



Environment and Social Management System (ESMS)

'Financing Mitigation & Adaptation Projects (FMAP) in Indian MSMEs'



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Executive Summary

India is experiencing the impacts of climate change, including water stress, heat waves and drought, severe storms, and flooding, and associated negative consequences on health and livelihoods. Since the middle of the twentieth century, India has witnessed a rise in average temperature; a decrease in monsoon precipitation; a rise in extreme temperature and rainfall events, droughts, and sea levels; and an increase in the intensity of severe cyclones, alongside other changes in the monsoon system. There is compelling scientific evidence that human activities have influenced these changes in regional climate.

As per India’s First Nationally Determined Contribution Under Paris Agreement presented to UNFCCC, the country aims:

- To put forward and further propagate a healthy and sustainable way of living based on traditions and values of conservation and moderation, including through a mass movement for ‘LIFE’– ‘Lifestyle for Environment’ as a key to combating climate change.
- To adopt a climate friendly and a cleaner path than the one followed hitherto by others at corresponding level of economic development.
- To reduce Emissions Intensity of its GDP by 45 percent by 2030, from 2005 level.
- To achieve about 50 percent cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030, with the help of transfer of technology and low-cost international finance including from Green Climate Fund (GCF).
- To create an additional carbon sink of 2.5 to 3 billion tonnes of CO₂ equivalent through additional forest and tree cover by 2030.
- To better adapt to climate change by enhancing investments in development programmes in sectors vulnerable to climate change, particularly agriculture, water resources, Himalayan region, coastal regions, health, and disaster management.
- To mobilize domestic and new & additional funds from developed countries to implement the above mitigation and adaptation actions in view of the resource required and the resource gap.
- To build capacities, create domestic framework and international architecture for quick diffusion of cutting-edge climate technology in India and for joint collaborative R&D for such future technologies.

The Government of India has articulated and put across the concerns of developing countries at the 26th session of the Conference of the Parties (COP26) to the United Nations Framework Convention on Climate Change (UNFCCC). Further, India presented the following five nectar elements (Panchamrit) of India’s climate action:

- i. Reach 500GW Non-fossil energy capacity by 2030.
- ii. 50 per cent of its energy requirements from renewable energy by 2030.
- iii. Reduction of total projected carbon emissions by one billion tonnes from now to 2030.
- iv. Reduction of the carbon intensity of the economy by 45 per cent by 2030, over 2005 levels.
- v. Achieving the target of net zero emissions by 2070.

India’s commitment includes Intended Nationally Determined Contribution to reduce the emissions intensity of its GDP by 45 per cent by 2030 from 2005 level and to achieve about 50 per cent cumulative electric power installed capacity from non-fossil fuel based energy resources

by 2030, with the help of transfer of technology and low cost international finance, including from Green Climate Fund.

Given that MSMEs are a critical part of the economy, they have a major role to play in meeting the targets. Thus, boosting MSMEs’ energy efficiency and achieving decarbonization is a significant competitive advantage for the sector, making it more resilient to external shocks.

International climate finance sources will need to be mobilized to meet the additional financial needs of adopting cleaner and energy-efficient technologies. As a developing country, India will need the support of developed nations to provide financial resources to assist developing country Parties in implementing the objectives of the UNFCCC.

In this context, it is evident that the adoption of energy efficiency measures can considerably improve the socio-economic impact of the identified high energy intensive sectors, as well as reduce environmental impact and achieve government commitments. SIDBI has solicited financial support from the Green Climate Fund (GCF) to execute this program. This fund will then be utilized as concessional loans for financing to MSMEs via direct lending and indirect lending in identified sectors through mitigations and adaptation sub-projects.

In line with green resolve of the country, SIDBI has been working on greening the ecosystem through financial and non financial engagements. MSMEs being second largest employer need to proactively join this green mission. In long run, climate change, bio diversity loss and other environmental issues shall impact their margins and business growth.

SIDBI has experience of implementing energy efficiency projects, since 2005 and took various line of credits from multilaterals and bilaterals, FMAP has been conceptualised based on the experience gained by implementing these projects. Keeping in view the constraints of the sector and gauging the opportunities of sustainability reporting for MSMEs, SIDBI has partnered with Dun & Bradstreet (D&B) to build SIDBI - D&B Sustainability Perception Index (SPeX). The index aims to gauge the perception and preparedness of MSMEs (largely cluster centric where MSMEs reside) towards sustainability. Intent is to present it as a quantitative measurement for associations, policymakers and enablers to nudge businesses towards adopting an ESG framework in their business strategy.

SIDBI’s SPeX (October-December 2023 version) conducted survey of 250+ MSMEs across India during through a digital questionnaire containing questions aimed to elicit their perception, understanding and implementation of sustainability practices/measures. Key finding of the last report was that MSMEs are willing to implement sustainability measures but still lack motivation and expertise to do so. FMAP will address the key challenges through focused motivational and technical expertise support.

For carrying out the environmental and social assessment of the program, surveys conducted with different stakeholders under SpeX, workshops conducted in clusters, Stakeholder consultation i.e. “Strengthening Green Financing and Mainstreaming Gender” organised under the banner ‘Green Indian Financial System (GIFS)’ – Greening of Finance by Women (Grow) Initiatives, review of ESMF of similar ongoing interventions, PRSF etc. were made. The literature review focused on current policies, legislation, procedures, and practices of the Government of India, GCF, and the World Bank and other international organizations’ operational policies on environmental and social safeguards.

