



Green Deposit Policy

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1. PREAMBLE

Global Climate Context and India's Leadership

Climate risks continue to intensify. The IPCC's 2023 Synthesis Report confirms that global warming has reached 1.1°C above pre-industrial levels, with each incremental rise heightening climate-related hazards. The World Meteorological Organization declared 2024 the warmest year on record, following 2023, a year associated with over USD 200 billion in global climate-related economic losses.

India, now the world's fourth-largest economy, is at a critical juncture as both a major emitter and a global climate solutions provider. At COP29, India reported nearly tripled renewable energy capacity since 2014 and reaffirmed its 500 GW non-fossil electricity capacity target by 2030. The country's updated Long-Term Low Emission Development Strategy (LT-LEDS), submitted to the UNFCCC in 2024, outlines sectoral transitions requiring an estimated ₹85 lakh crore (USD 10.2 trillion) in cumulative climate finance by 2070, including ₹35 lakh crore needed by 2030 for renewable energy expansion, green mobility, and climate-resilient infrastructure.

Financial Sector's Catalytic Role

The financial sector plays a decisive role in enabling the transition to a low-carbon, climate-resilient economy. By integrating climate-risk assessments into credit and investment decisions, strengthening sustainable finance practices, and directing capital toward green and inclusive sectors, banks can help reduce systemic vulnerabilities while supporting adaptation and innovation across businesses and communities. Strong governance, risk management, and transparent disclosures further enhance market confidence and support national climate goals.

AU Small Finance Bank's Strategic Positioning

AU Small Finance Bank ('the Bank') is committed to responsible lending, sustainable investing, and integrating climate considerations into core banking operations. The Bank recognises climate change as a systemic financial risk with implications for economies, communities, and long-term stability, as well as a significant opportunity for green-sector growth.

Green Deposits serve as a strategic mechanism to mobilise household savings into projects advancing environmental sustainability and climate resilience. Through this product, the Bank channels funds into renewable energy, energy efficiency, sustainable infrastructure, nature-based solutions, and other eligible green sectors. This contributes to reducing climate-related financial risks while aligning the Bank's portfolio with India's Net Zero pathway and evolving stakeholder expectations.

Anchored in the Bank's ethos of "**Banking for Good,**" this Policy formalises our commitment to robust governance, credible monitoring, and transparent reporting to ensure that every rupee deployed through Green Deposits contributes to measurable, high-integrity environmental outcomes and a more resilient future.

2. SUSTAINABILITY AT AU SMALL FINANCE BANK

The Bank's approach to sustainability is anchored in clearly defined aspirations and structured around four strategic pillars that guide Bank's financing activities, operations, impact on society stakeholder engagement and fair & transparent reporting:

- **Sustainable Finance** – Mobilizing funds toward environmentally and socially responsible projects that deliver measurable impact, align with sustainability goals, and ensure long-term financial resilience.
- **Sustainable Operations** – Minimizing our environmental footprint through efficient resource utilization, renewable energy adoption, and climate-conscious operational practices across our branch network and corporate offices.
- **Sustainable Communities** – Through a range of financial programs, the Bank has ensured meaningful inclusion and created opportunities that focus on empowering underserved populations and communities by providing inclusive financial access, delivering capacity-building initiatives, and supporting livelihoods aligned with the principles of holistic and sustainable development.
- **Sustainable Reporting** – The Bank is committed to transparency and accountability, aligning its disclosures with globally recognized sustainability reporting standards such as the Global Reporting Initiative (GRI), as well as national frameworks like SEBI's Business Responsibility and Sustainability Reporting (BRSR). We proactively adapt to evolving ESG requirements to ensure robust and credible reporting.

These pillars guide our business and enable us to create long-term stakeholder value while contributing to national and global sustainability objectives. We recognize that the transition to a low-carbon, climate-resilient economy presents both significant opportunities and financial, environmental, and societal benefits. Over the past three years, we have systematically built our green finance capabilities:

- **FY 2022-23:** Adopted an overarching Sustainability Policy embedding ESG considerations into business.
- **FY 2023-24:** Launched our inaugural Green Deposit product following RBI's framework, with external validation.
- **FY 2024-25:** Built green lending portfolio across renewable energy, electric mobility, and green buildings.
- **FY 2025-26:** The Bank strengthened its sustainability governance by aligning its policy framework with the **RBI's Small Finance Banks – Climate Finance and Management of Climate Change Risks Directions, November 28, 2025 (Circular No. RBI/DOR/2025-26/203)**.

Green Fixed Deposits presents an opportunity to align depositor preferences with the urgent imperatives of climate action. At AU Small Finance Bank, we are uniquely positioned to harness this opportunity and drive meaningful sustainable transformation through our product innovations, underpinned by a robust policy and operational framework. Our ambition is to strategically channel capital into sectors facing critical sustainable growth financing gaps, while

progressively steering our lending portfolio toward pathways that supports **climate-resilient future**.

3. OBJECTIVE OF POLICY

This policy aims to affirm our commitment to environmental sustainability by establishing a structured, transparent methodology for classifying and reporting financial products and services as 'Green Taxonomy'. To ensure effective implementation, we have developed a comprehensive Green Deposit Framework providing clear eligibility criteria, governance protocols, risk management procedures, and operational guidelines.

Primary Objectives:

- **Regulatory Compliance:** Maintain strict adherence to RBI's (Small Finance Banks - Climate Finance and Management of Climate Change Risks) Directions, 2025 Framework for Acceptance of Green Deposits and all applicable regulations.
- **Environmental Impact:** Channel mobilized capital exclusively toward projects generating measurable environmental benefits across renewable energy, energy efficiency, clean transportation, climate adaptation, sustainable resource management, pollution prevention, green buildings, and biodiversity conservation.
- **Depositor Value:** Offer competitive financial returns while providing depositors transparent information on environmental impact of their investments.
- **Greenwashing Prevention:** Implement robust eligibility criteria, exclusion screening, and independent verification to ensure genuine environmental additionality.

This framework will be reviewed on annual basis, is a dynamic document and will be updated based on evolving regulatory landscape, and business requirements.

Scope and Applicability:

This Policy applies to the Bank for the design, offering, marketing, acceptance, servicing, accounting, allocation, monitoring, reporting and disclosure of Green Deposits, including any variants (cumulative/non-cumulative) and channels (branch, digital, corporate/wholesale and retail) through which Green Deposits are mobilised.

Where there is any inconsistency between this Policy and any prevailing RBI direction applicable to the Bank, the RBI direction shall prevail, and this Policy shall be interpreted and updated accordingly.

4. DEFINITIONS

Green Activities/Projects: Activities that support climate risk mitigation and adaptation through:

- Reducing greenhouse gas (GHG) emissions
- Improving energy efficiency

- Generating or storing renewable energy
- Enabling non-fossil-based mobility
- Enhancing sustainable water and waste management
- Building climate resilience
- Conserving and restoring natural ecosystems and biodiversity.

Detailed eligibility criteria are provided in **Table 1** under '**Use of Proceeds**'.

