ENVIRONMENTAL AND SOCIAL (E&S) RISK POLICY

RBL Bank Ltd.

Version 9.0.11

Approved by Executive Risk committee (ERC) + MD and CEO:
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Version History

Version No.	Date of Approval	Particulars
1	June 2013	Sustainability Policy
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3.0	April 2018	SUSTAINABILITY POLICY
4.0	April 2019	Environmental and Social Risk Policy
5.0	April 2020	Environmental and Social Risk Policy
6.0	April 2021	Environmental and Social Risk Policy
7.0	May 2022	ENVIRONMENTAL AND SOCIAL (E&S) RISK POLICY
7.1	January 2023	ENVIRONMENTAL AND SOCIAL (E&S) RISK POLICY
7.2	June 2023	ENVIRONMENTAL AND SOCIAL (E&S) RISK POLICY
8	November 2024	ENVIRONMENTAL AND SOCIAL (E&S) RISK POLICY
8.0.11	November 2024	ENVIRONMENTAL AND SOCIAL (E&S) RISK POLICY
9.0.11	October 2025	ENVIRONMENTAL AND SOCIAL (E&S) RISK POLICY

Please Note:s

- This policy is for internal circulation only.
- Changes advised/ issued by RBI / SEBI / other regulators through Notifications will be incorporated from time to time
- This Policy is also applicable to IFSC operating out of GIFT City, Gandhinagar
- This Policy must be mandatorily read and familiarized by all officers in Relationship Teams, Branch Managers, Credit Department, Credit Administration Department, Inspection and Audit Department, and other officers, as applicable.
- Where the special needs of an area, or local laws or regulations require procedures that conflict with mandatory instructions contained in this Policy, appropriate clarifications must be sought from Chief Risk Officer, Compliance and Legal Department.
- All amendments (new policies & revision/updates) to this Policy will be the responsibility of and recommended by the Chief Risk Officer & approved by the ERC & Board, unless stipulated otherwise in this document.
- The distribution of this Policy shall be controlled and authorized by the 'Head-Risk Policies'.
- **If any contradiction is found between this policy and RBI guidelines / any other regulator, related to the same topic then regulators guidelines would prevail. In case the Bank decides to follow a stricter norm internally compared to the instructions provided in the respective guideline / circular regarding any topic mentioned in the policy then the stricter internal norms shall prevail.**
- **Review Frequency and Authority:**
    - Board Renewal – Once in 3 years
    - Annual Review - Executive Risk committee (ERC) + MD and CEO approval
    - Amendments: Executive Risk committee (ERC) + MD and CEO approval.

Contents

1.0 INTRODUCTION

1.1 Background

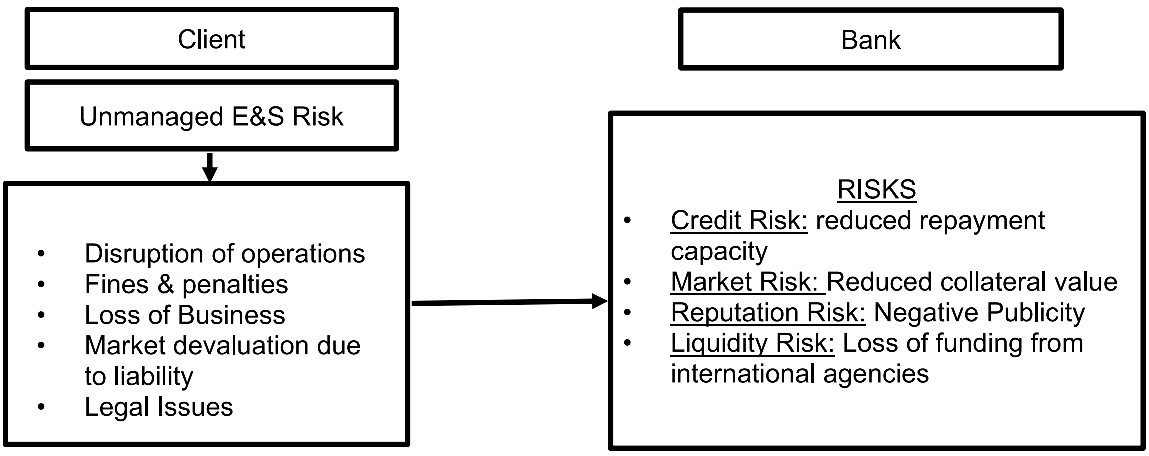
This Policy articulates the Bank's strategic commitment towards Environmental and Social (E&S) risk management and makes this an integral part of its Risk Management practices. Managing E&S Risk is an integral part of Bank's sustainable development initiative and credit risk assessment process. This policy is aligned with environmental and social risk management framework adopted by multilateral banks across the globe, which are internationally accepted as gold standard in E&S risk management.