The Environmental and Social Management System (ESMS) is prepared referring to policies, act, rules of the government of India and Green Climate Fund (GCF) of Project/Program Financing. Given the development stage of the project, the exact location, size, and extent of the sub-projects are unknown at this level and shall be assessed during implementation stage. Thus, the ESMS has been developed to provide guidance for screening and assessing environmental and social issues at sub-project level.

The existing national policies and legislations, international frameworks on environment, social and energy efficiency issues along with the ESMP of Accredited Entity (SIDBI) and GCF's environmental and Social Safeguard Policies were reviewed for this document. Especially, the ESMS has been aligned with IFC's Performance Standards. The potential adverse environmental and/or social risks and impacts related to the Programme activities are individually or cumulatively generally site-specific, largely reversible, and readily addressed through adequate policy implementation and workplace standards. MSMEs would thus be classified as a Category 'B' under the GCF Risk Categories. However, the program will be categorized as Medium level of intermediation, or I2 according to GCF guidelines as financial intermediation will be involved in the investment process. **As per IFC's PS, the project will be aligned with PS1-5; PS 5-8 will not be applicable for this particular project activities as it does not include any, adverse impacts to indigenous people, direct impact on biodiversity and cultural heritage.**

The Participating Financial Institutions & SIDBI will ensure that End Borrower shall follow the related government rules (laws, norms, acts, etc.) and GCF Operational Policies and Guidelines. Participation of different relevant stakeholders will be ensured during the implementation of the project. Besides, special attention will be given to ensure the participation of different vulnerable groups and gender inclusion through adaptation funds.

The ESMS mainly highlights the potential impacts of the project activities on environmental issues (energy consumption, air, water, waste management etc.,) and social issues (labor and working conditions, equal opportunity despite of gender, race and religion, occupational health and safety, community health, safety and security, sexual harassment and conflict) applicable to the project. Moreover, the ESMS also have a due diligence process a program-level Grievance Redress Mechanism (GRM) and program-level Stakeholder Engagement Plan (SEP).

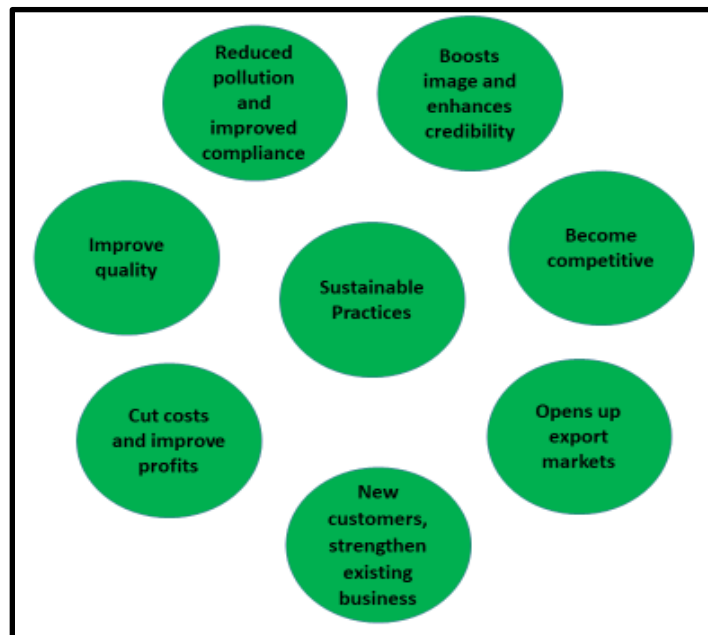
In order to effectively monitor the compliance with the stipulations given under ESMS (including monitoring compliance), a robust institutional arrangement is also present. Each of the sub-projects will include a monitoring and evaluation plan to ensure proper implementation of the activities. A project Management unit (PMU) will be responsible for monitoring and evaluation of the ESMS at sub-project level. The Financial Intermediaries will collect screening reports, periodic monitoring reports, stakeholder engagement reports and monitor the end borrower ES performance and submit the reports to the AE. After review by AE the final reports will be submitted to GCF and AE's website. For ease of the local stakeholders the ESMS reports will be translated into Hindi and English versions will be uploaded to the SIDBI and GCF' website.

1. Introduction:

Micro, small, and medium enterprises are the engines of economic growth, and they are a means in achieving equitable development. In India, there are 63 million Micro, Small and Medium Enterprises (MSME) which employ 111 million people¹. Contributing around 30% to the India's total GDP, MSMEs are the backbone of India's economy. The share of the MSME manufacturing in All India manufacturing gross value output during the year 2021-22 was 36.2%². The share of export of specified MSME related products to All India exports during 2022-23 was 43.6%³. The impact of SMEs to the economy of the nation in terms of its contribution to GDP, export, and employment are significant.

However, these units are facing various challenges including higher production costs due to inefficient technology, processes, and practices. The sector consumes about 25% of the total energy consumed by the industrial sector in India⁴. The GHG emissions is expected to be proportional to energy consumption. Trend analysis in the sector from 2012-13 to 2019-20 indicates that 6.8% year on year growth has been observed in energy consumption (Thermal and Electrical).

