

POLICY ON GREEN DEPOSITS FOR FY 2024-25

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1. POLICY OVERVIEW

Reserve Bank of India vide its notification RBI/ 2023-24/ 14 DOR.SFG.REC.10/ 30.01.021/ 2023-2 dated 11.04.2023 introduced framework for acceptance of Green Deposits to foster and develop green finance ecosystem in the country. These green deposits are to be utilized for financing specified Green Activities only. To ration our contribution in this initiative and safeguard our environment, bank to introduce Green Deposits in line with RBI framework. This product will help bank to participate in global fight against climate change. It will also help depositors of bank to opt for environment assisting investment with parity of fund utilization in projects positively impacting Mother Nature. As per guidelines of Framework on acceptance of Green Deposits from RBI, the deposits can be either in cumulative or non-cumulative form. On maturity, the Green Deposits would be renewed or withdrawn at the option of the depositor. The Green Deposits shall be denominated in Indian Rupees only.

2. POLICY DETAILS

2.1 Background

Reserve Bank of India vide its notification RBI/ 2023-24/ 14 DOR.SFG.REC.10/ 30.01.021/ 2023-2 dated 11.04.2023 introduced framework for acceptance of Green Deposits. As per guidelines prescribed in RBI's 'Framework for Acceptance of Green Deposits':

- a) "Green Deposit" means an interest-bearing deposit, received by the Regulated Entity (RE) for a fixed period and the proceeds of which are earmarked for being allocated towards green finance.
- b) REs shall issue green deposits as cumulative/non-cumulative deposits.
- c) On maturity, the green deposits would be renewed or withdrawn at the option of the depositor.
- d) The green deposits shall be denominated in Indian Rupees only.
- e) The tenor, size, interest rate and other terms and conditions (as applicable to the RE) 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*.

The policy will provide the guidelines necessary for development and maintenance of Green Deposits products. Those products, in-turn would help Bank in achieving its environmental goals as well as to provide its customers the opportunity to opt for green products.

2.2 Definition of Green Deposits

“Green Deposit” shall mean an interest-bearing deposit, received by the Regulated Entity (RE) for a fixed period and the proceeds of which are earmarked for being allocated towards green finance.

All other deposits shall be classified as “Conventional Deposit”, unless specified otherwise

2.3 Objective/ Purpose

The objective of the Green Deposits Policy is to promote environment friendly initiatives by encouraging depositors to invest in green projects and activities that contribute to sustainable development. The policy aims to mobilize deposits and use the proceeds for funding projects and activities that promote environmental conservation, renewable energy, energy efficiency and other green initiatives.

2.4 Scope and Applicability

2.4.1 Denomination, Interest Rates and Tenor of Deposits

Bank will issue green deposits as cumulative/ non-cumulative deposits. On maturity, the Green Deposits would be renewed or withdrawn at the option of the depositor. The Green Deposits shall be denominated in Indian Rupees only. The tenor, size, interest rate and other terms and conditions will be governed as defined in the Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016 dated March 03, 2016.

2.4.2 Green Deposits Marketing and Sourcing

The branch network and other channels of the Bank will be leveraged for marketing and sourcing of the products with benefits. Suitable modification in delivery channels such as Lead Management system, bank’s websites, mobile app, etc., shall be carried out for listing and marketing of these products. Identifier blocks for “Green Deposits” category shall be included in Deposit Acceptance Forms.

2.4.3 Green Targets

Bank shall leverage opportunities related to Green Deposits by assigning business targets related to Green Liabilities.

2.5 Deposit Certificates

Issuance of deposit certificates for “Green Deposits” shall be carried out as per extant guidelines in- place for issuance of different variants of “conventional deposit”, depending

on the size of the deposit. Further, applicable guidelines for issuance of certificates shall also be reiterated in the respective scheme details for Green Deposits.

2.6 Policy Content

2.6.1 Allocation of Proceeds

Bank shall allocate the proceeds raised through green deposits towards the list of green activities/ projects which encourage energy efficiency in resource utilization, reduce carbon emissions and greenhouse gases, promote climate resilience and/or adaptation and value and improve natural ecosystems and biodiversity.

The list of green activities/projects and exception shall be in compliance of the list provided in RBI framework for acceptance of Green Deposits, which has been given in **Appendix-1**. However, temporary allocation (which would only be in liquid instruments up to a maximum original tenure of one year) shall be allowed from green deposits proceeds, pending their allocation to the eligible activities/ projects.

The Allocation of proceeds raised through green deposits, Process of evaluation and selection of green activities/ projects, Third Party verification/ Assurance of fund allocation and Impact Assessment shall be guided by Financing Framework of Bank for Green Activities/ Projects.

2.6.2 Stakeholder Engagement

Bank shall actively engage with its customers, employees, shareholders, regulators, and other stakeholders to raise awareness about its Green Deposits policy framework. Bank shall encourage its customers and employees to participate in green initiatives and adopt environmentally responsible practices.

