AU SMALL FINANCE BANK

Planet First

AU GREEN FIXED DEPOSIT

Green Deposit Impact Report

FY 2024-25

Contents

Executive Summary

This is AU Small Finance Bank's first Impact Assessment Report since the launch of our Planet First Green Deposit Program. The program was created to channel customer deposits into projects that accelerate India's transition to a low-carbon economy and foster sustainable growth.

Our vision is rooted in the belief that finance can be a powerful enabler of environmental change. Through the Green Deposit Program, we aim to support projects that reduce greenhouse gas emissions, promote clean energy, and create long-term socio-economic benefits. Since its inception, we focused on three priority sectors: renewable energy, clean transportation and green buildings– which are critical to India's climate ambitions and urban sustainability goals.

To ensure that measurable impact is delivered for every rupee invested, a rigorous Environmental and Social Due Diligence (ESDD) process was embedded into the financing approach. During the year, enhanced due diligence was prioritized by conducting ESDD on high-value loan cases within the renewable energy portfolio. Through these assessments, potential risks were identified, compliance with environmental and social standards was ensured, and positive outcomes for communities and ecosystems were maximized.

The findings underscore the transformative potential of green finance. Projects supported under this program are reducing carbon emissions, improving energy access in underserved regions, and generating employment opportunities, particularly in rural areas. Beyond environmental benefits, these initiatives are fostering inclusive growth and empowering local communities.

This report provides a transparent account of the progress we have made, the outcomes achieved, and the lessons learned. It reflects our commitment to responsible banking and our role as a catalyst for India's green transition.

Green Deposit Program Fund Allocation

Particulars (Amount in ₹, Cr)	FY 2024-25	FY 2023-24	Cumulative
Total Green Deposits raised (A)	**525.89**	652.63	1178.52
Use of Green Deposit funds	**-**	-	-
Renewable Energy - Solar	**958.81**	95.94	1054.5
Energy Efficiency	**-**	-	-
Clean Transportation - Electric Vehicle	**90.51**	31.78	122.54
Climate Change Adaptation	**-**	-	-
Sustainable Water and Waste Management	**-**	-	-
Pollution Prevention and Control	**-**	-	-
Green Buildings	**1.48**	0	1.48
Sustainable Management of Living Natural Resources and Land Use	**-**	-	-
Terrestrial and Aquatic Biodiversity Conservation	**-**	-	-
Total Green Deposit funds allocated	**1,050.80**	127.72	1178.52
Amount of Green Deposit funds not allocated	**-**	524.91	-
Details of the temporary allocation of Green Deposit proceeds pending their allocation to the eligible green activities/projects	**-**	-	-

Impact Highlights

Renewable Energy

₹958.81
Crore
Fund Allocated

449.80
MWh
Energy Generated per year

490,506.9
tCO_2e
Emissions Avoided per year

199
Solar Units Installed

0.0927
$MWh/m^2/year$
Energy Generated per area

~9,000
Jobs Created

Clean Transportation

₹90.51
Crore
Total Fund Allocated

4,849
Total EV Funded

6,974.90
tCO_2e
GHG Emissions Avoided per year

Retail EVs

₹86.31
Crore
Fund Allocated

832
Women EV Adopters

4,803
Retail EVs Funded

Small Commercial EVs

₹4.20
Crore
Fund Allocated

46
Corporate EVs Funded

Green Buildings

₹1.48
Crore
Fund Allocated

Pre-Certified GEM 4 Recognition By ASSOCHAM
for Tejaswi CHSL

Pre-Certified Gold Recognition By IGBC
for Saan Verdante

Introduction

At AU Small Finance Bank (AU SFB), India's largest Small Finance Bank, sustainability has always been at the heart of our operations. From its foundation rooted in financial inclusion, AU SFB has evolved to integrate environmental sustainability into its business strategy, reinforcing its role as a catalyst for financing India's green transition. We actively contribute to the nation's climate goals, including achieving net-zero emissions by 2070 and supporting India's renewable energy targets.

A key part of this commitment is the Green Deposit Program, AU SFB's flagship offering that allows customers to invest in environmentally sustainable projects. The funds raised are allocated to projects such as renewable energy, clean transportation and green buildings, all aimed at reducing carbon emissions and advancing India's clean energy future.

The Green Deposit Policy, approved by the Board, ensures that all funds are used exclusively for projects aligned with the Reserve Bank of India's (RBI) "Framework for Acceptance of Green Deposits" (April 2023). This policy excludes investments in fossil fuels and other prohibited activities, maintaining a strong focus on sustainable initiatives.

Our actions under the Green Deposit Program are aligned with AU SFB's four sustainability pillars–Sustainable Finance, Sustainable Operations, Sustainable Communities, and Sustainability Reporting ensuring a holistic and long-term approach to responsible banking.

AU Small Finance Bank complies with third-party verification and impact assessment obligations under the Reserve Bank of India's Framework for Acceptance of Green Deposits, Sections E and F. The annually published Impact Assessment Report evaluates the environmental and social impact of funded projects. This impact report covers the period from April 1, 2024, to March 31, 2025. The objective is to provide transparency on the measurable outcomes of AU SFB's green finance initiatives.

Green Deposit Framework at AU Small Finance Bank

Overview

Our Green Deposit framework provides a clear and transparent approach to mobilising deposits and allocating them towards environmentally sustainable activities. It has been developed in alignment with the Reserve Bank of India's (RBI) Framework for Acceptance of Green Deposits (April 2023) and reflects our commitment to contributing to India's transition to a low-carbon economy.

The framework sets out how we classify financial products as 'green', the sectors that qualify for funding, the governance structures in place, and the processes we follow to ensure accountability. By adopting this framework, we are ensuring that depositor funds support projects that contribute to climate action, resource efficiency, and long-term sustainability outcomes.

Objectives and Aim

The aim of the Green Deposit framework is to ensure that every Green Deposit is linked to a clearly defined sustainable outcome. It provides a methodology for classifying, monitoring, and reporting green transactions in line with regulatory expectations and evolving market standards.

We have designed this framework as a dynamic document. It is reviewed regularly and updated as needed to incorporate new qualifying activities, revised regulatory guidance, and global good practices. In this way, we ensure that the framework remains relevant and credible over time.