At the unit level increasing prices of energy has made energy cost a significant component of production cost (up to 30%). This provides an opportunity for MSMEs to modernize production processes resulting in an efficient production system and a host of other benefits. Reducing energy consumption or opting for a clean energy supply reduces cost and increases profitability besides enhancing the image of the company. The potential benefits of adopting sustainable practices driven by energy efficiency are given in the figure below:



¹ <https://www.ibef.org/blogs/msme-sector-imperative-to-lift-indian-economy>

² <https://pib.gov.in/PressReleaseframePage.aspx?PRID=1946375>

³ <https://pib.gov.in/PressReleaseframePage.aspx?PRID=1946375#:~:text=As%20per%20the%20information%20received,45.0%25%20and%2043.6%25%20respectively.>

⁴ Enabling Emission Reductions in the MSME Sector in India, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Besides mitigation measures focusing on energy efficiency and renewable energy, adaptation measures will also be targeted especially in extreme weather events like floods, cyclones and water & wastewater recycling necessitated by the worsening quality of groundwater and water shortages. With only 30% of wastewater treated before discharge and only a small amount reused, India has an immense opportunity to capitalize on projects that treat wastewater for recycling and reuse. Widespread water recycling and reuse offers a reliable, long-term water supply source for helping meet both potable and non-potable demand. By reusing water, India can significantly increase the utility gained out of all available water and help bridge the supply-demand gap⁵.

Despite the multiple benefits of pursuing sustainable practices MSMEs prefer to invest in measures that augment production. Due to intense competition and eroding profits energy efficiency is now getting due attention as a tool for cost reduction. Access to finance, limited technical knowledge, lack of skilled manpower etc. are also cited as barriers. Studies have shown that environmental and energy best practices could not take off in Indian MSMEs primarily due to lack of access to business-friendly, timely and adequate finance at competitive rates from financial institutions (FIs)⁶. These MSMEs are also vulnerable to the adverse impacts of climate change resulting in supply chain disruptions, inadequate financial resources to buffer disruptions or react to new urgent challenges and limited technical knowledge thus affecting business continuity.

The proposed program aims to address these key barriers by supporting MSMEs in the identified sectors with financial and market resources to avail investment opportunities for energy-saving technology upgrades. In order to facilitate the implementation of the program, SIDBI has requested financial support from the Green Climate Fund (GCF). SIDBI with the support of concessional loans from GCF will provide loans to MSMEs through direct and indirect financing, to adopt energy-efficient technologies, renewables etc., & appliances.

Based on the past experience, the indicative sectors have been identified at this stage, exact location, size, and extent of the sub-projects are unknown at this level, and the details of the sub-projects will be finalized during the program implementation phase. Thus, the Environmental and Social Management System (ESMS) has been developed to provide guidance for screening and assessing environmental and social issues at sub-project level. The ESMS further highlights relevant policies, guidelines, codes of practice, and procedures to be taken into consideration for the integration of environmental and social aspects into the project design. Adhering to the principles and procedures and using the checklist of potential environmental and social issues laid out in this ESMS will help the Participating Financial Institutions/ End-borrowers/ Units to ensure compliance with the GCF safeguard policies and the relevant provisions under the related Government policies, and associated rules, regulations, and procedures.

This ESMS will also serve as the guideline for preparing Terms of Reference (TOR) of any environmental and/or social safeguard consultant/expert/ activities to be employed to support oversight and monitoring of compliance with requisite environmental and social norms. Therefore, the ESMS shall be used as the template and guideline to ensure the diligent environmental compliance of the planning and implementation of the activities envisaged under the GCF projects

⁵ http://social.niti.gov.in/uploads/sample/water_index_report2.pdf

⁶ World Bank ‘Financing Energy Efficiency at MSMEs’ (FEEM)

2. SIDBI Background – Mandate and Portfolio

SIDBI, established on April 2, 1990, by an Act of the Indian Parliament, serves as the primary financial institution for the promotion, financing, and development of the micro, small, and medium-sized enterprise (MSME) sector as well as for the coordination of activities of institutions working in related fields. A Parliamentary Act from 1990 authorized the establishment of SIDBI. The triple goal of promoting, financing, and developing the MSME sector as well as coordinating the operations of the numerous Institutions involved in related activities is to be carried out by SIDBI in its capacity as the Principal Financial Institution.

MSMEs are defined by the Government of India under the Micro Small and Medium Enterprises Development Act 1985. An enterprise shall be classified as a Micro, Small or Medium enterprise based on the following criteria:

Enterprise Category	Criteria based on investment in plant & machinery / Equipment & turnover
Micro	Investment up to INR 1 crore (~USD 125,000) and turnover up to INR 5 crore (~USD 625,000)
Small	Investment up to INR 10 crore (~USD 1.25 million) and turnover up to INR 50 crore (~USD 6.25 million)
Medium	Investment up to INR 50 crore (~USD 6.25 million) and turnover up to INR 250 crore (~USD 31.25 million)

The mission of SIDBI is to facilitate and strengthen credit flow to MSMEs and address both financial and developmental gaps in the MSME eco-system. The vision is to emerge as a single window for meeting the financial and developmental needs of the MSME sector to make it strong, vibrant, and globally competitive, to position SIDBI as the preferred and customer - friendly institution, for enhancement of shareholder wealth and meeting highest corporate values through modern technology platform. It executes its mandate through:

1. Indirect Lending- based on multiplier effect/ larger reach in financing the MSME sector and is undertaken through Banks, SFBs, NBFCs, MFIs and New Age Fintechs.
2. Direct Lending- aims to fill the existing credit gaps in the MSME sector and is undertaken through demonstrative and innovative lending products, which can be further scaled up by credit delivery ecosystem.
3. Fund of Funds- boosts entrepreneurship culture by supporting emerging startups through the Fund of Funds channel.
4. Promotion and Development- promoting entrepreneurship and handholding budding entrepreneurs for holistic development of MSME sector through credit-plus initiative.
5. Facilitator- playing a facilitator through roles like Nodal Agency for the MSME oriented Schemes of the Government.

