

Framework for financing Green activities and Projects from acceptance of Green Deposits

As per the directions of RBI vide notification DOR.SFG.REC.10/30.01.021/2023-24 dated 11.04.2023 on Framework for financing Green activities and Projects from acceptance of Green Deposits, our Bank's Board vide Agenda No. BM/749/2023-24/03/ CAT-4/2.03 dated 30.06.2023 has approved the Framework for financing Green activities and Projects from acceptance of Green Deposits.

The Detailed guidelines on Framework for financing Green activities and Projects from acceptance of Green Deposits are as hereunder:

Purpose:

The special deposit scheme shall be utilized towards environment friendly projects, renewable energy projects, green building projects and projects in smart Agri, water or waste management projects, participate in Environment, Social and Governance (ESG) framework. To promote digital transactions, empower our depositors to opt for financial products that have a positive impact on the environment and the society at large.

Following is the criteria for allocation of green deposits:

- (i) the eligible green activities/projects that could be financed out of proceeds raised through the green deposits
- (ii) the process for project evaluation and selection by the Bank (i.e., climate-related or environmental objectives) including identifying the projects fit for lending/investing within the eligible categories, monitoring and validating the sustainability information provided by the borrower.
- (iii) the allocation of proceeds of green deposits and its reporting, third-party verification/assurance of the allocation of proceeds and the impact assessment as per the details given under 'Third party Verification/Assurance and Impact Assessment' and
- (iv) the particulars of the temporary allocation (which would only be in liquid instruments up to a maximum original tenure of one year, which shall be specified in the guidelines) of green deposit proceeds, pending their allocation to the eligible activities/projects.

Use of Green Deposits:

The allocation of proceeds raised from green deposits shall be based on the official Indian green taxonomy. Pending finalization of the taxonomy, as an interim measure, bank shall be required to allocate the proceeds raised through green deposits towards the following list of green activities/projects which encourage energy efficiency in resource utilisation, reduce carbon emissions and greenhouse gases, promote climate resilience and/or adaptation and value and improve natural ecosystems and biodiversity.

#	Sector	Description
1	Renewable Energy	<ul style="list-style-type: none">➤ Solar/wind/biomass/hydropower energy projects that integrate energy generation and storage.➤ Incentivizing adoption of renewable energy.

2	Energy Efficiency	<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. ➤ <i>Energy Efficiency Financing Cell (EEF-Cell) situated at Corporate Credit department, Central Office has signed an MOU with Bureau of Energy Efficiency (BEE) to promote financing in energy efficiency projects / activities.</i>
3	Clean Transportation	<ul style="list-style-type: none"> ➤ Projects promoting electrification of transportation. ➤ Adoption of clean fuels like electric vehicles including building charging infrastructure.
4	Climate Change Adaptation	<ul style="list-style-type: none"> ➤ Projects aimed at making infrastructure more resilient to impacts of climate change.
5	Sustainable Water and Waste Management	<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.
6	Pollution Prevention and Control	<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 (feedstock will primarily include sewage, manure, waste water, bagasse, biomass, wood pellets etc)
7	Green Buildings	<ul style="list-style-type: none"> ➤ Projects related to buildings that meet regional, national or internationally recognized standards or certifications for environmental performance.
8	Sustainable Management of Living Natural Resources and Land Use	<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.
9	Terrestrial and Aquatic Biodiversity Conservation	<ul style="list-style-type: none"> ➤ Projects relating to coastal and marine environments. ➤ Projects related to biodiversity preservation, including conservation of endangered species, habitats and ecosystems.

<p><u>Exclusions:</u></p> <ol style="list-style-type: none">1. 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.2. Nuclear power generation.3. Direct waste incineration.4. Alcohol, weapons, tobacco, gaming, or palm oil industries.5. Renewable energy projects generating energy from biomass using feedstock originating from protected areas.6. Landfill projects.7. Hydropower plants larger than 25 MW.

Third-Party Verification/Assurance and Impact Assessment:

The allocation of funds raised through green deposits by the bank during a financial year shall be subject to an independent Third-Party Verification/Assurance which shall be done on an annual basis.

Impact Assessment Report:

Bank, with the assistance of external firms, shall annually assess the impact associated with the funds lent for or invested in green finance activities/projects through an Impact Assessment Report.

Reporting and Disclosures:

Bank, shall make appropriate disclosures in their Annual Financial Statements on the portfolio-level information regarding the use of the green deposit funds.

Our MSME department, Central Office shall be the NODAL department in co-ordination with PDOD, Central Office.