- **Green Deposits:** Interest-bearing fixed deposits denominated in Indian Rupees, accepted for a specified tenure, with proceeds earmarked exclusively for allocation toward eligible green activities as defined in Table 1.
- **Green Finance:** Lending to and/or investing in activities/projects meeting the requirements prescribed in Table 1 that contribute to climate risk mitigation, climate adaptation and resilience, and other environmental objectives including biodiversity management and nature-based solutions.
- **Green Asset Portfolio:** A consolidated portfolio of all loans and investments funded through green deposit proceeds is maintained with robust accounting and tracking systems to ensure accuracy, accountability, and transparent reporting.
- **Exclusion List:** Activities, sectors, and practices explicitly prohibited from green deposit financing as detailed in Section 7.2 of this Policy and aligned with the Reserve Bank of India (Small Finance Banks - Climate Finance and Management of Climate Change Risks) Directions, 2025 (RBI/DOR/2025-26/203 dated November 28, 2025), applicable across the entire value chain.
- **Greenwashing:** The Bank is committed to preventing greenwashing and strictly avoids marketing products or services as “green” unless they fully meet the defined criteria for green activities or projects.

5. GREEN DEPOSIT FRAMEWORK

The bank shall issue green deposits as cumulative or non-cumulative fixed deposits. On maturity, deposits may be renewed or withdrawn at the depositor's option. Premature withdrawal is permitted on the same terms as regular fixed deposits. Green deposits shall be denominated exclusively in Indian Rupees.

The tenor, size, interest rate, and other terms and conditions shall comply with 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.

- **Interest Rate Framework:** Interest rates shall be reasonable, uniform across all branches, and non-discriminatory for deposits of the same amount and tenor accepted on the same date. Rates shall be strictly per the disclosed schedule of interest rates.
- **Differential rates may be offered on bulk deposits**, excluding schemes under Bank Term Deposit Scheme, 2006 or Capital Gains Account Scheme, 1988.
- **Tenor:** Minimum tenor of seven (7) days; maximum tenor as per Bank's deposit policy.

- **Overdraft Facility:** An overdraft facility could be available against Green Deposits subject to the instructions contained in the Reserve Bank of India (Small Finance Banks – Credit Risk Management) Directions, 2025

6. FINANCING FRAMEWORK

The Bank has established a Board-approved Financing Framework for effective allocation of green deposits toward eligible activities, encompassing:

- **Eligible Activities:** Green activities/projects that may be financed using green deposit proceeds, as specified in Table 1 under "Use of Proceeds."
- **Project Evaluation:** Process for project evaluation and selection addressing climate-related or environmental objectives, including identification of projects suitable for lending/investing within eligible activities, monitoring sustainability information from borrowers, and ongoing portfolio management.
- **Proceeds Allocation and Reporting:** Mechanisms for allocation of proceeds, periodic reporting, third-party verification/assurance of allocation, and impact assessment as detailed in Section 7.
- **Temporary Allocation:** Particulars of temporary placement of unallocated proceeds in liquid instruments (maximum original tenure of one year) pending deployment to eligible projects.

7. IMPLEMENTATION MECHANISM

A robust process ensures compliance, transparent communication, and independent verification. The implementation mechanism comprises:














7.1. Use of Proceeds












The allocation of proceeds raised from green deposits shall align with India's official Green Taxonomy upon its release. Pending finalization, and in line with RBI guidelines, the bank will allocate proceeds toward eligible green activities/projects that encourage energy efficiency, reduce carbon emissions and greenhouse gases, promote climate resilience and adaptation, and value and improve natural ecosystems and biodiversity.













The Bank ensures that funds raised through green deposits are allocated exclusively to the eligible activities/projects detailed in Table 1.



Table 1: Key Sectors Driving Climate Mitigation and Adaptation Efforts

Green Sector	Eligible Activities / Scope	Impact Pathway
1. Renewable Energy	<ul style="list-style-type: none"> • Solar, wind, biomass, hydro projects with storage integration 	<ul style="list-style-type: none"> • Reduces fossil-fuel dependence • Enables clean power generation

	<ul style="list-style-type: none"> • Incentives for renewable energy adoption 	<ul style="list-style-type: none"> • Strengthens grid stability • Accelerates India's RE transition    
<p>2. Energy Efficiency</p>	<ul style="list-style-type: none"> • Design and construction of energy-efficient and energy-saving systems and installations in buildings and properties. • Supporting lighting improvements (e.g., replacement with LEDs). • Supporting construction of new low-carbon buildings as well as energy-efficiency retrofits to existing buildings. • Projects to reduce electricity grid losses. 	<ul style="list-style-type: none"> • Reduces energy consumption • Lowers operational carbon footprint • Improves grid efficiency     
<p>3. Clean Transportation (Low-Carbon Mobility)</p>	<ul style="list-style-type: none"> • Projects promoting electrification of transportation. • Adoption of clean fuels like electric vehicles including building charging infrastructure. 	<ul style="list-style-type: none"> • Reduces GHG emissions from mobility • Supports transition to clean mobility • Improves urban air quality    

<p>4. Climate Change Adaptation</p>	<ul style="list-style-type: none"> Projects aimed at making infrastructure more resilient to impacts of climate change. 	<ul style="list-style-type: none"> Enhances climate resilience Protects communities & infrastructure Reduces climate-related losses   
<p>5. Sustainable Water & Waste Management</p>	<ul style="list-style-type: none"> Promoting water efficient irrigation systems. Installation / upgradation of wastewater infrastructure including transport, treatment, and disposal systems. Water resources conservation. Flood defence systems. 	<ul style="list-style-type: none"> Conserves water resources Improves water security & quality Enhances climate resilience in water-scarce regions      
<p>6. Pollution Prevention & Control</p>	<ul style="list-style-type: none"> Projects targeting reduction of air emissions, greenhouse gas control, soil remediation, waste management, waste prevention, waste recycling, waste reduction and energy / emission-efficient waste-to-energy. 	<ul style="list-style-type: none"> Reduces pollution & environmental degradation Supports circular economy Converts waste into energy  

		  
<p>7. Green Buildings</p>	<ul style="list-style-type: none"> Projects related to buildings that meet regional, national, or internationally recognized standards or certifications for environmental performance. 	<ul style="list-style-type: none"> Reduces building life-cycle emissions Improves resource efficiency (energy, water, materials and waste management)    
<p>8. Sustainable Management of Natural Resources & Land Use</p>	<ul style="list-style-type: none"> Environmentally sustainable management of agriculture, animal husbandry, fishery, and aquaculture. Sustainable forestry management including afforestation / reforestation. Support to certified organic farming. Research on living resources and biodiversity protection. 	<ul style="list-style-type: none"> Enhances ecosystem health Promotes regenerative land practices Strengthens food & resource security     
<p>9. Terrestrial & Aquatic</p>	<ul style="list-style-type: none"> Projects relating to coastal and marine environments. 	<ul style="list-style-type: none"> Protects biodiversity and natural habitats

<p>Biodiversity Conservation</p>	<ul style="list-style-type: none"> • Projects related to biodiversity preservation, including conservation of endangered species, habitats, and ecosystems. 	<ul style="list-style-type: none"> • Supports ecological balance & carbon sinks <div style="display: flex; justify-content: space-around; align-items: center;">   </div>
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Note: The green activities / projects financed under the framework can be classified under priority sector if they meet the requirements laid down in **Priority Sector Lending (PSL) guidelines of RBI [Master Directions - Reserve Bank of India (Priority Sector Lending – Targets and Classification) Directions, 2025 dated March 24, 2025]**, as amended from time to time.