1.2 Objectives of this Policy

- Setting strategic E&S objectives, such as offering new products that address E&S sustainability
- Incorporating E&S Risk considerations into all financing activities
- Excluding financing clients whose business activities do not meet the Bank's principles
- Communicating E&S expectations to all staff, clients and other external stakeholders
- Committing to improving the overall E&S performance of its portfolio through enhanced risk management.
- Committing to continually building capacity of Bank's staff to identify E&S risks.

1.3 Rationale for this Policy

The adoption of this policy is not only a "morally" good decision; it also enables the Bank to mitigate risk. A crystallized E&S risk could easily be translated into Credit Risk, Market Risk, -Operational Risk, Reputation Risk and Liquidity Risk for the Bank. The Bank's transaction with a client can represent a financial, legal and/or reputational risk to the Bank. Because E&S issues are inherent in business, almost all clients would be exposed to some degree of E&S Risk. However, in most cases, clients may have control over the E&S issues associated with their business operations and can take necessary steps to mitigate these risks.



Some potential E&S risks may not seem significant or relevant at the time of approval, such as spills or explosions. These may seem unlikely to occur, but when they do, the E&S impact is potentially extremely high. By implementing an E&S Management System (ESMS), the Bank can enhance its understanding of E&S risks associated with each transaction, which can be included in the credit appraisal (decision-making) process.

2.0 BANK’S ESG COMMITTEE

2.1 ESG Committee

The Bank has an Environmental, Social and Governance (ESG) Committee comprising of senior executives to oversee implementation of this Policy. The ESG Committee implements and oversees the progress of the Environment and Social Management Systems (ESMS) across the Bank, approve changes in procedure, provide guidance, and resolve conflict (if any). The committee also ensures the progress of programs on Financial Literacy, Financial Inclusion, development of financial products & services that promote sustainable practices overall and promote gender diversity & social inclusion. The Committee also approve the Board notes and progress reports prepared by the E&S Risk Team (in coordination and support from Bank’s CSR team, Diversity Inclusion team, Financial Inclusion team etc.).

The ESG Committee shall comprise a Chairman, (a Management Committee member), and at least four other senior members. The composition, quorum, periodicity and other details of the Committee are to be referred from the latest available internal ‘Terms of Reference’ document for executive committees of the Bank.

In addition to the members, the Chairman / Alternate Chairman could invite subject matter experts from reputed external organizations like IFC and other investors to draw up on their experience as well as from within the Bank.

2.2 Engagement with External Stakeholders

The Bank engages with external stakeholders like investors, regulators, various industry associations, and trade bodies, on regular basis, in order to voice their concern and provide feedback on regulatory policies. The Bank officials will ensure that such engagements follow the below principles:

- Engage in a responsible manner
- Ensure fairness while voicing opinions
- Promote greater public good

3.0 UNDERSTANDING E&S RISK

A brief description of various E&S issues is given below.

3.1 Environmental Risk

Environmental issues may present themselves as temporary or permanent changes to the atmosphere, water, and land due to human activities, which can result in impacts that may be either reversible or irreversible. The following are the types of risks that may arise due to client's business operation. The intensity and degree of risks will vary as per the type of industry, scale and location, manufacturing processes adopted, etc.

- Air emissions and ambient air quality
- Energy use and conservation
- Climate change: This includes both physical risks (extreme weather events, rising sea levels) and transition risks (the shift to a low-carbon economy).
- Wastewater and water quality
- Water use and conservation
- Hazardous materials use
- Wastes
- Land contamination
- Biodiversity and natural resources