ESMS – ‘Financing Mitigation & Adaptation Projects (FMAP) in Indian MSMEs’

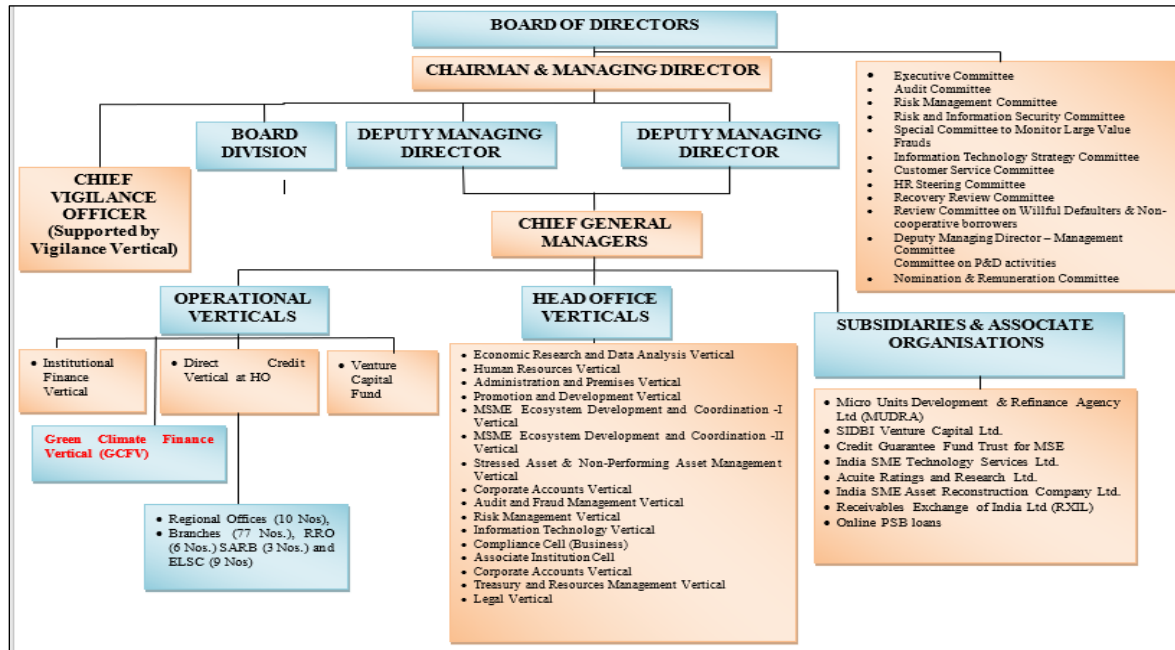


Figure 1: SIDBI's organizational chart

As a responsible financier, SIDBI has adopted various institutional mechanisms to ensure its compliance with the relevant environmental and social laws/norms. Under this, SIDBI has:

- Adopted an Environmental and Social Management Policy (ESMP) which ensures that it's initiatives are aimed at reducing environmental and social risks.
- Adopted the Sexual Harassment of Women (Prevention, Prohibition & Redressal) at Workplace as per the Sexual Harassment of Women (Prevention, Prohibition & Redressal) at Workplace Act, 2013
- Adopted a Customer Grievance Redressal Policy to ensure prompt and efficient service to its customers.

The above are placed in **Annexure 1 and Attachment 2 & 3** respectively at the end of this document.

3. Screening and Categorization:

This section outlines the assessment of the key risks for each sub-project that is expected to be financed under FMAP. All sub-projects under this Programme are envisaged to fall under Category B or lower of GCF.

All projects financed under this programme will follow the mechanism for screening, due-diligence, associated environmental and social risks etc., as detailed out in section 9 of ESMS.

The two initial steps for screening of sub-projects are as under:

Step No	Screening Type	Level	Responsible Person
1	Initial Screening based on exclusionary list and ESDD check list to screen out category A/I1 projects.	At Branch Level	Processing Officer
2	Screening of projects based on ESG rating tool	At PMU/BO Level	ESS Expert

Step 1: Initial Screening based on exclusionary list and ESDD check list to screen out category A/I1 projects.

The environmental and social risk categories of activities supported by GCF are defined as follows:

Category A	Activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented;
Category B	Activities with potential limited adverse environmental and/or social risks and impacts that, individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and
Category C	Activities with minimal or no adverse environmental and/or social risks and/or impacts.

• *High level of intermediation, or I1, when an intermediary's existing or proposed portfolio includes, or is expected to include, financial exposure to category A activities;*

• *Medium level of intermediation, or I2, when an intermediary's existing or proposed portfolio includes, or is expected to include, financial exposure to category B activities; and*

• *Low level of intermediation, I3, when an intermediary's existing or proposed portfolio includes financial exposure to category C activities.*

The first level of screening which will be based on Exclusion list (attached as Annexure 2) and ESDD checklist given in Annexure 4 will ensure that none of the proposals fall under the Cat. A/ I-1 activities of GCF. The initial screening pertaining to exclusion of Cat. A/I1 will contain the following:

1. Project outlay (if more than USD 60 million per project)

2. Whether the potential impact (environmental and/or social risks) are diverse, irreversible, or unprecedented
3. Whether the impact of the project be addressed through adequate policy implementation and workplace standards and suitable norms?

The potential adverse environmental and/or social risks and impacts related to the Programme activities are individually or cumulatively generally site-specific, largely reversible, and readily addressed through adequate policy implementation and workplace standards.

