Section 12: FIRST Compass (ESG)

Our FIRST Compass ESG Priorities Align with our Corporate Vision

Our Vision: To Build A World-Class Bank in India

Guided by Ethics	powered by Technology	and be a force for Social Good

FIRST Priorities (immediate and continuing)

Guided by Ethics

- Highest standards of corporate governance, ethics and integrity
- Strong regulatory compliance
- E&S framework for project finance
- Responsible sales and marketing
- Highly engaged and active Board
- Systemic risk management
- Transparency, disclosures and stakeholder engagement
- Climate action and environmental footprint mapping

powered by Technology

- Product innovation
- Advanced analytics
- Digital-first and contemporary customer interfaces
- Streamlined, digitally-enabled people processes
- Data security
- Customer privacy

and be a force for Social Good

- Financial inclusion and credit access
- Customer centricity
- Meritocracy, diversity, equity and inclusion
- Responsible finance
- Influencing responsible customer behaviour
- Strong employee engagement with focus on learning and holistic wellbeing
- Community wellbeing through CSR and volunteering
- Values-led culture

NORTH STAR Priorities (Medium-to-long term)

- Achieve best-in-class ratings for our ESG approach and performance
- Innovate and develop ESG-centric products and services suite
- Develop ESG-led KRAs for management

Implemented through our FIRST COMPASS programme to create sustained value for all stakeholders

Customers	Investors	Employees	Government	Reserve Bank of India and other regulatory bodies	Suppliers and partners	Environment

FIRST Compass at IDFC FIRST Bank

FY23 Highlights

Environmental

- ✓ **Infrastructure:** IGBC certification & LEED Certified Gold Standard for multiple large offices
- ✓ The HO IDFC FIRST Bank Tower (The Square, BKC) is fully powered by green energy
- ✓ Adopted Motion Sensors for lights and introduced Internet of Things (IoT) in our AC systems in multiple offices.
- ✓ Minimal consumption of water through aerators in washrooms at large offices
- ✓ **Financing:** Over 1.2 Lakh units (INR 1160 Cr) financed in EV sales in FY 23 compared to 20K+ units in FY 22
- ✓ Leading financier with maximum finance tie ups; introduced industry first end-to-end digital journey on EV financing
- ✓ Adherence to Equator Principles for project finance
- ✓ **Customer:** Fully digitized customer journeys for multiple products to save paper
- ✓ Green financing towards purchase of low carbon electronics: financed over 96K+ units of Invertor ACs. This Bank is spreading awareness for using high energy-efficient products to reduce carbon emission.
- ✓ **Waste Management: Swachh Worli Koliwada Program:** More than 130K+ kg dry and wet waste processed in FY23 as compared to 92K+ kg in FY 22. About 10K households made aware about waste management.
- ✓ Segregation of dry & wet waste in 4 of our large offices
- ✓ Over 10k KG of E-waste recycled through certified channel in FY 23

Social

✓**Employee engagement and learning:** Focus on Employee L&D: About 17.5 lakh learning hours achieved with 50 average learning hours per employee in FY 23

✓Holistic employee wellbeing programmes covering physical, mental and financial health with 134 Sessions held in FY 23

✓**Kamyaab Scholarship Program** for students with autism where assistance was provided to students in FY 23

✓**MBA Scholarship Program** for students with family income <Rs 6 lakhs. There were 351 beneficiaries in FY 23 and over 1100 till date.

- ✓ **Customers & financial inclusion:** MSME Lending: Approx 10k Cr loans disbursed in MSME segment during FY 23
- ✓ Rural bank branches with focus on lending to Small & Marginal Farmers and customers with annual income below 2.5-3 lakhs
- ✓ 71% of female borrowers in live rural assets portfolio
- ✓ Large distribution reach to drive financial inclusion: Present in 25 Indian states and 3 union territories
- ✓ ~20% of corporate book exposed to environmentally & socially responsible companies in FY 23
- ✓ **Community interventions:** Employee Volunteering – Over 6.5k volunteers participated in various programs and contributed close to 8.5k hours in FY 23
- ✓ Women Rehabilitation Program
- ✓ Strong focus on CSR activities with **voluntary spends of over Rs. 51 Cr over the last three years. Over 17 Cr CSR expenditure in FY 23.**
- ✓ ~20K households in FY 23 (~91K till date) benefitted through Shwetdhara Program which helps in generating livelihoods for dairy farmers
- ✓ **Junoon Program** for driving entrepreneurship from slum communities
- ✓ **Financial literacy campaign**: Awareness about financial products and services in 11 regional languages

Governance

- ✓ **Strong and experienced Board** :
  - Independence: 60% Independent Directors
  - 11 Board Committees (majority members are IDs and chaired by IDs)
  - Management committees are mapped to respective Board Committees.
  - Diverse and relevant skill sets, with 40% of Directors experienced in Digitalization and IT/cyber security
  - Highly competent Board with over 30 years of average experience
  - Dynamic and engaged Board, with high frequency of Board meetings
  - 100% average Board attendance
- ✓ **25 unique customer-friendly, and fee-free services for savings account customers.**
- ✓ **Stringent Credit and Provisioning Policy**
- ✓ **Strong Capital Adequacy, LCR, PCR, Credit Rating**
- ✓ **Strong Risk Management Framework**
- ✓ **Strong Vigilance Mechanism**
- ✓ **Transparency:** ZERO penalties on the bank for non-disclosure
- ✓ **No political contributions**
- ✓ **IDFC FIRST Bank Certified with ISO 27001 (Information Security Management System)**

ESG Governance, Commitments and Ratings

ESG Governance Structure

Board Level Committee

- Board Committee: Stakeholder, ESG and Customer Relationship Committee - Chaired by Independent Board member

Management Level Committee

- Chaired by MD & CEO
- Drives the strategic integration of sustainability
- 12 executive members including heads of Group functions

Steering Committee and Working Group

- Specific working groups with cross-functional composition and expertise responsible for delivering on the ESG agenda
- Facilitated by a dedicated ESG team

ESG Commitments

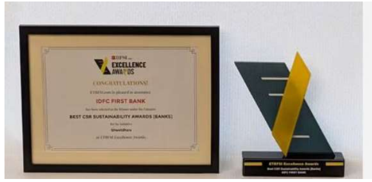
- Letter of commitment submitted and **confirmed as a participant for United Nations Global Compact (UNGC)**
- **One of the three official supporters of Task Force on Climate-Related Financial Disclosures (TCFD)** in the Indian Banking sector
- One of the first financial institutions in India to be **signatory to the Equator Principles**
- 7+ ESG-related policies formulated

ESG ratings

DJSI	Refinitiv	CRISIL
44 (2022) 19 (2021)	62 (B) (2022) 50 (B-) (2021)	66 (B) (2022)

ESG Awards

Best Bank Leading the Way in ESG
3rd Annual ESG Summit & Awards, 2023



Best CSR Sustainability Award – Economic Times BFSI Excellence Awards
Feb 2023

Navabharat BFSI Award
Best Sustainable Bank Strategy
Oct 2022

Social Impact Bank of the Year
Sep 2022

Inclusive Finance India Awards
Breaking Ground in WASH Financing Award
Dec 2021

CFI Award
Best Sustainable Banking Strategy
2021

Water.org & Sa-Dhan Awards
Oct 2021

World Finance Organisation
Best Corporate Governance, India Jun 2022