosures, including Q4 FY25 investor reports, demonstrating timely and accurate information flow.
9	Exclusions Review	No proceeds were allocated to RBI-excluded sectors; sector-level alignment complied with Paragraph 7 exclusions.
10	Traceability	End-use mapping from deposits to loans was validated via MIS and samples, with satisfactory fund traceability in audit records.

Action Point Planned by IDFC

The following action points identified by IDFC and implementation process is underway. These are broadly aligned with the management’s current objectives and ongoing initiatives. Notably, IDFC has already recognized these areas, and the Assurance team also noted the same during course of audit:

- a) Integration of Systems – Integrate a Green Finance Tracking System with the core banking platform to reduce manual intervention and improve efficiency.
- b) Impact Monitoring – Strengthen borrower-level impact tracking through tools such as telemetry or usage-based emissions metrics. Integrate scenario-based stress testing for green asset portfolios to assess their performance under adverse climate-risk conditions.
- c) Capacity Building – Enhance ongoing staff training and depositor engagement mechanisms to build awareness and promote sustainable practices. Furthermore, IDFC can strengthen the periodic internal review specifically focused on green financial products to ensure compliance, assess performance.

Conflict of Interest Management

Within the framework of the Green Fixed Deposit (GFD) Initiative established by the Reserve Bank of India (RBI), addressing potential conflicts of interest is essential to uphold the integrity, objectivity, and independence of assurance engagements. In line with the RBI’s guidelines, assurance providers are required to disclose any actual or perceived conflicts of interest that may compromise the neutrality of their assessments. TÜV maintains a rigorous process to identify any relationships, affiliations, or financial interests that could give rise to such conflicts. We proactively implement appropriate measures to avoid, mitigate, or manage identified conflicts, ensuring our assurance activities remain fully independent and impartial. Where relevant, we provide clear and transparent disclosures of any potential or existing conflicts of interest in our assurance statements. TÜV acknowledges that inadequate management of conflicts of interest could undermine the credibility of the assurance process and the reliability of disclosed information. As such, we remain fully committed to complying with the RBI’s framework and upholding best practices in professional ethics and assurance conduct

Our Conclusion

In our opinion, and within the defined scope of this assurance engagement, the disclosures related to the Green Fixed Deposit (GFD) Initiative presented in the Annual Report, along with the associated references to the RBI framework, have been prepared in all material respects in accordance with IDFC FIRST Bank’s Green Deposit Financing Framework and the Reserve Bank of

India's Green Deposit Circular (RBI/2023-24/14). For the fiscal year 2024-25, IDFC FIRST Bank has demonstrated a sound approach to the allocation and management of green deposit proceeds, ensuring alignment with defined eligibility criteria and the overarching environmental objectives of the Initiative. The Bank has also exhibited strong internal governance and integrity in its processes, ensuring that proceeds are deployed exclusively towards eligible and environmentally sustainable projects. Proceeds raised under the GFD initiative have been reported as allocated exclusively toward projects within the eligible green categories. The Bank has implemented internal processes that align with the regulatory principles under Paragraphs 5 to 7 of the RBI Circular. Impact measurement procedures, as currently drafted, are in accordance with Annex 1 of the RBI Circular. No significant exceptions or control deviations were observed based on the documentation and information made available for this assurance engagement. Nevertheless, IDFC can Consider publishing portfolio-level breakdowns as per Annex 2 of the RBI Framework for enhanced stakeholder confidence.

TUVI affirms its competence and qualification to perform this assurance engagement under the RBI's Green Deposit Financing Framework. Our team brings proven expertise in ESG verification, assurance standards, and regulatory compliance. We are committed to maintaining independence, applying rigorous methodologies, and continually enhancing our practices to deliver credible and reliable assessments

Independence and Code of Conduct: TUVI follows IESBA (International Ethics Standards Board for Accountants) Code which, adopts a threats and safeguards approach to independence. We recognize the importance of maintaining independence in our engagements and actively manage threats such as self-interest, self-review, advocacy, and familiarity. The assessment team was safeguarded from any type of intimidation. By adhering to these principles, we uphold the trust and confidence of our clients and stakeholders. In line with the requirements of the RBI (RBI) Circular dated April 11, 2023 (RBI/2023-24/14).

TUVI solely focuses on delivering verification and assurance services and does not engage in the sale of service or the provision of any non-audit/non-assurance services, including consulting.

Quality control: The assurance team complies with quality control standards, ensuring that the engagement partner possesses requisite expertise and the assigned team collectively has the necessary competence to perform engagements in reference with standards and regulations. Assurance team follows the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control, TUVI maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Assurance Team and Independence

TUVI is an independent and neutral third-party organization providing ESG assurance services, supported by a team of qualified environmental and social specialists. TUVI affirms its independence, impartiality, and confirms that no conflict of interest exists in relation to this assurance engagement. During the reporting year, TUVI did not undertake any other engagements with IDFC that could influence or compromise the objectivity of our findings, conclusions, or observations. TUVI had no role in the preparation of the content or data included in the Green Fixed Deposit (GFD) disclosures, with the sole exception of this assurance statement. Additionally, TUVI maintains full impartiality with respect to all individuals interviewed or consulted during the course of this engagement, ensuring the integrity and neutrality of the assurance process.

For and on behalf of TUV India Private Limited



Manojkumar Borekar
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TUV India Private Limited



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