Green Transactions

All financial products aligned under this framework are treated as Green Transactions. These include the mobilisation of Green Deposits, which are interest-bearing deposits earmarked for environmental purposes, and green lending products, where we extend credit to projects with measurable environmental benefits.

Use of Proceeds

Funds raised through Green Deposits are allocated only to projects that deliver environmental improvements.

In line with RBI guidance and our internal policy, eligible sectors include:

- Renewable energy generation and storage (solar, wind, biomass, small hydropower under 25 MW).
- Energy efficiency improvements in buildings, retrofitting, smart grids, and lighting upgrades.
- Clean transportation such as electric vehicles, charging infrastructure, and hydrogen-based mobility.
- Climate change adaptation projects that strengthen resilience to extreme weather.
- Sustainable water and waste management, including wastewater treatment, irrigation efficiency, and rainwater harvesting.
- Pollution prevention and circular economy initiatives.
- Certified green buildings.
- Sustainable agriculture, forestry, and organic farming.
- Biodiversity conservation, including protection of terrestrial and aquatic ecosystems.

We also maintain a strict list of exclusions. Activities linked to fossil fuels, nuclear power, direct waste incineration, alcohol, tobacco, weapons, gaming, palm oil, landfill projects, and large hydropower above 25 MW are not eligible. This ensures that funds are allocated only to projects with positive environmental impact.

Project Evaluation and Governance

All projects financed under this framework are subject to structured customer due diligence. Our evaluation process integrates sustainability checks into the bank's existing credit appraisal systems to ensure that environmental and social considerations are addressed at the outset.

For projects with a value above ₹5 Crore, we apply a detailed Environmental and Social Risk Identification and Management (ESRIM) process, referencing the Equator Principles. In addition, every project in this category undergoes an Environmental and Social Due Diligence (ESDD) review by an independent external party, providing an added layer of assurance on compliance and risk management.

Project selection and monitoring are supported by a clear governance framework:

- Our Asset Team identifies and assesses eligible projects.
- The Liability Team mobilises deposits aligned with the framework.
- The Sustainability Team oversees alignment with ESG criteria and manages impact assessment.
- The Risk Team and the Chief Risk Officer monitor ESG risks alongside other key risks.
- The Product Approval Committee (PAC) reviews new green products.
- The Asset Liability Management Committee (ALCO) serves as the final authority on green finance matters.

This governance model ensures accountability across teams and consistency in implementation.

Management of Proceeds

Proceeds from Green Deposits are credited to a dedicated green account and monitored through a centralised Green Asset Portfolio. Our objective is to allocate funds within 12 months of mobilisation. Until allocation, funds are temporarily invested in safe liquid instruments such as the RBI Standing Deposit Facility, Treasury Bills, or AAA-rated commercial papers with tenure not exceeding one year. If funds remain unallocated, they are returned to depositors.

Independent Verification and Assurance

To maintain integrity, the allocation of Green Deposit proceeds is subject to annual third-party verification. Independent reviewers validate that funds have been allocated in accordance with our stated criteria and confirm the effectiveness of our internal processes. We have appointed Ankur Gupta & Co. (CA) as our external reviewer, and their opinion is made publicly available in our sustainability disclosures.

Impact Assessment

We conduct an annual Impact Assessment to measure the outcomes of projects financed under the Green Deposit framework. Independent experts are engaged to quantify results such as renewable energy capacity installed, GHG emissions avoided, water conserved, waste diverted from landfills, and the number of electric vehicles financed.

Findings are published on our website through an Impact Assessment Report, providing transparency to our stakeholders on the effectiveness of our green financing.

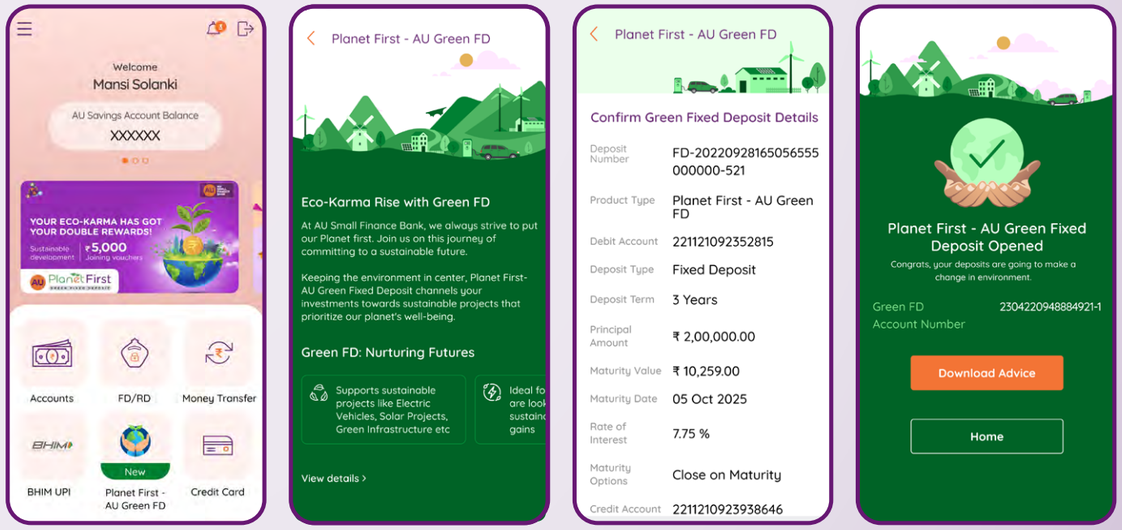
Reporting and Disclosure

Within three months of the end of each financial year, we submit a review report to our Board of Directors. This report includes the amount of Green Deposits mobilised, categories of projects financed, the allocation of funds, and accompanying third-party verification and impact assessment reports. Portfolio-level disclosures are also made in our Annual Financial Statements, following the RBI-prescribed format.

External Review of the Framework

We subject the Green Deposit framework itself to periodic external review to ensure it remains aligned with regulatory expectations and industry best practices. The findings of these reviews are published in our Sustainability Report and on our website, reinforcing our commitment to transparency and continuous improvement.

Customer Journey – Planet First Green Fixed Deposit



Planet First is AU SFB's pioneering Green Fixed Deposit, designed to channel the savings of our customers into projects that nurture a sustainable future - renewable energy, clean transportation, green buildings, and more - while delivering attractive returns.

