



Green Deposits policy

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3	Validity of the Policy	Till next revision
4	Periodicity of review	On annual basis
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Green Deposit Policy

1. Purpose/Rationale

To Encourage the Company to offer green deposits to customers, protect interest of the depositors, aid customers to achieve their sustainability agenda, address greenwashing concerns and help augment the flow of credit to green activities/projects.

2. Definition

In this Policy, unless the context states otherwise, the terms herein shall bear the meaning assigned to them below:

(a) "green activities/projects" means the activities/projects meeting the requirements prescribed in paragraph 7 of this Policy

(b) "green deposit" means an interest-bearing deposit, received by the Company for a fixed period and the proceeds of which are earmarked for being allocated towards green finance;

(c) "green finance" means lending to and/or investing in the activities/projects meeting the requirements prescribed in paragraph 7 of this Policy that contributes to climate risk mitigation, climate adaptation and resilience, and other climate-related or environmental objectives - including biodiversity management and nature-based solutions;

(d) "greenwashing" means the practice of marketing products/services as green, when in fact they do not meet requirements to be defined as green activities/projects.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under The National Housing Bank Act, 1987 or Master Direction Non-Banking Financial Company Housing Finance Company (Reserve Bank) Directions, 2021 or any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

3. Denomination, Interest rates and tenor of deposits

The Company shall 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 On maturity, the green deposits would be renewed or withdrawn at the option of the depositor.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 (as applicable to the HFCs) as defined in the Master Direction - Non- Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021, or any other guidelines issued and/or made applicable by Regulator / Supervisor from time to time, shall also be applicable to green deposits *mutatis mutandis*.

4. Policy

As directed, the Company shall put in place a comprehensive Board-approved policy on green deposits on the following broad line:

The Company shall not accept green deposit:

- 4.1 Which is repayable on demand or on notice; or
- 4.2 unless such deposit is repayable after a period of twelve months or more but not later than sixty months from the date of acceptance or renewal of such deposits.
- 4.3 All other terms and conditions as applicable to our existing guidelines on acceptance of deposits will apply *mutatis mutandis*.

A copy of the above policy on 'Green Deposits' shall be made available on the website of the Company.

5. Financial Framework

The Company shall put in place a guideline for effective allocation of green deposits on the following lines:

- (i) the eligible green activities/projects that could be financed out of proceeds raised through the green deposits (as permitted below in paragraph 7 under "Use of Proceeds");
- (ii) the process for project evaluation and selection by the Company (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 below in the paragraphs 8 and 9 under 'Third party Verification/Assurance and Impact Assessment'); and
- (iv) the particulars of the temporary allocation of the green deposits raised would be in liquid instruments, preferably in short term deposits with Nationalized banks, up to a maximum original tenure of one year, pending their allocation to the eligible activities/projects.

A copy of the 'Financing Framework' specifying the above aspects shall be made available on the website of the Company. The Company shall also arrange to carry out an external review of their Financing Framework and the opinion from the external reviewer shall be made available on its website before implementation of the Financing Framework.

6. Use of Proceeds

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, the Company 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 utilization, reduce carbon emissions and greenhouse gases, promote climate resilience and/or adaptation and value and improve natural ecosystems and biodiversity.

Sector	Description
Renewable Energy	• Solar energy projects that integrate energy generation and storage to individual housing loan borrowers. • 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 (e.g. replacement with LEDs). • Supporting construction of new low-carbon buildings as well as energy-efficiency retrofits to existing buildings.
Sustainable Water and Waste Management	• Water resources conservation. • Biogas generation through waste management.
Green Buildings	• Projects related to buildings that meet regional, national or internationally recognized standards or certifications for environmental performance.
Exclusions • Renewable energy projects generating energy from biomass using feedstock originating from protected areas.	

The Company shall ensure that the funds raised through green deposits are allocated to the eligible green activities/projects.

7. Third-Party Verification/Assurance and Impact Assessment

The allocation of funds raised through green deposits by the Company during a financial year shall be subject to an independent Third-Party Verification/Assurance which shall be done on an annual basis. The third-party assessment would not absolve the Company of its responsibility regarding the end-use of funds, for which the laid down procedures of internal checks and balances would have to be followed as in the case of other loans. The related terms and conditions to be additionally fulfilled by the borrowers to meet the requirements of the framework laid out in paragraphs 5 to 7 above would be the additional check points while ascertaining the end-use of funds.

1. The Third-Party Verification/Assurance Report shall, at the minimum, cover the following aspects:
 - (i) Use of the proceeds to be in accordance with the eligible green activities/projects indicated in paragraph 7 above. The Company shall monitor the end-use of funds allocated against the deposits raised.
 - (ii) Policies and Internal Controls including, inter-alia, project evaluation and selection, management of proceeds, and validation of the sustainability information provided by the borrower to the Company and Reporting and Disclosures.
2. The Company, 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. An illustrative list of impact indicators is given in **Annexure 1**.

In case the Company are unable to quantify the impact of their lending/investment, they shall disclose, at the minimum, the reasons, the difficulties encountered, and the time- bound future plans to address the same. Considering the fact that impact assessment is an evolving area, it shall be undertaken on a voluntary basis for the financial year 2023-24. The Company shall have to mandatorily make an impact assessment from the financial year 2024-25 onwards. The Company shall place the report of the Third-Party Verification/Assurance and Impact Assessment Report on their website.

8. Reporting and Disclosures

A review report shall be placed by the Company before its 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 and the Impact Assessment Report.

The Company shall make appropriate disclosures in their Annual Financial Statements on the portfolio-level information regarding the use of the green deposit funds as per the proforma prescribed in **Annexure 2**.

Illustrative list of impact indicators

Eligible Project Category	Impact Indicators - Examples
Renewable Energy	Total renewable capacity (in MWh)
	Energy generated per year (MWh)
	GHG emissions avoided per year (measured in tonnes CO2 equivalent, tCO2e)
Energy Efficiency	Energy savings per year (MWh)
	GHG emissions avoided per year (tCO2e)

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 Company started offering green deposits. For example, if the Company 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, the Company may provide sub-categories based on the funds allocated to each subsector. For example, the Company may provide sub-categories like solar energy, wind energy, etc. under "Renewable Energy".