7.2. Exclusion List

The following sectors/industries/entities engaged in any form (production, distribution, logistics, vendor, dealer, marketing, trading, operations, etc.) are excluded from consideration in green finance (financing, refinancing, lending, deposits):

- Projects involving new or existing extraction, production, and distribution of fossil fuels, including improvements and upgrades; or where the core energy source is fossil fuel-based
- Nuclear power generation
- Direct waste incineration
- Alcohol, weapons, tobacco, gaming, or palm oil industries
- Renewable energy projects generating energy from biomass using feedstock originating from protected areas
- Landfill projects
- Hydropower plants larger than 25 MW capacity

7.3. Process for Project Evaluation and Customer Due Diligence

The Bank will perform assessment and due diligence of projects/assets in accordance with its existing lending processes.

- **Due Diligence in Deposits:** The Bank’s existing customer due diligence (CDD) framework for deposit products is fully applicable to customers seeking to open or maintain green deposits. All onboarding, verification, and monitoring requirements under the Bank’s standard deposit processes continue to apply.
- **Due Diligence in Lending:** Asset teams identify green-eligible transactions, products, and companies within their respective markets. For all such cases, the teams conduct assessment of loan applicants in line with the Bank’s established credit protocols. Before sanction and disbursement, the Asset team performs all

required sanity checks, including KYC verification, site visits, and due diligence of the proposed project/activity, consistent with procedures followed for conventional lending.

7.4. Scope of Environmental and Social Risk Assessment

The Bank's current green portfolio is primarily concentrated in renewable energy projects (such as solar installations), clean transportation (including electric mobility solutions), and green buildings. These sectors are globally recognised as **major contributors to climate mitigation**. Because these projects inherently aim to reduce environmental impact, they generally do not pose significant environmental risks in themselves. However, in keeping with sound environmental and social risk governance, the Bank continues to apply a structured assessment process to all such transactions.

As a matter of best practice, every project is assessed for potential environmental and social risks based on factors such as the scale of the project, sensitivity of the location or activity, transaction size and tenor, deal structure, client background and compliance history, sector-specific considerations, and the potential magnitude of impacts.

- **For projects above a defined internal threshold**, the Bank will seek additional information, including more detailed environmental and social documentation from the borrower.
- **Where required**, particularly for larger or more complex proposals, the Bank may also commission an independent Environmental and Social Due Diligence (ESDD) by an accredited consultant to ensure that risks are fully understood and appropriately mitigated.

7.5. Management of Proceeds

Proceeds from green deposits will be credited to a designated account and tracked through a formal internal process ensuring transparency and accountability. The Bank's operations team will manage these proceeds within a dedicated green accounting structure.

- **Deployment Timeline and Tracking:** AU Small Finance Bank will endeavour to deploy proceeds from green deposits within 12 months of fund-raising. An amount equivalent to net proceeds will be earmarked for lending to Eligible Projects as defined in Table 1. The Bank will implement a robust tracking system to monitor fund utilization. Funds raised through green deposits will be tagged, categorized, and allocated exclusively to projects aligning with eligibility criteria in Table 1. A consolidated pool for qualifying green assets will be maintained as the "Green Asset Portfolio."
- **Temporary Allocation of Unallocated Proceeds:** Pending allocation, unutilized proceeds will be temporarily invested only in the following liquid instruments:
 - RBI Standing Deposit Facility (SDF)
 - Treasury Bills

- Interbank Call/Notice/Term Money
- High-quality (AAA-rated) liquid Commercial Papers with maximum original maturity of one year

These liquid funds will be managed as a rolling amount. The bank will closely monitor end use of funds allocated against green deposits.

7.6. Third-Party Verification/Assurance

The allocation of funds raised through green deposits during a financial year shall be subject to independent Third-Party Verification/Assurance conducted annually. The Third-Party Verification/Assurance Report shall, cover:

- **Use of Proceeds:** Verification that proceeds were allocated in accordance with eligible green activities/projects indicated in Table 1. The Bank shall monitor end-use of funds allocated against deposits raised.
- **Policies and Internal Controls:** Assessment of project evaluation, validation of sustainability information provided by borrowers per eligible activities/projects in Table 1 and reporting and disclosure mechanisms.

The verification report will be completed within three months of financial year-end and published on the Bank's website.

7.7. Impact Assessment

The bank shall annually assess the impact associated with funds lent for or deposited in eligible activities/projects through an Impact Assessment Report in line with regulatory guidelines. The report will be published on the website.

Table 2: Illustrative Impact Indicators

Eligible Project Category	Impact Indicators
Renewable Energy	<ul style="list-style-type: none"> ● Total renewable capacity (in MWh) ● Energy generated per year (MWh) ● GHG emissions avoided per year (measured in tonnes CO2 equivalent, tCO2e), Green Hydrogen Production
Waste Management	<ul style="list-style-type: none"> ● Waste diverted from landfill per year (tonnes)
Water Management	<ul style="list-style-type: none"> ● Water saved/treated/conserved per year in Kl / Ml
Clean Transportation	<ul style="list-style-type: none"> ● GHG emissions avoided per year (tCO2e)

Eligible Project Category	Impact Indicators
	<ul style="list-style-type: none"> • New clean transportation infrastructure built (km) • Number of electric or low emission vehicles produced
Energy Efficiency	<ul style="list-style-type: none"> • Energy savings per year (MWh) • GHG emissions avoided per year (tCO₂e)
Afforestation/ Reforestation	<ul style="list-style-type: none"> • GHG emissions reduced/Carbon Sequestration achieved (measured in tCO₂e)

7.8. Reporting and Disclosure

Board Reporting: A review report shall be placed before the bank's Board of Directors within three months of financial year-end, covering:

- Amount raised under green deposits during the previous financial year.
- List of green activities/projects to which proceeds have been allocated, with brief project descriptions.
- Amounts allocated to eligible green activities/projects
- Copy of Third-Party Verification/Assurance Report and Impact Assessment Report
- Challenges, learnings, and recommendations for policy enhancement

Annual Financial Statement Disclosures: The Bank shall make appropriate disclosures in Annual Financial Statements on portfolio-level information regarding use of green deposit funds per the proforma prescribed in **Table 3**.