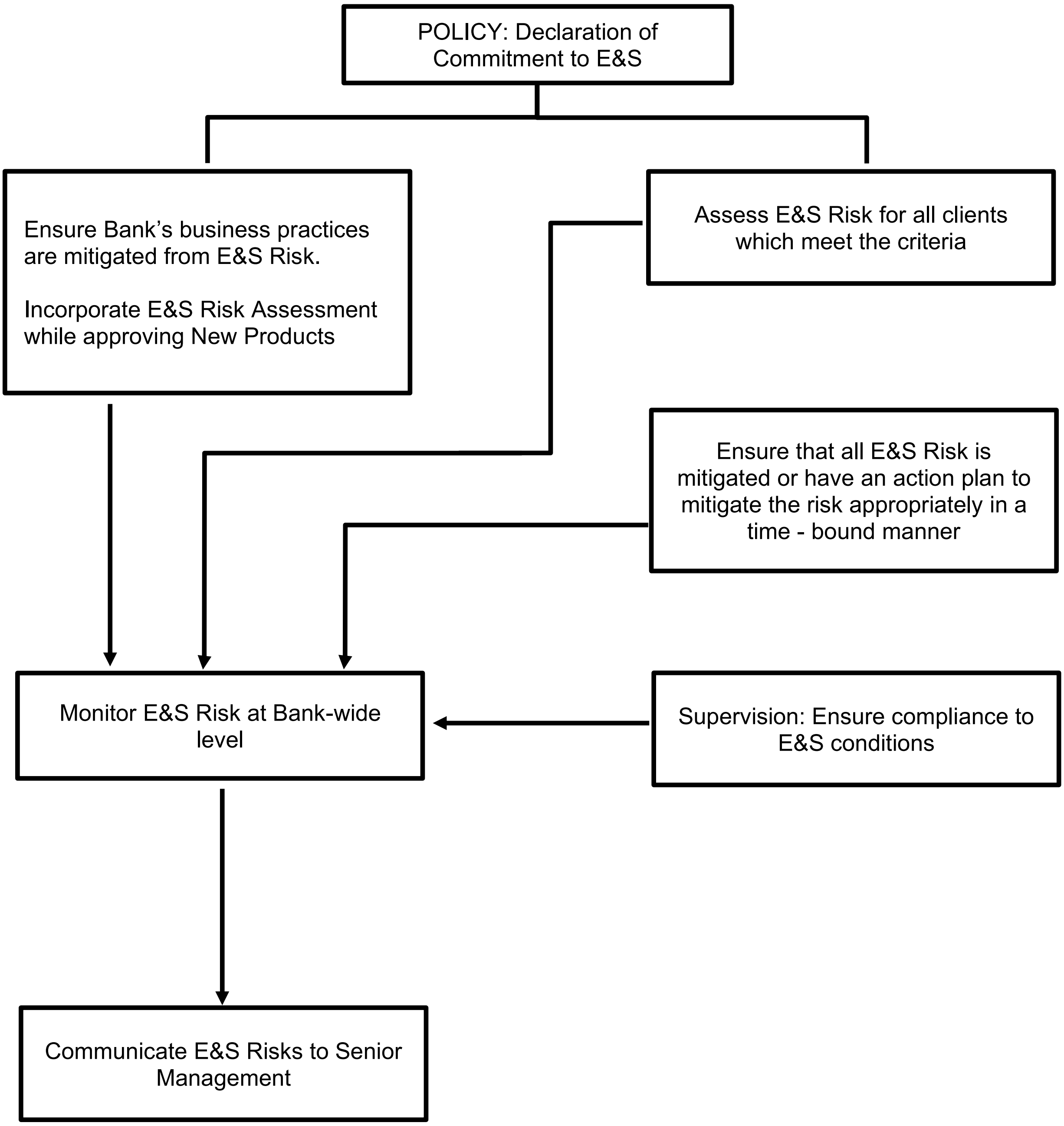
3.2 Social Risk

Social issues may emerge in the workplace and may also impact surrounding communities. Performance in the areas listed below can represent social risks to the client's operation:

- Labour and working conditions
- Occupational health and safety
- Community health, safety, and security
- Diversity, Equity, Inclusion (DEI) and Gender based violence and harassment (GBVH)
- Land acquisition and involuntary resettlement
- Indigenous peoples
- Cultural heritage

4.0 E&S MANAGEMENT SYSTEM (ESMS)

An ESMS is necessary for the successful implementation of this Policy and ensuring that a proper E&S Risk assessment is carried out for all clients. The Bank's ESMS framework is described below.



5.0 GOVERNANCE FRAMEWORK

For successful implementation of this policy, role of various stakeholders is defined below. Further, relevant training would be provided to all relevant stakeholders.

5.1 The ESG Committee

The ESG Committee of senior executives of the Bank oversees the implementation of ESMS across the Bank, tracks progress and reports to the Bank's Board. Please refer to Section 2 of this policy.

5.2 Senior Management

Senior Management involvement is crucial to the successful implementation of this Policy as they establish the Bank's E&S requirements and oversee deployment.

In cases of unresolved E&S issues or non-compliance associated with a transaction that cannot be resolved by the Relationship Managers and Risk department, Senior Management determines the appropriate course of action to follow, to reduce the Bank's potential exposure to E&S risk, which may include taking legal action against the client, if necessary.

5.3 E&S Risk Team

The E&S risk Team is headed by an ESMS Officer of the rank Vice President or above.

The E&S risk team is responsible for developing the Bank's E&S Risk Policy in consultation with Senior Management. The team evaluates the E&S risks at the portfolio level and provides assistance to Relationship Managers and Credit Risk Managers in (a) evaluating transaction level E&S risks and (b) client's E&S performance.

It will also prepare and report back performance of the ESMS system to the ESG Subcommittee and subsequently to the Board.

The E&S risk team is also responsible for developing and updating the procedures and documents that are part of the Bank's ESMS system.

5.4 Relationship Managers (RM)

RMs are responsible for following the procedures of the E&S Risk Policy at the transaction level. They discuss and negotiate possible E&S mitigation measures with the client.

5.5 Credit Officers

Credit officers are responsible for evaluating the E&S risks at the level of individual transactions and make a recommendation to the Credit Approval Authority/ Investment Committee, on whether to proceed with a transaction.

5.6 Credit Approval Authority

The credit approval authorities are responsible for deciding if E&S risks are acceptable to the Bank's overall exposure to risk before proceeding with a transaction.