Further, such sub-projects will not trigger any of the following;

- large geographic scale
- large-scale infrastructure
- located in valuable ecosystems and critical habitats
- entailing adverse impacts to the rights, resources and lands of indigenous peoples;

Based on the above assessment, if the project is found to be in the exclusion list including assessment of category Cat. A/ I-1 of GCF, then the project will be screened out and will not be considered for financing and shall be rejected.

Step 2: Screening of projects based on ESG rating tool

The second level of screening will be done by means of the ESG rating tool (attached as Annexure 7). The ESG Rating Tool of SIDBI is a comprehensive framework designed to measure and assess Environment, Social and Governance risks associated with Micro, Small, and Medium Enterprises (MSMEs) and will generate a rating for each sub-project. Its primary goal is to facilitate screening every MSME proposal in the lens of non-financial (ESG) parameters before making financing decisions.

4. Brief Overview of the Programme

4.1 Programme Development Strategy

The programme is envisaged to build up on learnings from previous experiences by providing finance to MSMEs for implementation of various realizable mitigation and adaptation projects along with technical support on end-to-end basis. The concessional lending sought is to create demand and support the development of low carbon technology market in India, which is still not prevalent in MSME sector.

Further, as a part of developing this proposal, several stakeholder consultations were conducted with MSMEs, financiers, thinktanks, government, corporates across different industries and value chains. **A summary of these interactions has been provided in the Annexure titled Stakeholder Engagement Plan.**

- The proposed program would focus on various climate change **mitigation projects** in 13 sectors in MSMEs such as Energy Efficiency through Technology Upgradation, Renewable Energy mainly Solar rooftop projects, New & Innovative Technologies. Investments in the demand side will make sound economic sense as energy efficiency projects typically require a lower capital expenditure as compared to supply-side electric power capacity addition.
- The targeted technologies under **Adaptation projects** would be weather forecasting and early warning systems for cyclones/tsunami/floods in coastal belt as well as earthquakes/extreme weather events in the Himalayan states. Climate Smart precision irrigation system and water efficient and recycling technologies / processes like Zero Liquid Discharge (ZLD), Effluent Treatment Plants (ETP), Reverse Osmosis (RO) plants, etc.

For this program, SIDBI would play the dual role of “Executing Entity” and “Accredited Entity”. Other key stakeholders in the program would include Industry Associations (Business Management Organizations), MSME units, technology providers, Original Equipment manufacturer, technical experts / consultants, PFIs, etc. SIDBI’s intervention will enable MSMEs to achieve:

- Better economic performance through improved productive use of resources
- Environmental protection by conserving resources and minimizing industry’s impact on the natural environment.
- Social enhancement by providing jobs and protecting the wellbeing of workers and local communities.

5. Environmental and Social Management Policy – Brief Overview

SIDBI formulated and adopted an Environment and Social Policy (ESMP) in 2021 and is placed at **Annexure 1**. SIDBI, the apex institution with the responsibility of promotion, finance, and development of Micro, Small and Medium Enterprises (earlier classified as Small-Scale Industries (SSI) in India, strives to promote sustainable development for all small and medium enterprises. SIDBI's initiatives in the past and future are aimed to reduce environmental and social risks by promoting:

- Compliance to applicable Indian environmental and labour legislations
- Cleaner production methods
- Energy and water saving methods
- Utilization of appropriate technologies
- No use of child labour and forced labour

SIDBI's ESMP manages the various risks like credit, legal, reputational risks, etc. which may arise from the environmental and social issues associated with the projects implemented by SIDBI or its financial intermediaries. The objectives of E&S Policy of SIDBI are to:

- Formulate strategies to ensure sustainable growth of Indian MSME sector contributing to the Government of India's commitment towards combating climate change.
- Comply with relevant environmental and social policies, laws, and regulations of Government of India and E&S safeguards of international partners / donors.
- Avoid, minimize, and mitigate the adverse environmental and social impacts/risks due to projects assisted directly by SIDBI or through its financial intermediaries.
- Provide guidance and mechanisms needed for E&S compliance during project implementation by SIDBI and its financial intermediaries.

The applicability of this policy at present is limited to the following types of projects/ programmes:

- i. All climate change related proposals and programmes implemented with the financial support from GCF.
- ii. Project proposals and programmes with loan size above INR 300 million extended by SIDBI under its direct assistance to MSMEs.
- iii. **All Green loans being extended by SIDBI under its direct assistance to MSMEs, including indirect lending to Banks / NBFCs / MFIs, etc. (as applicable) under various Green products, including those proposals supported through the line of credit from Bilateral / Multilateral partners (including GCF, KfW, AfD, ADB, World Bank, etc.)**
- iv. All the climate change related project proposals from the financial intermediaries / implementing entities of SIDBI with the loan size above INR 5000 million.
- v. The policy shall generally be prescribed for projects and programmes supported with refinance assistance based on its impacts.

The policy provides nine environment and social Performance Standards (PS) that the borrower or the beneficiary and the project shall comply with through the entire project life cycle. **SIDBI’s PS’s are in alignment with the environment and social performance standards of the World Bank, IFC and GCF. These PS’ are followed for projects that are directly or indirectly financed by SIDBI to assess the risks associated with them, mitigate the risks in a timely manner, and manage the projects without having adverse E&S impacts.**

The ESMP also categorizes risks and lays out a process to screen projects against E&S risk. The PS’ applicable for the programme and the E&S risk management process as per the ESMP are shared in subsequent sections of this document.