Table 3: Portfolio-Level Information on Use of Funds Raised from Green Deposits

Particulars	Current Financial Year	Previous Financial Year	Cumulative*
Total green deposits raised (A)			
Use of green deposit funds**			
1. Renewable Energy			
2. Energy Efficiency			
3. Clean Transportation			
4. Climate Change Adaptation			

Particulars	Current Financial Year	Previous Financial Year	Cumulative*
5. Sustainable Water and Waste Management			
6. Pollution Prevention and Control			
7. Green Buildings			
8. Sustainable Management of Living Natural Resources and Land Use			
9. Terrestrial and Aquatic Biodiversity Conservation			
Total Green Deposit funds allocated (B = Sum of 1 to 9)			
Amount of Green Deposit funds not allocated (C = A – B)			
Details of the temporary allocation of green deposit proceeds pending their allocation to the eligible green activities/projects			

7.9. External Review of the Framework

The Bank will engage a third party to provide an external review of its Green Deposit Policy and Financing Framework. Opinion from the external reviewer will be available in our Sustainability Report/website.

Current External Review: CRISIL Limited Second Party Opinion (February 2025) confirms alignment with RBI's Framework for Small Finance Banks - Climate Finance and Management of Climate Change Risks, Directions, 2025

8. COMMITMENTS

AU Small Finance Bank commits to:

- Maintain a comprehensive Green Deposit Policy and Financing Framework aligned with RBI guidelines and evolving regulatory requirements
- Develop and regularly update a matrix for eligible 'green' activities and 'Use of proceeds'

- Formulate transparent criteria for allocation of funds for 'Green lending' and 'Green deposits'
- Conduct independent Third-Party impact assessment of projects facilitated through green deposits with relevant disclosure in line with RBI guidelines
- Publish Third-Party Verification and Impact Assessment Reports annually on our website
- Ensure zero greenwashing through robust eligibility screening and exclusion list adherence
- Build organizational capacity in green finance through training and knowledge-sharing programs
- Contribute meaningfully to India's Net Zero pathway and climate resilience objectives

9. RESPONSIBILITY MATRIX

Role	Responsibilities
CSR & Sustainability Board Committee	<ul style="list-style-type: none"> • Approves green deposit policy and related framework. • Monitors performance and compliance with regulatory expectations.
Sustainability Steering Committee	<ul style="list-style-type: none"> • Drives cross-functional execution of the Green Deposit Policy. • Reviews progress, resolves bottlenecks, and ensures policy integration across departments.
MD & CEO	<ul style="list-style-type: none"> • Provides strategic oversight on Green Deposit implementation. • Chairs the Sustainability Steering Committee to ensure alignment with the Bank's green finance vision.
Asset Team	<ul style="list-style-type: none"> • Ensuring Green Loan disbursement in line with Use of Proceeds section of the Framework (Table 1). • Consolidation & support in third party Impact Assessment of all Green loans.
Liability team	<ul style="list-style-type: none"> • Ensuring Implementation of Green Deposits (covering aspects like - offerings, rate of interest, tenure of maturity, raising funds appetite, raising modes) & other green based retail products. • Lead customer education & awareness on green finance & its impacts.
Treasury team	<ul style="list-style-type: none"> • Implementation of strategy on allocating & assigning funds towards green finance. • Parking of unallocated green funds into liquid instruments.

Marketing Team	<ul style="list-style-type: none"> • Awareness to customers of Green Finance & its impact. • Communication in branches, on social media & website.
IT Team	<ul style="list-style-type: none"> • Infrastructure readiness to onboard sustainable finance suite of products (lending & deposits). • Tagging of transactions to corresponding 'Green' lending/deposits.
Sustainability Team	<ul style="list-style-type: none"> • Lead policy formulation and ESG disclosures. • Drive regulatory compliance and stakeholder engagement. • Develops and maintains the Impact assessment and reporting framework of green deposits. • Coordinates third-party assurance and internal capability building. • Develop training modules and tools for internal capacity building.
Risk Team	<ul style="list-style-type: none"> • Integrates climate and ESG considerations into risk frameworks and reviews exceptions/overrides for green classification. • Oversees controls for transition and physical risk considerations in green asset appraisal, in coordination with Sustainability and Asset teams.
Audit Team	<ul style="list-style-type: none"> • Periodically audits the Green Deposit programme design and operating effectiveness, including eligibility screening, tagging, management of proceeds, and disclosures. • Tracks closure of audit observations and reports material issues to the Audit Committee/Board as applicable.
Compliance Team	<ul style="list-style-type: none"> • Adherence to relevant ESG compliance issued by regulatory authorities.

10. APPROVAL AUTHORITY

- **Product Approval:** The Bank has institutionalized a Product Approval Committee (PAC) for approval of new products and any modifications thereto. The green deposit product is also approved by PAC.
- **Operational Approval:** The Asset Liability Management Committee (ALCO) comprises of senior management is primarily responsible to review and ensure compliance with policies, frameworks, internal limits, and regulatory prudential limits, operating within the risk appetite approved by the Board. ALCO serves as the

final approval authority for matters related to green fixed deposit. The clear roles of ALCO are mentioned in the Bank's Risk Management Policy.

The Bank reserves the right to modify the team, approval authority, or add any other relevant departments as needed to enhance governance and operational effectiveness.

11. POLICY REVIEW

This Policy will be reviewed on an annual basis and is a dynamic document that will be updated based on:

- **Regulatory Evolution:** Release of India's official Green Taxonomy, Reserve Bank of India (Small Finance Banks - Climate Finance and Management of Climate Change Risks) Directions, 2025 and other climate risk disclosure requirements.
- **Business Requirements:** Operational learnings, product innovations, market developments.
- **Scientific Updates:** Advances in climate science, updated emission standards, new green technologies.
- **Stakeholder Feedback:** Inputs from depositors, borrowers, investors, regulators, and civil society.

END OF POLICY DOCUMENT

This policy is available on AU Small Finance Bank's website (www.au.bank.in) and serves as the governing framework for all green deposit operations. For queries: sustainability@aubank.in

Second Party Opinion

Green Deposit Framework
AU Small Finance Bank

February, 2026

Second Party Opinion

Green Financing Framework

Issuer's Name: AU Small Finance Bank

Issuer's Location: Jaipur, India

Evaluation Date: February 9, 2026

Summary of evaluation

This document outlines Crisil Limited's (Crisil) limited opinion on the Green Deposit Framework by AU Small Finance Bank (January 2026, version 3.1). The assessment is carried out by Crisil strictly in the capacity of an external reviewer in line with the Framework for acceptance of Green Deposits as outlined in the Reserve Bank of India (RBI) Notification dated 11th April 2023¹ and aspects of Framework for Acceptance of Green Deposits as mentioned in Reserve Bank of India (Small Finance Banks – Climate Finance and Management of Climate Change Risks) Directions, 2025². The assessment is based on the framework and other non-public information shared with Crisil Limited by AU Small Finance Bank (AU SFB) and should be read in conjunction with the referred framework.