5.7 Legal Department

The Legal department ensures that the Bank's E&S requirements are incorporated in legal documentation for each transaction. The Legal Department may advise if a client's noncompliance with E&S clauses constitutes a breach of contract and is considered an Event of Default under the terms of the legal agreement that requires follow-up by Senior Management.

5.8 E&S risk assessment training & capacity development

The E&S risk team with the support of the HR Learning and Development team carry out capacity development of wholesale business RMs/ credit risk teams w.r.t. existing and emerging E&S risks and mitigants.

E&S risk capacity development takes place through (a) F2F/ Microsoft Teams training and (b) through e-learning module.

The E&S risk team has developed a comprehensive E-learning module called 'E&S Risk Assessment". This module is mandatory for wholesale business and credit risk teams and is included in learning roadmap for respective teams.

Support for training is provided by E&S risk team and Bank's Learning and Organizational Development (L&OD) team.

Any deliberate non-compliance like non-completion of E&S risk e-learning module will result in interventions by Management Disciplinary Action Committee (MDAC).

6.0 EXCLUSION LIST

As a part of this policy, the Bank has listed down activities/ businesses that are not permitted to be financed. This list is derived from IFC's list of excluded activities, with certain modifications. This shall be revised automatically when IFC revises its exclusion list.

Table 1: RBL Bank's Exclusion List

No.	List of Excluded Activities (Applies to all clients)
1)	Production or trade in any product or activity deemed illegal under Indian laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
2)	Production or trade in weapons and munitions (unless for defense contracts with Government of India)
3)	Production or trade[1] in alcoholic beverages (excluding beer and wine)
4)	Production or trade[1] in tobacco
5)	Gambling, casinos and equivalent enterprises
6)	Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded
7)	Production or trade in un-bonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
8)	Drift net fishing in the marine environment using nets in excess of 2.5 km. in length
9)	Production or activities involving harmful or exploitative forms of forced labor (Forced labor means all work or service, not voluntarily performed that is extracted from an individual under threat of force or penalty)/harmful child labor
10)	Commercial logging operations for use in primary tropical moist forest
11)	Production or trade[1] in wood or other forestry products other than from sustainably managed forests
12)	Pornography and/or Prostitution
13)	Racist and/or anti-democratic media

No.	Additional List of Excluded Activities (Applicable ONLY to Microfinance clients)
1)	Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.

[1] There is a waiver from this exclusion list for retail loans up to ₹ 10 crore for individual borrowers' annual revenue up to ₹ 100 crore in trading of tobacco products and wooden furniture, packaging materials (with plywood boxes, cardboard boxes, wooden pallets, crates etc.) and corrugated boxes (including shops that source wood from local markets with legal /tax invoice/ bills) and restaurants with bar. The total exposure to excluded activities will be monitored and is capped till 2% of the Bank's total loan book.

2)	Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

6.1 Clarifications

For clients with multiple lines of business, where one or more lines of business fall within the exclusion list, the financing activity is permitted in following cases:

- If the excluded activities form less than 20% of the company’s overall revenue, or
- If funding can be clearly established towards an activity which is not on the excluded list.

In the case of supplies to Armed forces, non-arms related products are not to be considered. Such products include food poultry and other non-armament related supplies.

Any clarifications if required must be cleared with the Bank’s E&S risk team.

7.0 E&S RISK ASSESSMENT PROCEDURE

The assessment of E&S Risk is an integral part of the Bank's credit sanctioning process. It is the joint responsibility of Business, Credit and Risk teams, to ensure successful implementation.

The Policy provides an overview of the E&S risk management process. The E&S risk team has prepared the following 'E&S Risk Assessment Procedure' for providing guidance to all concerned teams while conducting E&S due diligence.

7.1 Screening

As part of its commitment to E&S causes, the Bank does not finance activities as per Exclusion List (Refer section 6 above).

7.2 Applicability

Assessment of E&S Risk is mandatory where overall credit exposure is greater than (>) ₹ 40 crore and at least one facility having tenor more than 12 months" to all transactions other than those falling under Central Pollution Control Board's (CPCB) Red list for which the current threshold of credit exposure greater than (>) ₹ 8 crore and at least one facility having tenor more than 12 months" will continue to apply to ensure no High & Substantial risk transactions are missed out.

Central Pollution Control Board's (CPCB) Red list is given in the Annexure I.

However, E&S due diligence is not necessary for:

a) NBFC/ MFI clients
b) Transactions involving only non-SLR instruments
c) Retail loans
d) Transactions involving only invoice discounting / lease rent discounting
e) Transactions with 100% cash/ FD backed facilities

However, E&S risk assessment is applicable for 100% Standby Letter of Credit (SBLC) or 100% Mutual Fund (MF) backed facilities.

In addition for specific transactions not falling in these thresholds of exposure and tenor, specifically from potentially high safety, fire and pollution prone sectors, members of MCC and other reviewers can recommend case for other assessment.

7.3 E&S Risk Categorization

Risk categorization provides an initial assessment of the environmental and social risk associated with the transaction. It may be noted that several factors influence the categorization of a project, including scale, location, sensitivity and magnitude of impacts.