Eligibility & Access with a Seamless Journey

AU Small Finance Bank's Green Fixed Deposits are open to all customers, regardless of an existing banking relationship. Retail deposits start from ₹5,000 and go up to less than ₹3 Crore, offering flexible tenures (1–10 years) along with multiple payout options. Customers can book through AU 0101 App, NetBanking, Video Banking, or any branch, with select tenures available digitally.

The onboarding process is simplified: the preferred channel is chosen, the tenure and payout are selected, quick KYC is completed using PAN and Aadhaar, and the deposit is funded. A Green FD advice is sent to customers via email (with an option for eco-friendly printed advice), and transparent updates are provided on how the funds are contributing to green projects.

Returns with Responsibility

The green deposit proceeds are ring fenced, tracked in a separate account, and allocated only to eligible green activities; fossil fuel and other excluded sectors are screened out.

AU SFB follows a defined process for project evaluation and selection, conducts annual third party verification/ assurance, and commissions impact assessments, with Board level reporting and public disclosures. By combining simple, digital onboarding with policy anchored governance that converts every deposit into measurable climate action so the customers can earn attractive returns while advancing India's energy transition.

The Impact: Theory of Change

We have mapped all our short-term and long-term outcomes from our funded projects in the renewable energy, clean transportation, and green building sectors using the Theory of Change, a structured framework that explains how and why a program, project, or intervention is expected to achieve its desired outcomes.

- Input
- Project Category
- Output
- Outcome
- Impact

Input

Human Resources

Capital

Policy Framework

Partnerships

Resources

Renewable Energy

Number of solar projects financed

Total MWh generated

CO_2e emissions avoided

Number of businesses and communities benefiting

Jobs created

Increased adoption of solar energy

Reduced reliance on fossil fuels

Improved air quality

Contributes to India's renewable energy target of 500 GW by 2030

Supports national energy security

Contributes to global climate goals for net-zero emissions.

Clean Transportation

Number of EVs financed

Number of customers adopting EVs

CO_2e emissions avoided

Cost savings

Growing EV adoption

Reduced GHG emissions

Improved air quality

Supports national decarbonization goals

Reduces the transportation sector's carbon footprint

Accelerates the transition to cleaner, sustainable mobility.

Green Buildings

Number of buildings financed

Energy saved (MWh)

CO_2e emissions avoided

Improved occupant quality of life

Wider adoption of energy efficient practices

Long-term reductions in environmental impact and resource use

Promotes sustainable construction

Supports nations long-term resource conservation and sustainable urban development goals.

Renewable Energy

Portfolio Impact

Renewable Energy

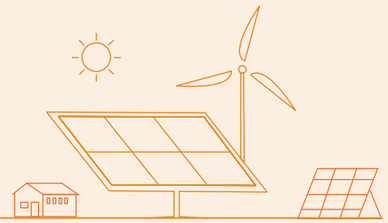
India's transition to renewable energy, especially solar power, is vital to achieving its climate goals and addressing environmental challenges. Solar energy plays a central role in India's renewable energy strategy. As of Mar 2025, India had installed 105.65 GW of solar capacity, reflecting a 36-fold increase in the past twelve years. Solar now constitutes 22.2% of India's total installed power capacity and over 48% of its renewable energy capacity. The government aims to achieve 500 GW of renewable energy capacity by 2030, with solar contributing nearly 280 GW, highlighting its pivotal role in India's energy future.

Solar energy significantly reduces reliance on fossil fuels, mitigating climate change and lowering greenhouse gas emissions. It is central to India's goal of achieving net-zero emissions by 2070 and plays a key role in meeting the country's Nationally Determined Contributions (NDCs) under the Paris Agreement. India has already reduced its emissions intensity by 40% compared to 2005 levels, demonstrating strong progress. Moreover, solar is a key component of India's strategy to achieve 50% of its installed capacity from non-fossil fuels by 2030, ensuring a sustainable energy future.

Beyond environmental benefits, solar power addresses energy poverty in rural areas, where over 75 million households lack reliable electricity. By providing clean, affordable energy, solar bridges this gap, fosters economic development, creates jobs, and improves access to education and healthcare, enhancing the quality of life in local communities.

Sustainable Finance in Action

In line with RBI's Framework for Acceptance of Green Deposits (2023), we prioritized renewable energy by financing solar projects under the PM-KUSUM scheme, ensuring energy security for farmers and accelerating India's clean energy transition. So far, ₹958.81 Crore (91.1% of total funds) was allocated to ground-mounted solar systems across Rajasthan, Maharashtra, and Gujarat. Out of the total renewable energy portfolio, the high-value projects underwent Environmental and Social Due Diligence (ESDD) -covering more than 60% of the portfolio. These cases were assessed against significant environment and social risk indicators, confirming no significant adverse impacts. Further, as per CPCB guidelines, solar projects under 25 MW fall under the White Category (non-polluting), reinforcing our commitment to sustainable, low-risk investments.



Environmental, Economic & Social Outcomes

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449.80
MWh
Energy Generated per year

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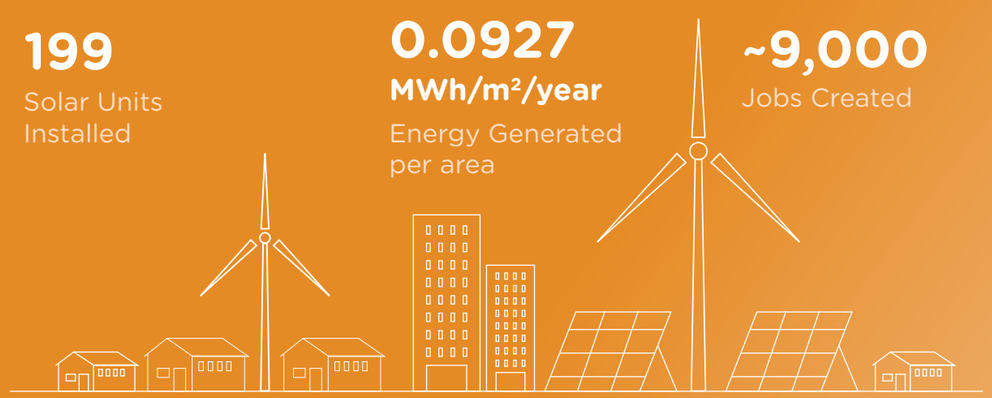


I am truly grateful to AU Small Finance Bank for their support. Thanks to their timely assistance, I have been able to use my land more productively. With their help, I set up a solar project that not only provides a steady income for my family but also contributes to the community by generating clean, renewable energy. This initiative has transformed my livelihood and given me the means to earn a dignified living while supporting a sustainable future.