5.1 SIDBI ESMP – Governance Structure

The Green Climate Finance Vertical (GCFV) at SIDBI co-ordinates institutional level implementation of the ESMS, coordinating and mainstreaming environment and social aspects in SIDBI’s various operations and periodic reporting to SIDBI management on its implementation.

GCFV at SIDBI is headed by a Chief General Manager (CGM) with overall responsibility for implementing E&S aspects in SIDBI’s activities. The CGM GCFV is supported by the General Manager (GM), Deputy General Manager (DGM), Assistant General Manager (AGM) and Managers/ Assistant Managers along-with sectoral experts.

The following structure is proposed to comply with the E&S requirements:

1. E&S Manager – overall management of E&S related matters including coordinating with different stakeholders in the ecosystem.
2. E&S Officer – overall operational level activities related to comply with the E&S requirements and related aspects including coordinating with the relevant stakeholders in the ecosystem.

The broad functions of E&S Manager and E&S Officer would include:

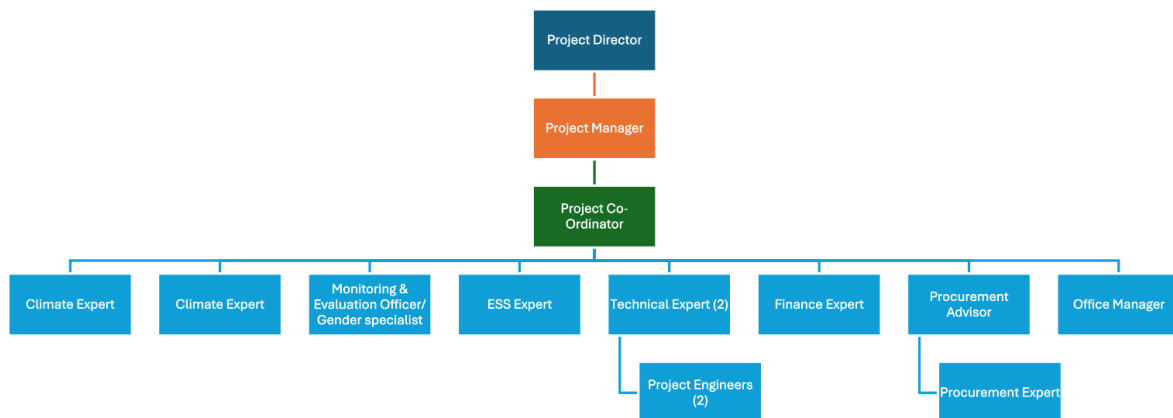
- i. Awareness generation and conducting capacity building trainings for the program stakeholders regarding the Environmental and Social requirements,
- ii. Ensuring that the project implementation is as per regulatory requirements and in a manner that is environmentally sustainable and socially acceptable.
- iii. Monitoring and reporting on the implementation of the Environmental and Social requirements for program activities by program stakeholders.
- iv. Engaging with Participating Financial Intermediaries for implementation of the ESMS at all stages of program preparation and implementation.
- v. Ensuring implementation of Labor Management Procedures (LMP) and policies and practices as part of the ESMS
- vi. Fulfil the reporting requirements for the project.
- vii. Coordinating E&S capacity building support for relevant SIDBI staff as well as for PFIs and MSME borrowers.

The name and functions of the responsible persons and their relevant expertise will be shared with the partner institutions upon identification of such person.

5.2 Institutional Structure of FMAP:

SIDBI plays the roles of AE as well as EE for the programme. The Green Climate Finance Vertical (GCFV) of SIDBI shall oversee the implementation of the project, with a team responsible for delivering the roles and responsibilities of Accredited Entity and another team constituting the Project Management Unit shall undertake the duties of Executing Entity. The PMU will assist and support the Direct Credit Vertical (for direct lending) and NBFC vertical (for indirect lending). The structure is outlined as below:

- The Direct Credit Vertical (through Branch, Regional & Zonal offices) and NBFC / Institutional Finance Vertical (IFV) Vertical are responsible for sanctioning, loan documentation, disbursements, follow-up & monitoring of end utilization, loan repayments, etc, for the direct and indirect loans respectively. The direct as well as indirect loans are sanctioned only by the credit committees at different levels (Branch, Regional / Zonal and Head Office) based on the loan size, categorisation of loans etc. as per the delegation of powers approved by the Board of SIDBI from time to time.
- The operations of SIDBI are managed by the Board with laid down systems and processes for monitoring, supervision, oversight and reporting through DCV and NBFC / IFV verticals as well as by the compliance vertical, audit vertical, risk management vertical of SIDBI.
- For the project's administration and implementation, SIDBI has identified a multi-vertical core team which will serve as the Programme Management Unit (PMU). The PMU will be hosted by SIDBI. The PMU is headed by the Vertical Head and the PMU members have prior experience of working with the Bank and other multi-lateral and bilateral partners. Staff resources have adequate technical as well as fiduciary and safeguards experience.
- The E&S aspects will be coordinated and managed by an officer not below the rank of Deputy General Manager who shall be the part of the PMU. He/she shall be supported by an E&S specialist (ESS) dedicated to the safeguards function.



6. Environment and Social Management System (ESMS)

6.1 Objectives and General Principles of the ESMS

The objective of the ESMS is to ensure that activities under the proposed project will address the following issues:



Considering the objectives of the ESMS, the implementation of the Program activities will be based on the principles of GCF ESMS and mechanism incorporated in the Program design, and the implementation arrangements.