The risk categorization also helps in determining the E&S risk assessment process.

With effect from April 2019, E&S risk will be categorized into four categories (i) High, (ii) Substantial, (iii) Moderate, and (iv) Low risk as per the new Environmental and Social Standard (ESS) published by World Bank in October 2018.

Definition of these four risk categories is presented below in Table 2.

Table 2: Definition of Different E&S Risk Categories

High Risk	Substantial Risk	Moderate Risk	Low Risk
Client's E&S risk profile could be characterized by: • long term environmental and social impacts negatively affecting local environment and community • May extend beyond the boundaries of plant even with control measures • E&S impacts are diverse, irreversible and/or unprecedented in nature • Residual, unmitigated or unforeseen E&S risks are present	Client's E&S risk profile could be characterized by: • Environmental and social (E&S) impacts are medium to short term • E&S impacts are limited to the plant boundary with control measures • May or may affect local community • Readily addressed through mitigation measures. • Residual, unmitigated or unforeseen E&S risks may or may not be present	Client's E&S risk profile could be characterized by: • Environmental and social (E&S) impacts are short term • E&S impacts are limited to the plant boundary with control measures • Does not affect local community • Readily and completely addressed through mitigation measures. • Residual or unforeseen E&S risks not present	Client's E&S risk profile could be characterized by: • Minimal or no environmental and social (E&S) risks. • No manufacturing / construction activities involved
Examples#: Mining, Thermal power plants, Cement, Pulp and Paper	Example: Pharmaceuticals, Chemical industries, Large EPC contractors, Foundry	Example: Small EPC Contractors, Agro based industries, Plastic moulding	Example: Trading, service sector industry

Note: # - the industry classification shown here is illustrative only. E&S risks associated with individual transaction may be different considering site-specific risks, compliance history and client's Internal Risk Controls (IRC) (a combination of policy, procedures, management willingness and availability of capable manpower) to manage associated E&S risks. Please consult the E&S risk team for more clarification on transaction-specific risks.

7.4 Risk Assessment/ Due-Diligence

The purpose of the risk assessment/ due diligence is to review any potential E&S risks associated with the business activities of a client, which could present a potential risk to the Bank.

E&S due diligence involves the identification, quantification and evaluation of E&S risks. The scope and extent of due diligence exercise would be based on the risk category as well as quantum of exposure.

The first step towards E&S due diligence requires a desktop review. This is based on reviewing publicly available information, raising pertinent queries and discussions with the client.

The E&S team would endeavor that E&S queries are raised within a period of 15 working days from receipt of necessary information, for at least 95% of the transactions eligible for E&S risk assessment.

The E&S Risk team shall circulate the necessary formats and templates to assist RMs and Credit Officers to conduct the E&S assessment/ due diligence.

7.5 Site visit

For 'High' and 'Substantial' risk, site visit can be done by the Business / Credit / Risk in addition to the desk-top review. However, credit risk team (RCH/NCH) may mandate the business and/or E&S risk team to conduct site visit irrespective of E&S risk category.

7.6 Corrective Action Plan (CAP)

The E&S due diligence process also helps to identify necessary mitigation measures to reduce/ mitigate the E&S risks. In case unmitigated E&S Risk issues are observed, a formal corrective action plan (CAP) should be proposed. Such corrective action plans (CAPs) must be mutually agreed with the client, and should have clearly defined timeframe for implementation, and monitoring mechanisms. However, for minor issues, which can be easily addressed and resolved in a short time, there is no need to incorporate into the action plan but should nonetheless be documented in the assessment.

7.7 E&S risk assessment approval

For all High, Substantial, and Moderate E&S risk rated transactions only E&S risk team could approve the E&S risk. For all 'Low' E&S risk transactions the RCH could approve of the associated E&S risks.

7.8 Documentation

The Bank need to dovetail E&S requirements into documentation with clients requiring compliance with the Bank's E&S requirements. This helps the Bank to minimize exposure to E&S risks associated with a Client's operations throughout the lifetime of a transaction and gives the Bank legal recourse in case of non-compliance.
The Legal Department is involved in developing and inserting the necessary clauses on E&S matters into legal agreements.

7.9 Monitoring & review

Once a transaction has been approved, the compliance to the CAP is verified. Also, it is important to conduct fresh E&S review along with annual reviews, as E&S issues and compliance status may have undergone a change since the last review. While the responsibility of day-to-day monitoring of CAPs will rest with the RMs, the Credit Administration Department (CAD) monitors the overall achievement of the CAPs.

7.10 Validity of E&S risk assessment

Under normal circumstances existing E&S risk assessment may need to be revisited and redone as production process, key raw materials consumption, pollution load, labour and working conditions etc. may change over time. These need to be factored in the fresh E&S assessment.