-Mr. Sawai Singh
Shree Dayal Renewal Energy pvt Ltd

I am truly grateful to AU Small Finance Bank for their support. Thanks to their timely assistance, I have been able to use my land more productively. With their help, I set up a solar project that not only provides a steady income for my family but also contributes to the community by generating clean, renewable energy. This initiative has transformed my livelihood and given me the means to earn a dignified living while supporting a sustainable future.

-Mr. Indrajeet Bidawa
Shri BL Infra Projects Pvt Ltd

Case Studies

Empowering a Village through Renewable Energy – Alwar, Rajasthan

In a remote village near Alwar, Rajasthan, the leadership of Mr. Maha Singh, Village Sarpanch has transformed lives through a 2.5 MW solar plant built on barren land. Shri Shyam Engineers Pvt. Ltd. project. has become a beacon of hope for a once energy-deprived community.

Impact

Before the installation of the solar power plant, the village struggled with frequent power outages. With 24/7 electricity now available, agriculture has become more productive, and schools run without interruption, ensuring children continue their learning. Once skeptical, today, the community stands in awe of Mr. Singh's foresight in championing sustainable energy solutions.

पहले उन्होंने मेरी सोच पर शक किया था, आज वे मुझे अपनी ज़िंदगी रोशन करने के लिए धन्यवाद देते हैं।

"Earlier, they doubted my vision. Today, they thank me for lighting up their lives."

-Mr. Maha Singh
Village Sarpanch

A Woman's Vision for Energy and Empowerment – Nagaur, Rajasthan

In the rural heartlands of Nagaur, Mrs. Sarita Sangwa, a local entrepreneur and advocate for women's empowerment, spearheaded the creation of a 2.4 MW integrated solar–agriculture–livestock model with Shri BL Infra. This solar project powers the entire village and also supports sustainable farming and livestock practices, positioning women at the forefront of clean energy entrepreneurship.

Impact

With electricity now accessible to the entire village, the project has bolstered agricultural productivity, improved livestock health, and enabled a thriving women-led business model around clean energy. Mrs. Sangwa's initiative exemplifies how clean energy can empower women and transform rural economies.

-Mrs. Sarita Sangwa
Shri BL Infra Projects Pvt Ltd

Clean Transportation

Portfolio Impact

Clean Transportation

India's electric vehicle sector is experiencing rapid growth, supported by government policies, technological advancements, and increasing consumer demand. The government has made significant progress in promoting the adoption of EVs, recognizing the sector's critical role in reducing greenhouse gas emissions, decreasing oil imports, and fostering green innovation. The shift towards battery-electric vehicles is a key part of India's strategy to mitigate transport-related CO2 emissions. Notably, electric two-wheelers have already contributed to a 20% reduction in emissions due to their efficient energy use and smaller battery size. This sector aligns with India's climate commitments, supporting the country's goal of achieving net-zero emissions by 2070.

On the economic front, India's EV market is projected to grow significantly, from USD 3.21 billion in 2022 to USD 113.99 billion by 2029, reflecting a strong compound annual growth rate of 66.52%. This growth highlights the country's ongoing commitment to promoting clean mobility. Additionally, India's EV battery market is expected to expand from USD 16.77 billion in 2023 to USD 27.70 billion by 2028, underscoring the importance of local production and infrastructure development in supporting EV adoption.

As EV adoption grows, affordable and clean transportation becomes more accessible, especially in rural areas where conventional fuel sources are often limited. Beyond its environmental benefits, the growth of the EV market is creating economic opportunities by generating jobs in manufacturing, maintenance, and infrastructure development, while improving mobility across the country.

Sustainable Finance in Action

To advance green mobility, we allocated ₹90.51 Crore (8.61% of of total green deposit funds) toward electric vehicles in FY 2024–25, financing 4,849 EVs. This includes 4,346 two-wheelers, 269 cars, and 234 commercial vehicles, supporting both personal and business adoption. Notably, 832 loans were extended to women borrowers, promoting gender inclusion in sustainable transport. These efforts reduce carbon emissions, enable last-mile electrification, and strengthen India's EV ecosystem–creating a tangible impact on urban air quality and climate goals.

Clean Transportation

₹90.51 Crore
Total Fund Allocated

4,849
Total EV Funded

6,974.90 tCO_2e
GHG Emissions Avoided per year

Retail EVs

₹86.31 Crore
Fund Allocated

832
Women EV Adopters

4,803
Retail EVs Funded

Small Commercial EVs

₹4.20 Crore
Fund Allocated

46
Corporate EVs Funded

I am Deepak Choudhary from Jaipur. I bought a Tata Tigor EV last year, financed through AU SFB, and I've been really happy with it. The car runs up to 250 km on a single charge, and charging points are easy to find everywhere. I've already driven it for 35,000 km, and it's been an awesome experience. I'd totally recommend it to anyone thinking about getting an electric car!

-***Mr. Deepak Choudhary***
Cab Service

I am Dinesh Saini, and I bought a Tata Punch EV, financed through AU SFB. The service from AU SFB has been great, and I'm really happy with my EV. I drive around 150-200 km daily, and it's been super comfortable while also saving me a lot on fuel costs.

-***Mr. Dinesh Saini***
Self Employed

Case Studies

First-Time Buyer, First Step Towards Sustainability – Jaipur, Rajasthan

Dr. Manisha Agarwal, a first-time car buyer from Jaipur, took a bold step towards sustainability by purchasing the Mahindra XEV9E, an electric vehicle (EV) that reduces her carbon footprint and energy costs.

Impact

This purchase marks a personal and community-wide shift towards greener alternatives in urban transportation. By choosing an EV, Ms. Agarwal has cut her carbon footprint and sparked community interest in sustainable transport. Her step has inspired conversations in her neighborhood, encouraging others to view electric vehicles as a practical, eco-friendly alternative.

