



हरित जमा & वित्तपोषण ढांचा नीति

Green Deposit & Financing Framework Policy



Bank of India Green Deposit & Financing Framework Policy

POLICY ON GREEN DEPOSITS - 2023

PREAMBLE:

In July 2022, the RBI issued a Discussion Paper on Climate Risk and Sustainable Finance. The discussion paper emphasized on the need to sensitize India's financial sector to the importance and benefits of green finance and develop related capacity building measures. Based on the feedback received from various stakeholders, RBI issued a press release dated 8 February 2023 on the 'Statement on Developmental and Regulatory Policies'. One of the guidelines proposed in the press release was on developing an overall green finance ecosystem including a broad framework for acceptance of green deposits. Subsequently, on 11 April 2023, RBI issued a Framework for Acceptance of Green Deposits. The framework is effective from 1 June 2023 (**RBI/2023-24/14 DOR.SFG.REC.10.30/30.01.021/2023-24 dated 11-04-2023**).

This policy document is framed in accordance with RBI directions. Green Deposits Policy outlines the guiding principles with respect to formulation of various green deposit products offered by the Bank and the terms and conditions governing the conduct of the Account. The Policy recognizes the rights of depositors and aims at dissemination of information with regard to various aspects of acceptance of green deposits from the members of the public, conduct and operations of various green deposit accounts, payment of interest on various green deposit accounts, closure of green deposit accounts method of disposal of green deposits of deceased depositors, etc., for the benefit of customers. It is expected that this document will impart greater transparency in dealing with the individual customers and create awareness of their rights.

While adopting this Policy, the Bank reiterates its commitment to individual customers outlined in the Bankers' Fair Practice Code of Indian Banks' Association. In accordance with regulatory prescriptions, a copy of Bank's Green Deposit Policy will be placed on Bank's website.

GREEN DEPOSIT FRAMEWORK

Denomination, interest rates and tenor of deposits

- A)** Green Deposits are specialized deposits for promoting Green initiatives by deploying funds in Green activities/projects covering , inter-alia , the following:
1. It will be based on Official Indian Green Taxonomy
 2. Pending finalization of Indian Green Taxonomy, the funds will be deployed as per Bank's Lending Framework for Green Deposits.
- B)** Green Deposit Accounts can be opened by Individuals/Partnership Firms/Private & Public Limited Companies/HUFs/Specified Associates/Societies/Trusts, Departments of Authority created by Government (Central or State), Limited Liability Partnership etc.
- C)** The Green deposits will be regulated by **Bank's deposit policy** for Interest, Tenor and other operational guidelines. The Green deposits will be raised by Bank in the form of Fixed Deposit – Non Cumulative , Double Benefit Deposit – Cumulative
- D)** The Green Deposit shall be accepted in callable category with the prevailing features of premature penalty (MIC & QIC is not permitted in the scheme)
- E)** The proceeds of green deposits shall be utilized / deployed 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. Detailed list will be as per Board Approved Financial Framework (FF) for effective allocation of Green Deposits.
- F)** Depositor willing to deposit under Green Deposit will submit an undertaking to the Bank that, proceeds shall be utilized for the specified purpose and Bank is permitted to verify the end use of fund and its impact on the environment & its sustainability.
- G)** This Green Deposit Scheme will be interest-bearing deposit, received by the Bank for a fixed period and the proceeds of which are earmarked for being allocated towards green finance. **This deposit shall be accepted in Indian Rupees only.**
- H)** There will be cap on minimum & maximum deposit amount which can be accepted by the Bank under the Green Deposit.
- I)** Premature withdrawal shall be allowed only upon written request from the depositor and the prevailing provisions of the penalty on premature withdrawal

shall apply. In case of partial withdrawal of the deposit before the contracted term, the remaining portion of the deposit shall not be treated as Green Deposit but shall be converted to Normal / Regular fixed deposit and will be governed by the prevailing provisions of the acceptance of Domestic, NRO & NRE Rupee Term Deposits by the Bank.

- J)** The extant guidelines do not permit Banks to offer differential rate of interest on green deposits.
- K)** Upon maturity, the maturity proceeds will be transferred to the operative/ linked account. The Depositor can exercise an option for auto renewal. On exercising this option Customer would be deemed to have given consent for Bank to re-invest the amount in Green projects.
- L)** Customer can open the Green Deposit Account – On-line / digital mode upon registering them with BOI Net Banking / BOI Mobile App.
- M)** The Bank may choose to specify amount, tenor and period for acceptance and deployment of Green Deposits for its future requirements considering the Asset/ Liability composition under the Green Deposit. The Bank will have the right to exercise the option of restricting the quantum of acceptance/ deployment of Green Deposits as and when it deemed fit.