Existing E&S risk assessment for all 'High' risk transactions will need to be redone every 3 years from the date of closure of earlier E&S risk assessment; whereas for 'Substantial' and 'Moderate' ('Medium' E&S risk rated transactions prior to April 2019) risk transactions E&S assessment will be redone every 4 years. E&S risk assessment for 'Low' risk transactions will need to be redone in 5 years.

Notwithstanding above, in case of any major material change(s) in terms of (a) new location(s), (b) new product(s), (c) modified manufacturing process, (d) significant changes in workforce

(+30 - 40%) and/or (e) any environmental, safety or social incident - E&S risk team may mandate fresh E&S risk assessment to be conducted.

7.11 Early Warning Signal (EWS)

Any early warning signal triggered due to environmental, safety or social incident needs to be communicated by EWS Risk team to E&S Risk team along with business and credit teams. The RM needs to inform E&S Risk team about the RCA (Root Cause Analysis) and CAP (Corrective Action Plan) for such incident. E&S Risk team will further keep the ESG Committee informed about such incidents. In case where no response is received from the client/RM, the same will be escalated to MCC for its review and action.

7.12 MIS & reporting

The following reports are filed with E&S Risk team for aggregation and monitoring E&S Risk at portfolio level, to enable the Bank to have a better understanding of its overall exposure to E&S risk through its portfolio.

- E&S Assessment reports (desktop reviews and/or Site visit)
- Corrective Action Plan
- Compliance reports for Corrective Action Plan
- Other relevant documents

Periodic portfolio updates are provided to ESG Committee, Senior Management, and the Board.

8.0 DEVIATION MANAGEMENT

The success of E&S risk assessment program relies on if (a) timely completion of E&S risk assessment, (b) identifying, documenting, and addressing foreseeable E&S risks, (c) developing adequate CAPs for mitigating E&S risks identified, (d) red flagging residual, unmitigable or unforeseen risks to higher authorities; and (e) complying with CAPs in timely manner.

The Bank has identified five possible deviations associated with E&S risk assessment, viz. (a) E&S risk assessment deferral, (b) transactions where E&S risk assessment is applicable but not conducted, (c) delay in closure of E&S risk queries, (d) E&S CAPs issued not agreed by the client, and (e) Client's non-compliance with existing E&S CAPs. These deviations, if unaddressed, could materially or potentially jeopardize the E&S risk management system.

8.1 Deferral management

Prima facie, all deferral requests will be discouraged. Deferrals for conducting E&S risk assessment and /or site visit are exceptions and accorded only during a business exigency. The assessment should be encouraged to be conducted before the disbursement. All E&S risk assessment deferrals will be approved by Head- Wholesale Banking Risk post written recommendation by E&S Risk team.

In the absence of Head - Wholesale Banking Risk, Chief Risk Officer or if both are absent, E&S risk team member- Head/VP or above could approve the deferral subject to post-facto ratification of deferral. Henceforth, E&S risk assessment / site visit deferral requests included in CAM will be considered as invalid.

In case the E&S risk assessment process is not completed within the approved timelines / or any extension of deferral tenor is required, the escalation matrix provided in Table 3 will be followed. The max tenor associated with 1st, 2nd and 3rd deferral request is also presented in Table 3 below.

Deferral Request	Deferral Requester	Approved by	Max deferral tenor		
			NTB	**Renewal**	**Hunting line#**
1st	Relationship Manager (RM) and supported by RCH	Head- Wholesale Banking Risk	90 days from date of deferral	30 days from date of deferral	90 days post disbursement#
2nd	Zonal Business Head (ZBH) and supported by National Credit Head (NCH)	Head- Wholesale Banking Risk	45 days	15 days	45 days
3rd	Business Head (BH) & supported by Chief Credit Officer (CCrO)	Head- Wholesale Banking Risk	45 days	45 days	45 days

Note: # - for hunting line transactions prior support from ZBH will be required.

No further deferral beyond third deferral will be provided without explicit support from Management Credit Committee (MCC).

8.2 E&S risk assessment applicable but not conducted

E&S Risk assessment applicability criteria is presented in Sec. 7.2 Applicability. However, it is possible, that, in certain eligible transactions E&S risk assessment may be missed out.

When such a transaction is flagged by E&S risk team / CAD team / Audit team, the concerned business team will obtain a lump-sum deferral of 90 days from Head – Wholesale Banking Risk for completion of E&S assessment after receiving support from Business Head (BH).
In case the E&S is not completed within the stipulated 90 days' timeline such cases shall be escalated to:

- ZBH and NCH – for resolution.
- BH and CCrO - for noting and guidance.

8.3 Delay in closing E&S queries

In NTB transactions, wherein E&S risk assessment has been initiated, but E&S queries are open/ partially closed for more than 90 days (post issue) shall be escalated to:

- ZBH and NCH - for resolution.
- BH andCCrO - for noting and guidance.