2.7 Disclosure of the Policy

As per **RBI framework for acceptance of Green Deposits**, bank shall make appropriate disclosures in their Annual Financial Report on the portfolio-level information regarding the use of the Green Deposits funds as per the proforma prescribed in **Appendix-2** of this policy. The same to be guided by Financing Framework of Bank for Green Activities/ Projects. Further RBI has directed Regulated Entities to place a copy of Board approved Policy on 'Green Deposits' on the website of bank. In line with the same, the 'Policy on Green Deposits' has been placed on website of bank after approval from Board.

2.8 Validity and Review of the Policy

The policy shall remain valid for twelve months from the date of approval of the Board. The policy shall be subject to annual review.

2.9 Reporting and Compliance

As per **RBI framework for acceptance of Green Deposits** bank shall maintain transparent and comprehensive reporting on its green deposits mobilization, fund utilization, and impact assessment. Bank shall comply with all applicable regulatory and statutory requirements related to Green Deposits. Bank shall submit regular reports to RBI and other relevant authorities as per the prescribed timelines and formats. A review report shall be placed by the Bank before the Board of Directors within three months of the end of the financial year which shall, inter-alia, cover the following details:

- a) Amount raised under green deposits during the previous financial year.
- b) List of green activities/projects to which proceeds have been allocated, along with a brief description of the projects.
- c) The amounts allocated to the eligible green activities/projects.
- d) A copy of the Third-Party Verification/Assurance Report.
- e) The Impact Assessment Report.

Reporting flow and frequency shall be as below:

S. No.	Report	Frequency	Accepting Committee
1.			
	i. Green Deposits	Quarterly	Sustainability and Resilience Committee (SARC)
2.			
	i. Green Loans (Activity wise) a. Sourced from Green Deposits	Quarterly	SARC
	i. Green Investments a. Sourced from Green Deposits ii. Short term securities to meet shortfall in deployment of Green Deposits		
3.			
	i. Third-Party Verification/ Assurance Report by External Agency. ii. Impact Assessment Report	Annually	SARC RMC Board

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S. No.	Report	Frequency	Accepting Committee
	i. Relevant disclosures in Annual Report*		
	ii. Sustainability Report		

* RBI mandated disclosure with regard to Green Deposits as represented in **Appendix-2** will be also included.

Reporting and Compliance shall be guided by the approved Financing Framework of Bank for Green Activities/ Projects.

2.10 Relaxation/Deviations/Exclusions

NIL

Appendix-1

The list of green activities/projects and exception as per RBI framework for acceptance of Green Deposits:

Sector	Description
Renewable Energy	<ul style="list-style-type: none"> a) Solar/wind/biomass/hydropower energy projects that integrate energy generation and storage. b) Incentivizing adoption of renewable energy
Energy Efficiency	<ul style="list-style-type: none"> a) Design and construction of energy-efficient and energy-saving systems and installations in buildings and properties. b) Supporting lighting improvements (e.g. replacement with LEDs). c) Supporting construction of new low-carbon buildings as well as energy-efficiency retrofits to existing buildings. d) Projects to reduce electricity grid losses.
Clean Transportation	<ul style="list-style-type: none"> a) Projects promoting electrification of transportation. b) Adoption of clean fuels like electric vehicles including building charging infrastructure.
Climate Change Adaptation	<ul style="list-style-type: none"> a) Projects aimed at making infrastructure more resilient to impacts of climate change.
Sustainable Water and Waste Management	<ul style="list-style-type: none"> a) Promoting water efficient irrigation systems. b) Installation/upgradation of waste water infrastructure including transport, treatment and disposal systems. c) Water resources conservation. d) Flood defense systems.
Pollution Prevention and Control	<ul style="list-style-type: none"> a) 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.
Green Buildings	<ul style="list-style-type: none"> a) Projects related to buildings that meet regional, national or internationally recognized standards or certifications for environmental performance.
Sustainable Management of Living	<ul style="list-style-type: none"> a) Environmentally sustainable management of agriculture, animal husbandry, fishery and aquaculture. a) Sustainable forestry management including

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Natural Resources and Land Use	afforestation/reforestation. b) Support to certified organic farming. c) Research on living resources and biodiversity protection.
Terrestrial and Aquatic Biodiversity Conservation	a) Projects relating to coastal and marine environments. b) Projects related to biodiversity preservation, including conservation of endangered species, habitats and ecosystems.
Exclusions a) 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. b) Nuclear power generation. c) Direct waste incineration. d) Alcohol, weapons, tobacco, gaming, or palm oil industries. e) Renewable energy projects generating energy from biomass using feedstock originating from protected areas. f) Landfill projects. g) Hydropower plants larger than 25 MW.	

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Appendix-2

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

(Amount in ₹ crore)

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			
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			

* This shall contain the cumulative amount since the RE started offering green deposits. For example, if a bank has commenced raising green deposits from June 1, 2023, then the annual financial statement for the period ending March 31, 2025 would contain particulars of deposits raised and allocated from June 1, 2023 till March 31, 2025.

**Under each category, REs may provide sub-categories based on the funds allocated to each sub-sector. For example, REs may provide sub-categories like solar energy, wind energy, etc. under "Renewable Energy".