"My first car is electric–because the future deserves better choices."

-***Dr. Manisha Agarwal***
Jaipur

Fleet Transformation for a Greener Tomorrow – Bilaspur, Chhattisgarh

Krishna Enterprises, based in Bilaspur, Chhattisgarh, has taken significant steps towards reducing its environmental impact by transitioning 60% of its vehicle fleet to Tata Ace EVs. This ambitious move is part of a broader corporate strategy to not only enhance operational efficiency but also contribute to cleaner air and reduced emissions.

Impact

The fleet transformation has drastically reduced the company's operational emissions, helping lower its carbon footprint while supporting the adoption of sustainable transportation in industrial sectors. Krishna Enterprises is now a leader in fleet electrification, demonstrating a strong commitment to sustainability, corporate responsibility, and environmental stewardship.

Portfolio Impact

Green Buildings

Green Buildings

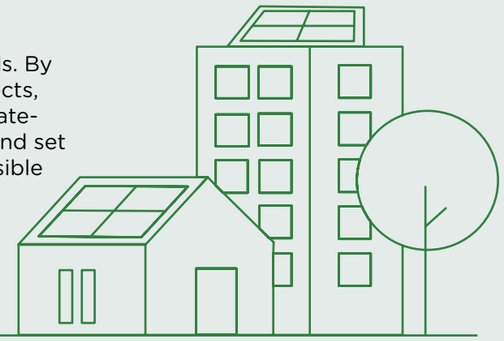
India's green building sector is growing rapidly as the need for sustainable urban development and energy efficiency becomes more pressing. As urbanization increases, the demand for green buildings has become a critical element in India's green growth strategy. With over 2.1 million green homes, 3,500 green offices, and 640 green factories already built, alongside 48 green townships, the sector plays a vital role in India's sustainable development.

Energy-efficient technologies allow new residential buildings to save 30% of electricity, while new commercial buildings achieve up to 40% energy savings. These technologies are essential for India to meet its climate goals, particularly the commitment to achieving net-zero emissions by 2070. Green homes also incorporate water-saving systems, such as low-flow fixtures and rainwater harvesting, reducing water consumption by 30-50%. The energy savings and reduced utility costs, averaging 20-30% compared to traditional buildings, make green buildings a cost-effective and sustainable solution for both the environment and the economy. India's focus on solar energy integration in buildings has opened up significant market opportunities. Solar water heaters, building-integrated photovoltaics (BIPV), and solar thermal systems are now key components of new green building projects, helping reduce reliance on conventional energy sources.

The green building sector is also creating employment opportunities in both urban and rural areas, as the demand for skilled workers in design, construction, and maintenance rises. This growth supports economic empowerment and provides affordable, sustainable housing, particularly in underdeveloped regions.

Sustainable Finance in Action

We allocated ₹1.48 Crore (0.14% of total funds) to green building projects, fostering energy-efficient construction and sustainable urban development. These investments encourage the use of eco-friendly materials, reduce operational carbon footprints, and align with global green building standards. By financing certified projects, we aim to catalyse climate-resilient infrastructure and set benchmarks for responsible real estate financing.



Green Buildings

₹1.48
Crore

Fund
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Pre-Certified
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Saan Verdante Building, Gurugram

Case Studies

Tejaswi CHSL – Building a Sustainable Business Centre in Pune

In Pune, Maharashtra, Tejaswi Developers has pioneered a new era of sustainable urban development with the construction of the Green Commercial Building. With a deep commitment to environmental responsibility, the developers incorporated several green features in this commercial space to minimize its carbon footprint and contribute to sustainable urban living.

Impact

This green building integrates debris reuse in construction, rainwater harvesting, and waste segregation, ensuring efficient water use and waste management. The building also focuses on native species plantation to preserve and enhance local biodiversity. The result is a reduced carbon footprint and an eco-conscious community that actively engages with sustainability practices.

Saan Verdante, Gurugram– Sustainable Urban Living

Location: Gurugram, Haryana

Project Type: Green Residential Building

Sustainable Features

- **Compliance with Local Regulations:** Meets all statutory codes and standards.
- **Soil Erosion Control:** Includes topsoil preservation, sedimentation tanks, and rainwater harvesting to manage erosion and conserve water.
- **Natural Topography & Vegetation:** Follows Case B: Vegetation on Ground & Built Structures to enhance the ecological value.
- **Passive Architecture:** 75% of dwelling spaces receive a minimum of 110 Lux daylight, ensuring energy efficiency and better living conditions.
- **Universal Design:** Features accessible parking, toilets, ramps, and braille/ audio assistance for differently-abled individuals.
- **Green Parking Facility:** Includes basement ventilation, electric vehicle charging, and bicycle parking.
- **Access to Amenities:** Within 1 km, residents can access schools, bus stops, playgrounds, and other essential services. On-site amenities include clubhouse and visitor facilities.
- **Green Education & Awareness:** The project is IGBC Green Home Pre-Certified – Gold Level, with green awareness programs for the workforce.

Rationale for Green Building

The decision to build sustainably allows the project to gain additional FAR, providing more green spaces like landscaping and parks. The use of Mivan technology reduces construction time and cost while ensuring better quality and durability than conventional methods.

Methodology of Assessment

Environmental & Social Due Diligence (ESDD): Elevating Standards in Responsible Green Finance

So far, AU Small Finance Bank has raised over ₹1,100 Crore cumulatively through its Green Fixed Deposit program, marking a significant milestone in our sustainable finance journey. A substantial portion of these funds was strategically allocated to renewable energy projects, reaffirming our commitment to driving India's clean energy transition and positioning AU SFB as a leader in responsible green financing.

Scale and Strategic Allocation

The Environmental and Social Due Diligence assessment was executed through a structured approach whereby we hired third party ESDD consultants. This helped us to assess our projects aligned with IFC Performance Standards and Equator Principles. It involved site visits, stakeholder consultations, and document verification to ensure compliance with environmental, social, and governance (ESG) requirements. The assessment covered both information related to construction and operational phases of renewable energy projects worth ₹690+ Crore, spanning across Rajasthan, Madhya Pradesh, Gujarat, and Maharashtra.