The scope of the AE & Executing Entity (EE) involves assessment of energy-efficient equipment and machinery, installation/replacement of EE equipment and machinery, and ensuring environmental, social, and gender safeguards during the implementation of the project interventions. Further, financial intermediaries shall ensure that the End Borrower shall follow the E&S related government rules (laws, ordinances, acts, etc.) and GCF Operational Policies and Guidelines.

The assessment and management of environmental and social risks and impacts requires accredited entities to ensure that each of the activities proposed for GCF financing is designed to meet the requirements of the GCF ESS standards. GCF adopts the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability and thus the ESMS should follow this as well.

Further, TA component will help AEs to design some capacity development activities for both the financial intermediaries and end borrowers to implement the ESMS, including preparation, implementation, and monitoring of site-specific safeguard instruments and measures.

Moreover, the ESMS shall integrate in the due diligence process a sub-project level Grievance Redress Mechanism (GRM) and sub-project level Stakeholder Engagement Plan (SEP). The GRM and SEP shall ensure that the views of the various stakeholders and vulnerable communities, are reflected at the program-level outcomes.

The ESMS shall include both project-specific and aggregated monitoring and reporting. The reporting requirements will include annual performance reports and interim evaluation and final evaluation reports specifying the projects’ consistency with the national policies and regulatory frameworks, SIDBI’s ESMP, ESS and the GCF's ESS Standards.

7. GCF’s ESMS Framework and its mapping to SIDBI’s institutional capabilities/ESMP

GCF’s ESMS framework outlines the key processes and measures to be adopted to manage the environmental and social risks arising from the projects financed by GCF. Specifically, the ESMS framework aims to:

- 1. List of projects supported/Screening:** Based on the risk categorization, the ESMP identifies the type/nature of projects to be supported.
- 2. Identify and assess environmental & social risks:** Projects are assessed for their potential environmental and social impacts. This includes both negative impacts that need to be mitigated and potential benefits that can be enhanced.
- 3. Manage & Monitor Risk, Reporting & Compliance:** Based on the assessments, management plans are developed to address the risks through various measures including mitigation strategies, monitoring plans, and stakeholder engagement activities. Further, it ensures compliance with national regulations and international standards, and reporting on environmental and social performance.
- 4. Grievance Redressal:** This also includes a Grievance Redressal Mechanism to ensure all grievances are addressed in line with applicable policies and standards.
- 5. Public Disclosure and Consultation:** SIDBI’s through its website and physical disclosures (wherever applicable), will publicly disclose relevant reports in compliance with its Information Disclosure policy. The results of the preliminary environmental and social screening, and draft environmental and social assessment, shall be made available for public consultations.
- 6. Zero Tolerance of SEAH:** SIDBI has ZERO TOLERANCE towards any sexually harassment in any form. SIDBI has adopted the Sexual Harassment of Women (Prevention, Prohibition & Redressal) at Workplace as per the Sexual Harassment of Women (Prevention, Prohibition & Redressal) at Workplace Act, 2013.
- 7. Indigenous People:.** The COP decision adopting the Paris Agreement recognized the need to strengthen practices and efforts of local communities and Indigenous Peoples related to addressing and responding to climate change and operationalised the local communities and Indigenous Peoples platform to help do this. Given that MSMEs are restricted to areas of industrial clusters/special economic zones, SIDBI’s project is not anticipated to have adverse impacts on indigenous people, their lands, culture, livelihood or way of life

Further, an Indigenous People Plan (IPP) will be developed for all projects affecting indigenous communities and Indigenous Peoples where impacts are identified, whether they are direct or indirect, negative or positive, if applicable with necessary disclosure for IPPs. The said plan will include:

- (a) Baseline information (from independent and participatory environmental and social risks and impacts assessment processes);

- (b) Key findings and analyses of impacts, risks and opportunities; Indigenous People Policy
- (c) Measures to avoid, minimize and mitigate negative impacts, and enhance positive impacts and opportunities;
- (d) Community-based natural resource management;
- (e) Results of consultations (during environmental and social risks and impacts assessment processes), including a list of people and organizations that participated, a timetable, who was responsible for each activity, the free, prior and informed consent, and future engagement plans;
- (f) Gender assessment and action plans;
- (g) Benefit sharing plans;
- (h) Tenure arrangements;
- (i) Grievance redress mechanisms;
- (j) Costs, budgets, timetables, organizational responsibilities; and
- (k) Monitoring, evaluation and reporting.

- SIDBI will conduct the necessary due diligence and oversight to ensure that these requirements are fulfilled.
- Where communities are mixed, or Indigenous Peoples live in close proximity to different social and ethnic groups and IPP will be developed for the benefit of both the Indigenous Peoples and the other group/s living together or in close proximity.

The ESMP framework is critical for ensuring that projects funded by GCF are sustainable and do not adversely affect the environment and communities involved.

Table: Mapping of GCF’s ESMS Framework to SIDBI’s ESMP/institutional framework

S. No.	Aspect of GCF ESMS Framework	Mapping to SIDBI’s ESMP/Institutional Framework
1.	List of projects supported/Screening	<p>SIDBI itself, or the financial intermediaries that are engaged, screen the projects to ensure that the proposed projects are not in the Negative List/ Exclusion List prepared by SIDBI (refer Section 9.1 & Appendix I of Annexure 1). The negative list includes projects/ programmes involving harmful or exploitative form of child labour, production or trade in weapons or munitions, production or trade in alcoholic beverages and tobacco, etc.</p> <p>Further, In the initial screening process, the individual proposals would also be assessed for the following to ensure that they do not fall under the Cat. A/ I-1 activities of GCF:</p> <ol style="list-style-type: none"> 1. Project outlay (if more than USD 60 million per project) 2. Whether the potential impact (environmental and/or social risks) are diverse, irreversible, or unprecedented 3. Whether the impact of the project be addressed through adequate policy implementation and workplace standards and suitable norms?