8.4 Client not agreeable to E&S CAPs

In NTB cases, where CAPs have been stipulated by E&S risk team, however the client is not agreeable to such CAPs, following courses shall be adopted for resolution:

- In case the E&S CAPs stipulated are related to obtaining / submitting statutory approvals or licenses and the client is not agreeing, such cases shall be escalated to ZBH and NCH for resolution.
- In rest of the cases, client's response (i.e., reasons for disapproval of CAPs) to be presented to MCC for their examination along with compensating mitigants and MCC's decision to be captured in writing.

8.5 E&S CAPs not complied with by client

Transactions, where E&S CAPs have been included in sanction letter and accepted by the client but not being complied with – the concerned business team will be advised to approach MCC and seek an MCC waiver for removal of concerned E&S condition duly incorporating rationale behind such request along with compensating mitigants to the potential E&S risks.

Where such non-compliance/breach of E&S conditions raises the potential risks/ liability to the Bank, the sanctioning authority may take necessary action to enforce the right to recall the loan, if necessary, in consultation with legal department.

Annexure I

List of CPCB Red list industries (latest available at the time of publishing this policy version)

Sr. No.	Industries Categorised as Red under CPCB Notification No. CP-18/1/2023-IPC-VI-HO-CPCB-HO dated 12.02.2025
1	Manufacturing of Automobiles (integrated facilities)
2	Asbestos and asbestos based industries
3	AAC bricks/blocks manufacturing using coal as fuel (12 TPD and above)
4	Wastewater generation ≥ 100 KLD
5	Lead-acid Battery manufacturing (excluding assembling and charging of lead acid Battery in microscale)
6	Carbon black manufacturing
7	Industrial carbon including electrodes & graphite blocks and calcined pet coke
8	Basic inorganic chemicals and electro chemicals and its derivatives including manufacturing of acid
9	Phosphorous and its compounds, including phosphorous rock processing
10	Chlorates, per-chlorates & peroxides
11	Chlorine, fluorine, bromine, iodine, and their compounds
12	Coke oven plant, coal liquefaction, coal tar distillation and fuel gasmaking
13	With co-processing with CPP (Captive Power Plant)
14	With co-processing without CPP
15	Without co-processing with CPP
16	Without co-processing without CPP
17	Stand-alone grinding units with CPP
18	Chlor alkali
19	Chlor alkali using washed salt
20	Chlor alkali using cleaner/gaseous fuel
21	Ceramics/ Glass /Earthen potteries and tile manufacturing using coal/oil fired kilns (fuel consumption: 12 TPD and above)
22	Dyes, Dye Intermediates and Pigments produced by chemical synthesis
23	Natural Dye and Pigments requiring acidic/ alkaline/ solvent extraction
24	Synthetic detergents and soaps (wastewater generation ≥ 100 KLD)
25	Distillery (Molasses based)
26	Distillery (Grain based)
27	Distillery (Grain based) with Distiller's Dried Grains with Soluble (DDGS) as byproduct
28	Standalone yeast manufacturing units
29	Breweries and malteries industry (with fermentation)- Wastewater generation ≥ 100 KLD
30	Manufacturing of Explosives, detonators, fuses, etc.
31	Synthetic fibres-PSF & PFY, generated from petrochemical
32	Synthetic fibres including rayon, tyre cord, viscose filament yarn/staple fibre, acrylic fibres
33	Synthetic fibres including rayon, tyre cord, viscose filament yarn/staple fibre, acrylic fibres using cleaner/gaseous fuel
34	Fertilizers (Urea)

35	Fertilizers (Calcium Ammonium Nitrate/Ammonium Nitrate)
36	Fertilizers (NPK)
37	Fertilizers (Straight Phosphatic Fertilizers)
38	Manufacturing of glue and gelatin using coal/liquid fuel
39	CBG plants based on Municipal Solid Waste (MSW) as feed
40	CBG plants based on process waste (industrial/ process liquid effluent & solid waste like press mud, organic sludge, molasses, etc.) as feed
41	Integrated unit for production of Ammonia through Hydrogen generated by pyrolysis/gasification
42	Integrated unit for production of ammonia through Hydrogen generated by electrolysis using renewable energy (capacity ≥ 15 TPD)
43	Hydrogen production through pyrolysis/gasification
44	Hazardous waste preprocessing/processing facility including spent acid processing, spent solvent recovery, etc.
45	Milk processes and dairy products (integrated project)
46	Dairy and dairy products (Small scale units), using coal/biomass as fuel (Wastewater generation ≥ 100 KLD)
47	Open-cast coal mining
48	Underground coal mining
49	Mining of major minerals and ore beneficiation
50	Integrated iron and steel plants
51	Stand-alone sintering/palletisation
52	Sponge iron with CPP (Captive Power Plant)
53	Sponge iron without CPP
54	Stand-alone coke oven gas plants
55	Aluminium Refinery
56	Aluminium Smelter
57	Copper Smelter
58	Zinc smelter
59	All Ferrous and Non-ferrous metal secondary processing/reprocessing units involving different furnaces through melting, refining, casting, alloy-making (using coal/liquid fuels)
60	Industry or process involving metal surface treatment or process such as pickling/ electroplating/paint stripping/ heat treatment using cyanide bath/ phosphating or finishing and anodizing / enamellings/ galvanizing
61	Rolling and pickling
62	Wire drawing and wire netting (with pickling)
63	Organic chemicals including halogenated hydrocarbons (using solid/liquid fuel)
64	Organic chemicals including halogenated hydrocarbons (using cleaner fuel)
65	Oil and gas extraction (offshore & onshore extraction through drilling wells), Coal Bed Methane (CBM) drilling and shale gas, including group gathering stations (GGS), etc
66	Power plants based on coal
67	Power plants based on liquid fuels
68	Biomass-based power plants