GREEN DEPOSIT ----FINANCING FRAMEWORK

Lending would be as per Bank's approved Credit Policy and would inter-alia cover the objectives, scope as per RBI's Framework for acceptance of Green Deposits.

USE OF PROCEEDS

The allocation of deposits accepted under Green Deposit Policy would be:

- It will be based on Official Indian Green Taxonomy (pending finalization of the Green Taxonomy , it will be as per list of green activities /projects which encourage energy efficiency in resource utilization, reduce carbon emissions and greenhouse gases, promote climate resilience and/or adaptation , value and improve natural ecosystems and biodiversity).
- It would be deployed (Green Assets) under Sector as described under :
 - **Renewable energy**
 - Solar/wind/biomass/hydropower energy projects that integrate energy generation and storage
 - Incentivizing adoption of renewable energy.
 - **Energy efficiency**
 - Design and construction of energy-efficient and energy-saving systems and installations in buildings and properties
 - Supporting lighting improvements (For example, 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.
 - **Clean transportation**
 - Projects promoting electrification of transportation
 - Adoption of clean fuels like electric vehicles including building charging infrastructure
 - **Climate change adaptation**
 - Projects aimed at making infrastructure more resilient to impacts of climate change
 - **Sustainable water and waste management**
 - Promoting water efficient irrigation systems
 - Installation/up gradation of wastewater infrastructure including transport, treatment and disposal systems
 - Water resources conservation
 - Flood defense systems.
 - **Pollution prevention and control**
 - 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, Wastewater, Bagasse, Biomass, Wood pellets etc.)

- **Green buildings**
 - Projects related to buildings that meet regional, national or internationally recognized standards or certifications for environmental performance
- **Sustainable management of living natural resources and land use**
 - 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.
- **Terrestrial and aquatic biodiversity conservation**
 - Projects relating to coastal and marine environments
 - Projects related to biodiversity preservation, including conservation of endangered species, habitats and ecosystems.
- **Exclusions**
 - 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.

The Bank may deploy the green deposits raised either in Green assets portfolio or may invest in corporations, projects that support the transition to a clean, energy efficient and environment friendly within the requirements of the Financial Framework.

The unallocated proceeds (if any) may be invested by our **HO Derivatives/Treasury** in the liquid instruments in Level 1 High Quality Liquid Assets as per the extant guidelines. The Bank can temporarily park proceeds of green deposits, pending allocation towards green activities/projects, in liquid instruments with maximum maturity up to one year.

The selection, appraisal and financing Green projects would be as per Bank's board approved **CREDIT POLICY**.

The codes as per RBI BSR for flagging /identifying Green Deposits, Assets and Investments for generating BI reports/MIS would be done by HO IT and Data warehouse.

The **Asset Department** (Corporate Credit) at HO in co-ordination with other functional HO Asset Departments (Retail ,BU-Rural, SME) would ensure that the funds raised through green deposits are allocated to the eligible green activities/ projects as described above or as may be declared under green taxonomy in future.

THIRD PARTY VERIFICATION /ASSURANCE AND IMPACT ASSESSMENT

- The proceeds raised through the issue of green deposits are to be utilized in accordance with the eligible green activities/projects, as specified and details such as the relevant policies and internal controls with respect to project evaluation and selection, management of proceeds, validation of the sustainability information provided by the borrower along with appropriate reporting and disclosures.

- Bank of India with assistance of external Firm will conduct an annual Impact Assessment of the funds lent for or invested. The impact assessment exercise would be voluntary for F.Y. 2023-24. However, this would be mandatory from F.Y. 2024-25 onwards.

- **Inspection & Audit Department** at HO would call for Audit and submit the Reports to the Board of Directors as stipulated by Regulators.

- An **Environment Social Governance committee** formed by HO Risk Management Department to co-ordinate implementation of the Policy in Bank and will be nodal agency for Green Deposit and Financing Framework policy related matters.

REPORTING AND DISCLOSURES

A review report shall be placed before Board of Directors within 3 Months of the end of the financial year which shall inter-alia cover the following details:

- i. Amount raised under green deposits during the previous financial year
- ii. List of green activities/projects to which proceeds have been allocated, along with a brief description of the projects
- iii. Amounts allocated to the eligible green activities/projects
- iv. A copy of the Third-Party Verification/Assurance Report And The Impact Assessment Report
- v. The policy would be reviewed once in a year or earlier if warranted as per regulatory requirement.

Appropriate disclosures will be provided in the annual financial statements with regard to the portfolio-level information of the use of green deposit funds.