Basis the information received from AU Small Finance Bank and approach prescribed under the RBI circular, Crisil in its limited capacity of an external reviewer, is of the view that Green Deposit Framework by AU Small Finance Bank is largely in alignment with the aforesaid circular.

The above remains subject to the disclaimers here and it is clarified that Crisil shall have no liability whatsoever with regard to use or reliance on the contents of this evaluation.

This SPO remains effective under the condition of an unaltered framework. This SPO is contingent on AU SFB's internal standard operating procedure (SOP) document and procedures, in the event of internal changes that may happen, this SPO might not hold true. Any modifications to the framework and associated procedures and documents will render this SPO inapplicable.

¹ <https://www.rbi.org.in/Scripts/NotificationUser.aspx?id=12487&Mode=0>

² https://rbi.org.in/scripts/BS_ViewMasDirections.aspx?id=13106#CP3

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Scope of work and limitations of Crisil Limited's SPO

AU Small Finance Bank (hereinafter referred to as AU SFB) engaged Crisil Limited ("Crisil") to appraise the alignment of its Green Deposit Framework with Reserve Bank of India (RBI) Notification pertaining to Framework for acceptance of Green Deposits dated 11th April 2023³ and aspects of Framework for Acceptance of Green Deposits as mentioned in Reserve Bank of India (Small Finance Banks – Climate Finance and Management of Climate Change Risks) Directions, 2025⁴ (hereinafter referred to as RBI notification on Framework for acceptance of Green Deposits).

The Second-Party Opinion (SPO) document presents Crisil Limited's independent opinion on the alignment of AU SFB's Green Deposit Framework (version 3.1 dated January 2026) with the RBI notification on Framework for acceptance of Green Deposits. This document should be read in conjunction with the Framework. This SPO does not guarantee any alignment with future versions of relevant market standards.

As a facet of this assessment, Crisil Limited engaged in discussions with AU SFB to gain insights into the approach and practices to be implemented with respect to green deposits, the procedures for allocating funds raised through green deposits, and the governance and reporting aspects of this framework.

Crisil Limited reviewed the internal documentation provided by AU SFB pertaining to use of proceeds, process for project evaluation and selection, management of proceeds and reporting mechanisms associated with this framework.

It has been affirmed by AU SFB's representatives that the information and documentation provided to Crisil Limited is updated, relevant, accurate and comprehensive. Crisil Limited has not undertaken any independent verification or audit of documents and information provided by AU SFB.

This SPO does not provide assurance of the realised allocation of proceeds towards eligible activities and does not measure the actual impact on account of use of proceeds. AU SFB is accountable for the reporting on use of proceeds and impact resulting from eligible activities.

Any information presented by Crisil Limited within this Second-Party Opinion should not be construed as a declaration, depiction, warranty, or assertion, whether favourable or unfavourable, concerning the veracity, credibility, or entirety of any facts or statements, and their pertinent contextual circumstances, that AU SFB has provided to Crisil Limited specifically for the intent of this Second-Party Opinion.

³ <https://www.rbi.org.in/Scripts/NotificationUser.aspx?id=12487&Mode=0>

⁴ https://rbi.org.in/scripts/BS_ViewMasDirections.aspx?id=13106#CP3

Overview of AU Small Finance Bank's Green Deposit Framework

AU SFB has established a Green Deposit⁵ Policy and Green Deposit Framework, ensuring compliance with requirements set forth by RBI notification on Framework for acceptance of Green Deposits dated April 11th, 2023 (RBI/2023-24/14) and aspects of Framework for Acceptance of Green Deposits as mentioned in Reserve Bank of India (Small Finance Banks – Climate Finance and Management of Climate Change Risks) Directions, 2025⁶ .

AU SFB's Green Deposit Framework is designed to facilitate AU SFB in the effective allocation of green deposits.

⁵ Green deposit is an interest-bearing deposit raised for the purpose of utilising proceeds towards financing of "green" projects/ activities

⁶ https://rbi.org.in/scripts/BS_ViewMasDirections.aspx?id=13106#CP3

Assessment Summary

Crisil Limited has assessed AU SFB Green Deposit Framework's alignment with RBI notification on Framework for acceptance of Green Deposits. In our opinion, the AU SFB Green Deposit Framework (Version 3.1, dated January 2026) is aligned with RBI notification on Framework for acceptance of Green Deposits dated 11th April 2023 and aspects of Framework for Acceptance of Green Deposits as mentioned in Reserve Bank of India (Small Finance Banks – Climate Finance and Management of Climate Change Risks) Directions, 2025⁷.

Aspect	Remarks
Denomination, interest rates and tenor of deposits	AU SFB Green Deposit Framework mentions that the deposits are denominated in Indian rupees only. These deposits, on maturity, shall be renewed or withdrawn at the discretion of the deposit holder. This adheres to the RBI notification on Framework for acceptance of Green Deposits.
Policy on Green Deposits	AU SFB has put in place a comprehensive Board-approved policy on laying down therein, all aspects in detail for the issuance and allocation of green deposits. This is in accordance with the RBI notification on Framework for acceptance of Green Deposits.
Use of proceeds	<p>The eligible categories for use of proceeds are in alignment with the categories recommended in RBI notification on Framework for acceptance of Green Deposits. Additionally, AU SFB aligns its exclusion list in line with RBI notification. AU SFB has also mapped the eligible activities to SDGs.</p> <p>Crisil Limited notes that this is congruent with RBI notification on Framework for acceptance of Green Deposits.</p>
Project evaluation and selection	<p>The projects financed through this framework follow AU SFB's standard credit process with additional checks for environmental compliance, eligibility verification, and exclusion list screening.</p> <p>Branch Asset Teams identify green transactions, conduct KYC, site visits, and due diligence before loan sanction and disbursement, ensuring consistency with the Bank's lending standards. Environmental and Social (E&S) risk management forms part of AU SFB's enterprise risk framework. The risk team integrates climate and ESG considerations into risk frameworks.</p> <p>Every project is assessed for potential environmental and social risks based on factors such as the scale of the project, sensitivity of the location or activity, transaction size and tenor, deal structure, client background and compliance history, sector-specific considerations, and the potential magnitude of impacts</p> <p>For larger or more complex proposals, the Bank may also commission an independent Environmental and Social Due Diligence (ESDD) by an accredited consultant to ensure that risks are fully understood and appropriately mitigated.</p> <p>The Asset Liability Management Committee (ALCO) comprises of senior management is primarily responsible to review and ensure compliance with</p>