69	Nuclear energy-based power plants (> 220 MW)
70	Manufacturing of bleached chemical pulp, papers, and paperboards
71	Unbleached or Totally Chlorine Free (TCF) bleaching for manufacturing of chemical pulp, papers, and paperboards
72	Bleached grades of chemical pulp, paper, and paperboard having Totally Chlorine Free (TCF) bleaching
73	Pulp & Paper (With bleaching)
74	Pulp & Paper (Without bleaching, capacity ≥15 TPD
75	Manufacturing of solvent based paints/varnish
76	Manufacturing of waterbased paints
77	Manufacturing of powder coatings
78	Pesticide technical (organic chemicals based)
79	Pesticide technical (inorganic chemicals based like Zinc Phosphide and Aluminium Phosphide)
80	Pesticide formulation industries (Liquid formulation only) having boiler/thermopack
81	Pesticide formulation industries (having both liquid and dry formulation or dry formulation only) without having boiler / thermopack
82	Pesticide formulation industries (having both liquid and dry formulation or dry formulation only) having boiler / thermopack
83	Petroleum oil refineries
84	Petrochemicals (Naphtha cracker.)
85	Petrochemicals (Gas cracker)
86	Petrochemicals (without cracker)
87	Petrochemicals (without cracker and using cleaner/gaseous fuel)
88	Pharmaceuticals manufacturing
89	Pharmaceuticals manufacturing using cleaner/gaseous fuel
90	Refractories based on coal/liquid fuel (fuel consumption: 12 TPD and above)
91	Synthetic resins manufacturing
92	Hydro & pyro metallurgy
93	Hydro & pyro metallurgy (using cleaner/gaseous fuels & without crushing of materials)
94	Pyro metallurgy (using coal/liquid fuels)
95	Industry engaged in recycling of e-waste generated from the electrical and electronic Equipment (EEE) listed in the E-Waste (Management) Rules 2022 using pyro/ hydro/ electrometallurgical processing and recycling of plastic separated from Waste EEE
96	Lead Recycling (Lead Acid Batteries with Acids; Lead Scrap Recycling) Rotary Furnace/ Pit Furnace (Mandir/Canopy Bhatti)
97	Lead Recycling (Drained Lead Acid Batteries; Lead Scrap Recycling) Rotary Furnace/Mandir Bhatti on Cleaner Fuel
98	Sugar (excluding khandsari/jaggery)
99	Slaughterhouse / Slaughterhouse (with rendering plant)/ integrated slaughtering unit, meat processing units, bone mill, processing of animal horns, hoofs and other body parts
100	Semiconductor fabs manufacturing

101	Display fabs manufacturing
102	Sensor fabs manufacturing/ Compound semiconductors/ silicon photonics
103	Tanneries (Raw to finish)
104	Tanneries (Raw to wet blue)
105	Tanneries (Wet blue to finish)
106	Yarn / Textile processing involving any effluent/emission generating processes including bleaching, dyeing, printing, and colouring, including the garment and apparel manufacturing industry
107	Integrated facility for reprocessing of waste textile fabric (including washing, bleaching, dyeing etc.)
108	CETP having MEE/spray drier
109	CETP (without having MEE/spray drier), Common MEE/common spray driers
110	Common Sewage-Effluent Treatment Plant (CSETP)
111	Effluent conveyance projects
112	Integrated facility (Secured landfill and incinerator)
113	Only secured landfill
114	Only incinerator
115	CBWTF
116	CBWTF using cleaner/gaseous fuel
117	HCFs with captive incinerator, irrespective of number of beds
118	more than 1000 bedded HCFs
119	501 to 1,000 bedded HCFs
120	Hotels (above 3 star) or having 100 & above rooms
121	Railway locomotive work shop/ Integrated road transport workshop/ Authorized service centers (wastewater generation ≥ 10 KLD)
122	Ports and harbours, jetties and dredging operations
123	Dairy Farm (having more than 500 animals)
124	Hydel power plants (Capacity > 50 MW)
125	Mining lease area more than 5 hectares or Mining lease area up to 5 hectares which is part of cluster mining

Details can be found on the following link,
https://cpcb.nic.in/openpdffile.php?id=TGF0ZXN0RmlsZS9fMTczNzYxMzk2OV9tZWRpYXBob3RvMTEzODMucGRm