Key Environmental Factors Assessed:

- **Land Use & Biodiversity**: Impact on local ecosystems, proximity to biodiversity hotspots, and cultural heritage sites.
- **Water Management**: Rainwater harvesting systems, borewell permissions, water sourcing, and conservation measures.
- **Waste Management**: Handling of hazardous and non-hazardous waste, including PV panel disposal.
- **Air & Noise:** Emissions and noise during construction, with mitigation through dust suppression and noise control.
- **Soil Quality**: Risk of contamination from chemicals, fuels, and septic systems.

Key Social Factors Assessed:

- **Community Engagement**: Stakeholder consultations, grievance redressal mechanisms, and CSR opportunities.
- **Labor & Workforce**: Employment practices, wage registers, ESI/PF compliance, and prohibition of child/ forced labor.
- **Health & Safety**: Safety training, mock drills, signage, and emergency preparedness.
- **Cultural Heritage**: Protection of significant local heritage (e.g., Many renewable energy projects were commissioned on sites having Khejri trees in Rajasthan which were essential to those places as it held the soil firm and retained ground water).

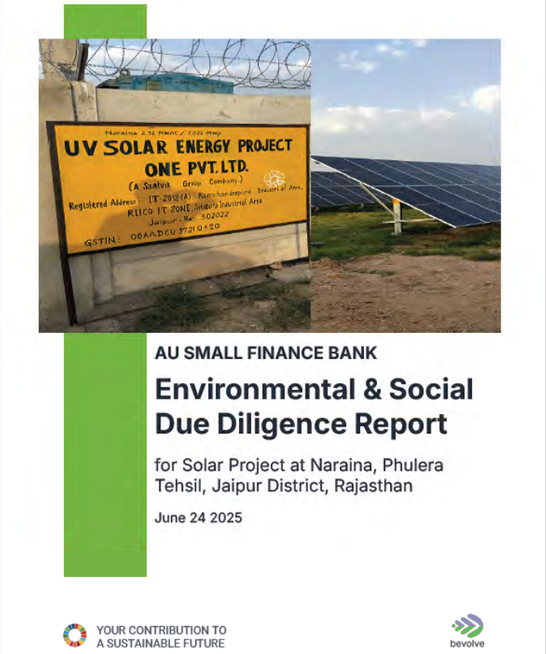
Findings & Outcomes:

Our structured Environmental and Social Due Diligence process, executed by independent consultants, validated that renewable energy projects financed under our Green Deposit program demonstrate strong environmental and social compliance. Assessments across projects worth ₹690+ Crore confirmed positive contributions such as local employment generation, improved energy access in heat-stressed rural areas, and adherence to labor and safety standards. Our approach focuses on minimizing environmental and social risks through practical, high-impact actions. Dust and noise are controlled using sprinklers, suppression systems, and acoustic barriers. Waste is managed responsibly with safe disposal, PV panel recycling, and segregation protocols. Water conservation is ensured via rainwater harvesting and regulated sourcing. Biodiversity is protected by avoiding sensitive habitats and preserving native species like Khejri trees. Community engagement is strengthened through grievance redressal systems and regular consultations, while worker safety is prioritized with PPE, safety drills, and emergency preparedness measures.

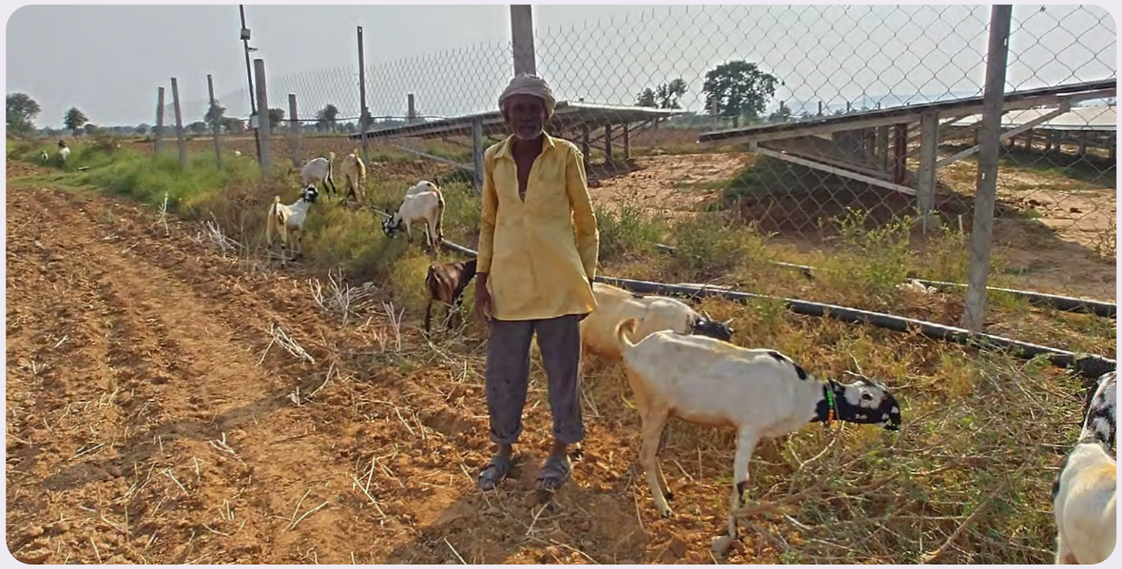
Comprehensive evaluations of high-value solar projects have revealed no material adverse impacts on ecosystems or communities. This reinforces the inherent low-risk nature of solar energy, recognized under national environmental norms (CPCB), and underscores its role as a cornerstone of sustainable, responsible finance.

ESDD Reports

Prepared by: Jivanam Connect



Prepared by: Bevolve Technologies Private Limited



Plant site : Goatherd, Chikani Solar Private Limited, Alwar.

Risk Assessment

We recognize the importance of assessing potential risks in a structured, transparent, and accountable manner. In line with the Reserve Bank of India's Framework for Acceptance of Green Deposits (April 2023) and our Green Deposit Policy, we have embedded a robust Environmental and Social Due Diligence (ESDD) process into our financing approach. The ESDD is conducted in alignment with the IFC Performance Standards, ensuring that projects are assessed against globally accepted environmental and social benchmarks.

1

Screening and Categorisation

All proposed projects undergo an initial screening against our green eligibility criteria and exclusion list.