⁷ https://rbi.org.in/scripts/BS_ViewMasDirections.aspx?id=13106#CP3

Aspect	Remarks
	<p>policies, frameworks, internal limits, and regulatory prudential limits, operating within the risk appetite approved by the Board. ALCO serves as the final approval authority for matters related to green fixed deposit.</p> <p>Crisil considers the process of project evaluation and selection to be in line with industry practices and RBI notification on Framework for acceptance of Green Deposits.</p>
<p>Management of proceeds</p>	<p>AU SFB will credit proceeds from green deposits to a designated account that will be managed through a dedicated green accounting structure to ensure transparency and accountability.</p> <p>AU Small Finance Bank deploy proceeds from green deposits within 12 months of raising fund, earmarking them for lending to eligible projects that align with the defined green criteria of “Use of Proceeds”. A robust tracking mechanism will be implemented to monitor fund utilization, ensuring that all proceeds are tagged, categorized, and allocated exclusively to qualifying green assets, collectively forming the “Green Asset Portfolio”.</p> <p>Unutilized proceeds will be temporarily invested in liquid instruments such as RBI Standing Deposit Facility (SDF), Treasury Bills, Interbank Call/Notice/Term Money, or high-quality (AAA-rated) Commercial Papers with a maximum original maturity of one year. These liquid funds will be managed as a rolling amount with close monitoring.</p> <p>AU SFB will closely monitor end-use of funds allocated against green deposits. Furthermore, the Audit team is responsible for periodically auditing the Green Deposit programme design and operating effectiveness, including eligibility screening, tagging, management of proceeds, and disclosures.</p> <p>Crisil considers the process of management of proceeds to be in line with industry practices and RBI notification on Framework for acceptance of Green Deposits.</p>
<p>Third party Verification/Assurance</p>	<p>The allocation of funds accumulated via green deposits during a fiscal year will be subjected to an annual verification/assurance by an independent third party. Crisil notes that these measures are consistent with the instructions provided in RBI notification on Framework for acceptance of Green Deposits.</p>
<p>Impact Assessment</p>	<p>AU SFB shall annually assess the impact associated with funds lent for or deposited in eligible activities/projects through an Impact Assessment Report in line with regulatory guidelines. The report will be published on the website. Additionally, AU SFB has outlined an illustrative list of impact indicators within the framework. This approach is consistent with RBI notification on Framework for acceptance of Green Deposits.</p>
<p>Reporting and Disclosures</p>	<p>A review report shall be placed by AU SFB before its Board of Directors within three months of the end of the financial year. The report shall cover amount raised under green deposits, list of green projects to which proceeds have been allocated, amount allocated and copy of third-party verification/assurance report and impact assessment report. AU SFB shall also make appropriate disclosures</p>

Aspect	Remarks
	in their Annual Financial Statements. Crisil Limited notes that these measures conform to the RBI notification on Framework for acceptance of Green Deposits

Crisil Limited’s opinion on AU Small Finance Bank’s Green Deposit Framework

Denomination, interest rates and tenor of deposits

The framework affirms that green deposits are denominated in Indian rupees only and these deposits, on maturity, shall be renewed or withdrawn at the discretion of the deposit holder. The tenor, size, interest rate and other terms and conditions (as applicable) as defined in the Master Direction – Reserve Bank of India (Interest Rate on Deposits) Directions, 2016 dated March 03, 2016, as amended from time to time, shall also be applicable to green deposits mutatis mutandis.

Crisil Limited’s opinion

Disclosure on denomination, interest rates and tenor of deposits conforms to the RBI notification on Framework for acceptance of Green Deposits.

Policy on green deposits

AU SFB has prepared a green deposit policy providing definition of green deposit and details of green deposit implementation mechanism including overview of use of proceeds, process for project evaluation and selection, management of proceeds, third party verification/assurance, impact assessment, reporting and disclosure, and external review of green deposit framework. The policy is approved by the board and is available on the website of AU SFB and can be accessed at <https://www.aubank.in/investors/secretarial-policies>.

Crisil Limited’s opinion

In accordance with the guidelines set forth by RBI notification on Framework for acceptance of Green Deposits, AU SFB has prepared a comprehensive Board-approved policy on green deposits. The policy outlines the aspects related to issuance and allocation of green deposits.

Use of proceeds

The allocation of proceeds raised from green deposits shall align with India's official Green Taxonomy upon its release. Pending finalization, and in line with RBI guidelines, the bank will allocate proceeds toward eligible green activities/projects that encourage energy efficiency, reduce carbon emissions and greenhouse gases, promote climate resilience and adaptation, and value and improve natural ecosystems and biodiversity.

The Bank shall ensure that funds raised through green deposits are allocated exclusively to the eligible activities/projects detailed in table below.

Green Project Categories from AU SFB’s Green Financing Framework
<p>Renewable Energy:</p> <ul style="list-style-type: none"> • Solar/wind/biomass/hydropower energy projects that integrate energy generation and storage. • Incentivizing adoption of renewable energy
<p>Energy Efficiency:</p> <ul style="list-style-type: none"> • Design and construction of energy-efficient and energy-saving systems and installations in buildings and properties. • Supporting lighting improvements (e.g. replacement with LEDs). • Supporting construction of new low-carbon buildings as well as energy-efficiency retrofits to existing buildings. • Projects to reduce electricity grid losses.

Green Project Categories from AU SFB's Green Financing Framework
<p>Clean Transportation-Low Carbon Mobility solutions:</p> <ul style="list-style-type: none"> • Projects promoting electrification of transportation • Adoption of clean fuels like electric vehicles including building charging infrastructure
<p>Climate Change Adaptation:</p> <ul style="list-style-type: none"> • Projects aimed at making infrastructure more resilient to impacts of climate change
<p>Sustainable Water and Waste Management:</p> <ul style="list-style-type: none"> • Promoting water efficient irrigation systems • Installation/upgradation of wastewater infrastructure including transport, treatment and disposal systems • Flood Defense systems • Water resources conservation
<p>Pollution Prevention and Control:</p> <ul style="list-style-type: none"> • Projects targeting reduction of air emissions, greenhouse gas control, soil remediation, waste management, waste prevention, waste recycling, waste reduction and energy / emission-efficient waste-to-energy
<p>Green Buildings:</p> <ul style="list-style-type: none"> • Projects related to buildings that meet regional, national, or internationally recognized standards or certifications for environmental performance
<p>Sustainable Management of Living Natural Resources and Land Use</p> <ul style="list-style-type: none"> • Environmentally sustainable management of agriculture, animal husbandry, fishery and aquaculture • Sustainable forestry management including afforestation/reforestation • Support to certified organic farming • Research on living resources and biodiversity protection
<p>Terrestrial and Aquatic Biodiversity Conservation</p> <ul style="list-style-type: none"> • Project relating to coastal and marine environments • Projects related to buildings that meet regional, national, or internationally recognized standards or certifications for environmental performance.

The green activities / projects financed under the framework can be classified under priority sector if they meet the requirements laid down in Priority Sector Lending (PSL) guidelines of RBI [Master Directions - Reserve Bank of India (Priority Sector Lending – Targets and Classification) Directions, 2025 dated March 24, 2025], as amended from time to time.