Projects above ₹5 Crore:
A detailed Environmental and Social Risk Identification and Management (ESRIM) process is conducted, referencing international standards such as the Equator Principles.

Projects below ₹5 Crore:
Our existing credit risk and compliance framework is applied, supplemented with additional environmental and social checks.

2

Risk Identification

We evaluate a wide spectrum of environmental and social risks, including:

- Biodiversity and land-use impacts
- Pollution control and waste management
- Use and handling of hazardous substances
- Occupational health and safety standards
- Labour rights and working conditions
- Impacts on marginalised or vulnerable communities

In addition, we assess climate-related risks both physical risks and transition risks that could affect project outcomes.

3

Ongoing Monitoring

Once financed, projects are subject to continuous monitoring to ensure ongoing compliance with environmental and social requirements.

Impact Assessment

The methodology for assessing the impact of AU SFB's Green Deposit funded projects follows a structured, transparent approach in line with the Reserve Bank of India's Framework for Acceptance of Green Deposits (April 2023) and best practices for green finance impact assessment.

Baseline Research

- **Data Collection:** The assessment begins with a thorough review and collection of internal documentation including the Green Deposit Policy, Project portfolio allocation etc.
- **Contextual Research:** Research is conducted on the specific green sectors with a focus on sector-specific challenges, regulatory compliance, and the role of green finance in achieving national sustainability targets.

Stakeholder Mapping & Consultation

- **Identifying Key Stakeholders:** The first step in this process is mapping the stakeholders affected by or involved in the financed green projects.
- **Consultation Process:** Interviews and surveys are conducted with stakeholders to understand their perspectives on the projects' success, challenges, and outcomes.

Data Collection: Quantitative and Qualitative

- **Quantitative Data:** Structured questionnaires are developed to collect measurable impact indicators.
- **Qualitative Data:** Semi-structured interviews are conducted to gather deeper insights on social impact and community benefits.

Data Analysis

- **Cleaning and Processing:** The collected data is cleaned, processed, and analyzed to ensure accuracy and consistency.
- **Key Performance Indicators (KPIs):** The impact is evaluated based on the key metrics from the RBI Green Deposit Framework and additional indicators relevant to AU SFB's funded projects.

Reporting and Disclosure

AU Small Finance Bank has prepared a detailed **Impact Assessment Report,** combining quantitative data and qualitative insights to showcase the difference made by Green Deposits in the context of national and global sustainability goals.

The Road Ahead

At AU Small Finance Bank, we believe that sustainability drives progress. Our vision is to create enduring value for all stakeholders by embedding responsible growth at the heart of our business. Through consistent and conscientious practices, we strive to deliver financial solutions that benefit our customers while safeguarding the environment and uplifting communities.

We are grateful to the Reserve Bank of India for introducing this visionary product - one that showcases the power of banking for public good. It enables financial institutions to channel funds toward a greater cause, rooted in the principles of People, Planet, and Progress.

Our Green Deposit Impact Report underscores AU SFB's commitment to advancing India's sustainability agenda. We have financed solar projects under the PM-KUSUM Yojana, supporting components such as solar pump installations and decentralized renewable energy systems, empowering farmers and rural communities with clean energy solutions.

In clean mobility, our financing aligns with the Government's FAME scheme, accelerating the adoption of electric vehicles and charging infrastructure. We are also promoting energy-efficient buildings and anticipate policy incentives that will encourage greater uptake of green construction, fostering large-scale sustainable infrastructure.

These efforts collectively contribute to India's climate goals of reducing emissions intensity by 45% by 2030 and achieving net-zero by 2070.

The Bank considers responsible banking vital for long-term growth and has placed sustainability at the core of our strategy. By integrating sustainability into our business model, we create lasting value for customers, employees, communities, and the environment throughout our journey.

Looking ahead, AU SFB will continue to expand its green footprint, exploring new avenues to allocate funds that create a positive impact on the environment and society. We reaffirm our commitment to banking for good serving with purpose, scaling with resilience, and leading India's sustainable transformation through innovation.

Independent Assurance Statement

CA INDIA

Ankur Kumar Gupta & Co.
CHARTERED ACCOUNTANTS

Audit Report on Portfolio Level Information regarding Use of Funds Raised from Green Deposit

To

Head of Sustainability
AU Small Finance Bank Limited
Jaipur
Rajasthan

We have been appointed by AU Small Finance Bank Jaipur (The Bank) vide engagement letter dated 5th June 2025 with the objective to provide assurance report on covering following area:

The scope of the work includes following:

A. Verification of aggregate amount of green **deposit raised** during the year FY 2024-25.
B. Quantification of 'Advances and investment' in accordance with the eligible green activities/projects indicated in paragraph 7 of the RBI Circular.
C. Use of the proceeds to be in accordance with the eligible green activities/projects indicated in paragraph 7 of the RBI Circular.
D. Adherence of Policies and Internal Controls in respect of project evaluation and selection and management of proceeds.

In terms of Para 12 of RBI Circular RBI/2023-24/14 DOR.SFG.REC.10/30.01.021/2023-24 dated April 11, 2023, the Bank's management compiled the information as prescribed by Reserve Bank of India - "Portfolio Level information on the use of funds raised from Green Deposit" is attached herewith.

Management's Responsibility for disclosure of Portfolio Level information on the use of funds raised from Green Deposit

Management is responsible for ensuring the compliance of AU Small Finance Bank Green Deposit Policy and framework for acceptance of Green deposit in terms of RBI Circular RBI/2023-24/14 DOR.SFG.REC.10/30.01.021/2023-24 dated April 11, 2023, it includes use of proceeds by allocation of the funds raised through green deposit, setting up of the process for project evaluation and due diligence of the project / assets, ensuring end use of the funds for which laid down procedures of internal checks and balances would have to be followed as in case of other loans extended and preparation of the Portfolio Level information on the use of funds raised from Green Deposit in accordance with Reserve Bank of India guidelines; this includes the design, implementation and maintenance of internal control relevant to the use of proceeds, evaluation of project, end use of funds and preparation Portfolio Level information on the use of funds raised from Green Deposit that is free from material misstatement, whether due to fraud or error.