Exclusion Criteria from AU Small Finance Bank's Green Financing Framework
<p>AU SFB will apply negative screening and the proceeds from the Green Finance Instruments will not be used for financing any of the following activities:</p> <ul style="list-style-type: none"> • Projects involving new or existing extraction, production and distribution of fossil fuels, including improvements and upgrades; or where the core energy source is fossil fuel based • Nuclear power generation • Direct waste incineration • Alcohol, weapons, tobacco, gaming, or palm oil industries • Renewable energy projects generating energy from biomass using feedstock originating from protected areas

Exclusion Criteria from AU Small Finance Bank's Green Financing Framework

- Landfill projects
- Hydropower plants larger than 25 MW

Crisil Limited's opinion

The eligible categories for use of proceeds have been clearly defined and detailed and the listed projects/activities are congruent with the list of green activities and projects mentioned in RBI notification on Framework for acceptance of Green Deposits.

The eligibility categories for the use of proceeds are mapped with SDGs 3, 6, 7, 9, 11, 12, 13, 14 and 15 for respective projects/activities. Crisil Limited notes that this approach is congruent with market practices.

AU SFB has also provided an exclusion list in line with RBI notification on Framework for acceptance of Green Deposits.

Crisil Limited considers the eligibility categories for the use of proceeds provided in AU SFB's Green Deposit Framework and exclusion list to be in line with RBI notification on Framework for acceptance of Green Deposits.

Process for project evaluation and selection

The Bank will perform assessment and due diligence of projects/assets in accordance with its existing lending and retail offering processes.

Customer Due Diligence

- **Due Diligence in Deposits:** The Bank's existing customer due diligence (CDD) framework for deposit products is fully applicable to customers seeking to open or maintain green deposits. All onboarding, verification, and monitoring requirements under the Bank's standard deposit processes continue to apply.
- **Due Diligence in Lending:** Asset teams identify green-eligible transactions, products, and companies within their respective markets. For all such cases, the teams conduct assessment of loan applicants in line with the Bank's established credit protocols. Before sanction and disbursement, the Asset team performs all required sanity checks, including KYC verification, site visits, and due diligence of the proposed project/activity, consistent with procedures followed for conventional lending.

Environmental and Social (E&S) Risk Identification & Management

The Bank's current green portfolio is primarily concentrated in renewable energy projects (such as solar installations), clean transportation (including electric mobility solutions), and green buildings. These sectors are globally recognized as major contributors to climate mitigation. Because these projects inherently aim to reduce environmental impact, they generally do not pose significant environmental risks in themselves. However, in keeping with sound environmental and social risk governance, the Bank continues to apply a structured assessment process to all such transactions.

The risk team integrates climate and ESG considerations into risk frameworks. As a matter of best practice, every project is assessed for potential environmental and social risks based on factors such as the scale of the project, sensitivity of the location or activity, transaction size and tenor, deal structure, client background and compliance history, sector-specific considerations, and the potential magnitude of impacts.

- For projects above a defined internal threshold, the Bank will seek additional information, including more detailed environmental and social documentation from the borrower.
- Where required, particularly for larger or more complex proposals, the Bank may also commission an independent Environmental and Social Due Diligence (ESDD) by an accredited consultant to ensure that risks are fully understood and appropriately mitigated.

The Asset Liability Management Committee (ALCO) comprises of senior management is primarily responsible for reviewing and ensuring compliance with policies, frameworks, internal limits, and regulatory prudential limits, operating within the risk appetite approved by the Board. ALCO serves as the final approval authority for matters related to green fixed deposits.

Crisil Limited's opinion

The projects financed through this framework follow AU SFB's standard credit process with additional checks for environmental compliance, eligibility verification, and exclusion list screening.

Branch Asset Teams identify green transactions, conduct KYC, site visits, and due diligence before loan sanction and disbursement, ensuring consistency with the Bank's lending standards. Environmental and Social (E&S) risk management forms part of AU SFB's enterprise risk framework. The risk team integrates climate and ESG considerations into risk frameworks.

Every project is assessed for potential environmental and social risks based on factors such as the scale of the project, sensitivity of the location or activity, transaction size and tenor, deal structure, client background and compliance history, sector-specific considerations, and the potential magnitude of impacts

For larger or more complex proposals, the Bank may also commission an independent Environmental and Social Due Diligence (ESDD) by an accredited consultant to ensure that risks are fully understood and appropriately mitigated.

The Asset Liability Management Committee (ALCO) comprises of senior management is primarily responsible to review and ensure compliance with policies, frameworks, internal limits, and regulatory prudential limits, operating within the risk appetite approved by the Board. ALCO serves as the final approval authority for matters related to green fixed deposit.

Crisil considers the process of project evaluation and selection to be in line with industry practices and RBI notification on Framework for acceptance of Green Deposits.

Management of proceeds

Proceeds from green deposits will be credited to a designated account and tracked through a formal internal process ensuring transparency and accountability. The Bank's operations team will manage these proceeds within a dedicated green accounting structure.

Deployment Timeline and Tracking: AU Small Finance Bank will endeavor to deploy proceeds from green deposits within 12 months of fund-raising. An amount equivalent to net proceeds will be earmarked for lending to Eligible Projects as defined in Use of Proceeds section. The Bank will implement a robust tracking system to monitor fund utilization. Funds raised through green deposits will be tagged, categorized, and allocated exclusively to projects aligning with eligibility criteria. A consolidated pool for qualifying green assets will be maintained as the "Green Asset Portfolio."

Temporary Allocation of Unallocated Proceeds: Pending allocation, unutilized proceeds will be temporarily invested only in the following liquid instruments:

- RBI Standing Deposit Facility (SDF)
- Treasury Bills
- Interbank Call/Notice/Term Money
- High-quality (AAA-rated) liquid Commercial Papers with maximum original maturity of one year

These liquid funds will be managed as a rolling amount. The Bank will closely monitor end-use of funds allocated against green deposits. The Audit team is responsible for periodically auditing the Green Deposit programme design and operating effectiveness, including eligibility screening, tagging, management of proceeds, and disclosures.

Crisil Limited's opinion

AU SFB will credit proceeds from green deposits to a designated account that will be managed through a dedicated green accounting structure to ensure transparency and accountability.

AU Small Finance Bank deploy proceeds from green deposits within 12 months of raising fund, earmarking them for lending to eligible projects that align with the defined green criteria of "Use of Proceeds". A robust tracking mechanism will be implemented to monitor fund utilization, ensuring that all proceeds are tagged, categorized, and allocated exclusively to qualifying green assets, collectively forming the "Green Asset Portfolio".

Unutilized proceeds will be temporarily invested in liquid instruments such as RBI Standing Deposit Facility (SDF), Treasury Bills, Interbank Call/Notice/Term Money, or high-quality (AAA-rated) Commercial Papers with a maximum original maturity of one year. These liquid funds will be managed as a rolling amount with close monitoring.

AU SFB will closely monitor end-use of funds allocated against green deposits. Furthermore, the Audit team is responsible for periodically auditing the Green Deposit programme design and operating effectiveness, including eligibility screening, tagging, management of proceeds, and disclosures.

Crisil considers the process of management of proceeds to be in line with industry practices and RBI notification on Framework for acceptance of Green Deposits.

Third party Verification/Assurance

The allocation of funds raised through green deposits during a financial year shall be subject to independent Third-Party Verification/Assurance conducted annually.

The Third-Party Verification/Assurance Report shall, at minimum, cover:

- **Use of Proceeds:** Verification that proceeds were allocated in accordance with eligible green activities/projects indicated in Table under "Use of Proceeds" section. The Bank shall monitor end-use of funds allocated against deposits raised.
- **Policies and Internal Controls:** Assessment of project evaluation and selection processes, management of proceeds, validation of sustainability information provided by borrowers per eligible activities/projects in Table under "Use of Proceeds" and reporting and disclosure mechanisms.

The verification report will be completed within three months of financial year-end and published on the Bank's website.

Crisil Limited's opinion

The allocation of funds accumulated via green deposits during a fiscal year will be subjected to an annual verification/assurance by an independent third party. Furthermore, AU SFB has affirmed its commitment to vigilantly monitor the end use of funds, employing internal verification procedures akin to those employed for other loans. AU SFB will ensure that borrowers comply with the stipulations within AU SFB green deposit framework and will establish suitable mechanisms to verify the end use of funds.

The third-party verification and assurance report will encompass the use of proceeds, process for project evaluation and selection, management of proceeds, and validation of the sustainability information provided by the borrower as per eligible activities/projects.

Crisil Limited notes that these measures are consistent with the instructions provided in RBI notification on Framework for acceptance of Green Deposits.

Impact Assessment

The bank shall annually assess the impact associated with funds lent for or deposited in eligible activities/projects through an Impact Assessment Report in line with regulatory guidelines. The report will be published on the website.

Eligible Project Category	Impact Indicators
Renewable Energy	<ul style="list-style-type: none"> Total renewable capacity (in MWh) Energy generated per year (MWh) GHG emissions avoided per year (measured in tonnes CO₂ equivalent, tCO₂e), Green Hydrogen Production
Waste Management	<ul style="list-style-type: none"> Waste diverted from landfill per year (tonnes)
Water Management	<ul style="list-style-type: none"> Water saved/treated/conserved per year in KI / MI
Clean Transportation	<ul style="list-style-type: none"> GHG emissions avoided per year (tCO₂e) New clean transportation infrastructure built (km) Number of electric or low emission vehicles produced
Energy Efficiency	<ul style="list-style-type: none"> Energy savings per year (MWh) GHG emissions avoided per year (tCO₂e)
Afforestation/ Reforestation	<ul style="list-style-type: none"> GHG emissions reduced/Carbon Sequestration achieved (measured in tCO₂e)

Crisil Limited's opinion

AU SFB shall annually assess the impact associated with funds lent for or deposited in eligible activities/projects through an Impact Assessment Report in line with regulatory guidelines. The report will be published on the website. Additionally, AU SFB has outlined an illustrative list of impact indicators within the framework. This approach is consistent with RBI notification on Framework for acceptance of Green Deposits.

Reporting and Disclosure

Board Reporting: A review report shall be placed before AU SFB's Board of Directors within three months of financial year-end, covering:

- Amount raised under green deposits during the previous financial year
- List of green activities/projects to which proceeds have been allocated, with brief project descriptions
- Amounts allocated to eligible green activities/projects
- Copy of Third-Party Verification/Assurance Report and Impact Assessment Report
- Challenges, learnings, and recommendations for policy enhancement

Annual Financial Statement Disclosures: The Bank shall make appropriate disclosures in Annual Financial Statements on portfolio-level information regarding use of green deposit funds per the proforma prescribed in **Table below**.

Particulars	Current Financial Year	Previous Financial Year	Cumulative*
Total green deposits raised (A)			
Use of green deposit funds**			
1.Renewable Energy			
2.Energy Efficiency			
3.Clean Transportation			
4. Climate Change Adaptation			
5.Sustainable Water and Waste Management			
6.Pollution Prevention and Control			
7.Green Buildings			
8.Sustainable Management of Living Natural Resources and Land Use			
9. Terrestrial and Aquatic Biodiversity Conservation			

Particulars	Current Financial Year	Previous Financial Year	Cumulative*
Total Green Deposit funds allocated (B = Sum of 1 to 9)			
Amount of Green Deposit funds not allocated (C = A – B)			
Details of the temporary allocation of green deposit proceeds pending their allocation to the eligible green activities/projects			

Crisil Limited's opinion

Reporting and disclosure provisions outlined within AU SFB framework conform to the RBI notification on Framework for acceptance of Green Deposits.

Disclaimer

This Second Party Opinion (SPO) reflects our assessment of AU SFB Green Deposit Framework's alignment only against Reserve Bank of India (RBI) Notification pertaining to Framework for acceptance of Green Deposits dated 11th April 2023⁸.

This SPO offers a limited, point-in-time opinion, based on the information available when the SPO was formulated and published, and it is not surveilled. The opinion is based on Crisil Limited's (Crisil) judgment and comprehension of RBI notification pertaining to Framework for Acceptance of Green Deposits and associated risks and alignment of AU SFB Framework. The SPO relies on information provided by AU SFB. Crisil has not undertaken any independent verification or audit of documents and information provided by AU SFB and does not warrant the completeness or accuracy or currency of the information presented in this SPO. This SPO remains valid as long as the framework remains unchanged. Crisil is not obligated to update the SPO to reflect on any facts or circumstances that may come to our attention in the future. Crisil shall have no liability for the use of this SPO or any information provided therein.

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⁸ <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12487&Mode=0>

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Large and highly respected firms partner with us for the most reliable opinions on risk in India, and for uncovering powerful insights and turning risks into opportunities globally. We are integral to multiplying their opportunities and success.

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Our industry research and data analytics platforms provide client with insights across the Economy-Industry-Company (EIC) landscape to help assess risk and opportunities.

Our Company reports (that combine select financial and non-financial data, analytics from our proprietary risk models, and commentary on company's financial performance) are used by commercial banks, financial institutions, and non-banking finance companies as part of their credit/ risk management process.

Our SME Gradings, used by lenders, assess creditworthiness of SME enterprises relative to the peers leveraging our proprietary grading model. The framework includes assessment of entity-level financial and operating performance, as well as industry-level drivers.

Our Fixed Income Indices provide standard and customized indices that are primarily used as performance benchmarks by mutual funds, insurance companies, and other investors in Indian markets and for creation of index-linked passive products by Indian mutual funds.

Our Valuation services provide equity valuation to Alternative Investment Funds ("AIFs") and other clients for their portfolio of investments in unlisted equity.

Our Valuation services provide a basket of valuation services for multiple RBI and SEBI-regulated instruments and debt securities, including government securities, state development loans, T-bills, money market instrument, corporate bonds, and market linked debentures and is used by various institutional investors, such as mutual funds, insurers, pension funds, provident funds, banks, corporates, AIFs, and PMS, for valuation of their portfolio or calculation of net asset value.

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Our AIF Benchmarking creates comparable industry performance benchmarks for various categories of AIFs, prepares Performance Benchmark Report(s) for individual AIFs, and customized reports based on requests from AIFs, using data received from AIFs.

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