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Ankur Kumar Gupta & Co.
CHARTERED ACCOUNTANTS

Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying financial information in respect of Portfolio Level information on the use of funds raised from Green Deposit are in accordance with Para 12 of RBI Circular RBI/2023-24/14 DOR.SFG.REC.10/30.01.021/2023-24 dated April 11, 2023 and it comply with the AU Small Finance Bank Green deposit policy including review of the policies and internal controls including, inter-alia, project evaluation, selection, and management of proceeds as per AU Small Finance Bank Green Deposit Policy.

We conducted our review in accordance with Standard on Review Engagements (SRE) 2400 (Revised), Engagements to Review Historical Financial Statements. SRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, are not prepared in all material respects in accordance with the applicable reporting requirements. This Standard also requires us to comply with relevant ethical requirements. A review of financial statements in accordance with SRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Standards on Auditing. Accordingly, we do not express an audit opinion on this financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that information in respect of Portfolio Level information on the use of funds raised from Green Deposit for the financial year 2024-25 do not give a true and fair view of in all material respects, in accordance with the requirement of the Reserve Bank of India prescribed in terms of RBI Circular RBI/2023-24/14 DOR.SFG.REC.10/30.01.021/2023-24 dated April 11, 2023

We have also reviewed the adherence of policies and internal controls related to project evaluation, selection, and management of proceeds in terms of RBI Guidelines and nothing has come to our attention that causes us to believe that controls are not commensurate as prescribed with respect to selection, and management of proceeds.

For Ankur Kumar Gupta & Co.
Chartered Accountants
Firm's Registration Number: 015368C

(ASHEESH SHARMA)
Partner
M. No. 448322

Place: Jaipur
Date: 24-06-2025
UDIN: - 25448322BMKPVP7479

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AU SMALL FINANCE BANK LIMITED, JAIPUR

Portfolio-level information on the use of funds raised from green deposits.

(In Crore INR)

Particulars	Financial Year 2024-25
Total green deposits raised (A)	**525.90**
Use of green deposit funds	-
(1) Renewable Energy	958.81
(2) Energy Efficiency	-
(3) Clean Transportation	90.51
(4) Climate Change Adaptation	-
(5) Sustainable Water and Waste Management	-
(6) Pollution Prevention and Control	-
(7) Green Buildings	1.48
(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)	**1,050.80**
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	*

*Previous year unallocated funds were allocated in the current year.

For AU Small Finance Bank Limited

Mr. Manmohan Parnami
(Company Secretary)

Portfolio level information on the use of funds raised for Green Deposit referred to in our report.

For Ankur Kumar Gupta & Co.
(Chartered Accountants)
FRN-015368C

Mr. Asheesh Sharma
(Partner)
M. No. 448322

Place: Jaipur
Date: 24th June 2025

Annexures

Definitions & Abbreviations

RBI	Reserve Bank of India
IFC	International Finance Corporation
SDG	Sustainable Development Goals
NDC	Nationally Determined Contributions
PM-KUSUM	Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan
EV	Electric Vehicle
KPI	Key Performance Indicator
CPCB	Central Pollution Control Board
GHG	Greenhouse Gas
tCO_2	tonnes (t) of carbon dioxide equivalent

Renewable Energy - Avoided Emission Calculation

Emissions Avoided *(tCO_2e)* = Renewable Electricity Generated *(MWh)* x Grid Emission Factor (0.727 tCO_2/MWh) *(tCO_2e/MWh)* *(Source: CEA)*

EV - Avoided emission calculation

Type	NOs.	Conventional GHG emissions (gCO_2 eq./km)	BEV GHG emissions (gCO_2 eq./ km)	Avoided emissions (gCO_2 eq./ km)	kms driven per year	Emissions avoided per vehicle per year (tCO_2 eq.)	Total emissions avoided - all vehicles per year (tCO_2 eq.)
2W	4346	60.9	37.5	23.4	10000	0.234	1016.96
3W (passenger)	36	162	136.3	25.7	35000	0.8995	32.38
3W (load)	22	243	204.5	38.5	35000	1.3475	29.65
4W (car-hatchback)	80	213	162	51	11000	0.561	44.88
4W (car-sedan)	6	228	185	43	11000	0.473	2.84
4W (MUV)	21	272	169	103	12533	1.290899	27.11
4W (SUV)	169	272	169	103	12533	1.290899	218.16
4W (SCV)	169	1371.54	424.3	947.24	35000	33.1534	5602.92
Total	**4849**					**Total**	**6974.9**

Note: MUVs considered similar to SUVs for ease of calculation. SCVs data is taken from Chinese Study, on LDVs. Therefore it is an approximation. Distance covered annually by SCVs is assumed to be same as 3W (load), due to similar functions.

Avoided Emissions per km = *($g\ CO_2/km$)* Conventional GHG Emissions − BEV GHG Emissions *($g\ CO_2/km$)* *($g\ CO_2/km$)*

Emissions Avoided/Vehicle/Year *(tCO_2e)* = $\frac{\text{Avoided Emissions (g/km)} \times \text{Annual Distance Driven (km)}}{1000000}$

Total Emissions Avoided = *(tCO_2e)* Emissions Avoided per Vehicle per Year *(tCO_2)* x Number of Vehicles *($g\ CO_2/km$)*

References for Calculation

- https://theicct.org/sites/default/files/publications/Global-LCA-passenger-cars-jul2021_0.pdf
- https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/08/life-cycle-assessment-of-passenger-transport_9e2ebe5e/2d11e416-en.pdf
- https://www.mdpi.com/2071-1050/10/12/4547

Jobs Created Calculation

Based on studies by MNRE, CEEW, and NRDC:
Construction & Installation(One-time) Phase~ 20-25 people
Operations & Maintenance(Recurring Annually)~ 3-5 people
Construction Jobs= MW× 20 jobs/MW= O&M Jobs= MWx4

References for Calculation

India's Clean Energy Workforce Report – NRDC

Land Usage Calculation

Energy per Area = *($MWh/m^2/year$)* Annual Energy Generation *(MWh)* / Land Area Use *(m^2)*

References for Calculation

https://pmkusum.mnre.gov.in/assets/pdf/Component%20A/Goa_Comp%20A.pdf

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AU SMALL FINANCE BANK

Planet First
AU GREEN FIXED DEPOSIT

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