S. No.	Aspect of GCF ESMS Framework	Mapping to SIDBI's ESMP/Institutional Framework
		<p>Based on the above assessment, if the project is found to be in the category Cat. A/ I-1 of, then the project will be screened out and will not be considered for financing.</p> <p>At a project level, each project is subject to a due diligence based on an ESDD checklist which accounts for environment and social risks. Further, each project will also be rated based on their E&S performance. This is done basis SIDBI's ESG Rating Tool.</p>
2.	Identification & Assessment of E&S risks	<p>Assessment of environmental and social risks and impacts is the primary means of ensuring that the projects are environmentally and socially sound and sustainable. It supports informed decision making. Hence, further to the initial screening of the projects, SIDBI or the financial intermediaries are required to screen the potential risks and environmental and social compliance of the project through document verification, field visits, and environmental and social checklist (Refer Appendix II of Annexure 1).</p> <p>Further, at the time of appraisal/ rating of loan proposal, each project will also be rated based on their E&S performance. This is done basis SIDBI's ESG Rating Tool (Refer Attachment 5 and Annexure 7). The ESG Rating tool will help SIDBI assess the E&S risk being undertaken and price it appropriately. Upon screening and considering the E & S risks, the assessing authority may take suitable decision on approval of the project/ programme.</p>
3.	Manage & Monitor Risk, Reporting & Compliance	<p>SIDBI's ESMP (Refer Section 9.2, 9.3, 9.4 of Annexure 1) states that it is the responsibility of the financial intermediaries/ Host entity to address all environmental and social risks identified during the screening of environmental and social risks. The implementing entities' programme reports shall include a section on status of implementation of any environmental and social management plan, including those measures required to avoid, minimize, or mitigate the risks.</p> <p>The reports shall also include, if necessary, a description of any corrective actions that are deemed necessary. Accordingly, the mid- term and terminal evaluation reports shall also include an evaluation of Programme performance with respect to environmental and social risks.</p>

S. No.	Aspect of GCF ESMS Framework	Mapping to SIDBI's ESMP/Institutional Framework
		The formats and periodicity of submitting such reports for effective monitoring is decided during the commencement of the Programme.
4.	Grievance Redressal Mechanism	<p>SIDBI has a comprehensive Grievance Redressal Mechanism (GRM) (refer attachment 3), which is explained briefly below. It has put in place a web-enabled registration form for complaints/ grievances, whereby the project affected stakeholders can log their grievances.</p> <p>SIDBI further mandates that the implementing agencies/ financial institutions shall also have in place an effective GRM that provides for stakeholders affected by the projects supported by SIDBI. Such a mechanism shall be accessible, transparent, fair, and effective for receiving and addressing complaints about potential or actual environmental or social harm caused by any such project.</p>
5	Public disclosure and consultation	<p>SIDBI mandates that the participating financial institutions identify stakeholders as early as possible in planning any programme. The results of the preliminary environmental and social screening, and draft environmental and social assessment, shall be made available for public consultations.</p> <p>Further, the scope and frequency of stakeholder engagement depends on the nature and scale of the programme and its potential environmental and social risks.</p> <p>Additionally, SIDBI's existing ESMP states that SIDBI, through its website and physical disclosures (wherever applicable), will publicly disclose relevant reports in compliance with its Information Disclosure policy.</p>
6	Zero tolerance of SEAH	<p>SIDBI has adopted the Sexual Harassment of Women (Prevention, Prohibition & Redressal) at Workplace as per the Sexual Harassment of Women (Prevention, Prohibition & Redressal) at Workplace Act, 2013. The Act aspires to ensure women's right to workplace equality, free from sexual harassment through compliance with the mentioned three elements viz. "Prevention, Prohibition and Redressal." AE will ensure that the institutional arrangements as necessitated in the above act are followed by PFIs and MSMEs and the proper reporting of the same is done as per the reporting mechanism under the programme detailed out in Annexure 8 of ESMS.</p> <p>SIDBI has ZERO TOLERANCE towards any sexually harassment in any form.</p>

S. No.	Aspect of GCF ESMS Framework	Mapping to SIDBI's ESMP/Institutional Framework
		<p>To give effect to the principle of zero-tolerance, FMAP recognizes the importance of its financed activities to prevent and respond effectively to SEAH in a survivor-centered and gender-responsive way.</p> <p>SIDBI will further ensure that the implementing agencies/ financial institutions shall also have in place an effective SEAH guidelines, norms acts in place as per requirement.</p>
7	Indigenous People	<p>Given that MSMEs are restricted to areas of industrial clusters/special economic zones, SIDBI's project is not anticipated to have adverse impacts on indigenous people, their lands, culture, livelihood or way of life.</p> <p>However, SIDBI through its financial institutions will ensure sub-projects through FMAP, include measures to (a) avoid potentially adverse effects on the Indigenous Peoples' communities, or (b) when avoidance is not feasible, minimize, mitigate, or compensate for such effects. The sub-projects are also designed to ensure that the Indigenous Peoples receive social and economic benefits that are culturally appropriate and gender and inter-generationally inclusive.</p> <p>However, an Indigenous People Framework (IPF) has been developed (Refer Attachment 6) to mitigate any potential risk arising out of adverse impacts on indigenous people.</p> <p>Further, an Indigenous People Plan (IPP) will be developed for all projects affecting indigenous communities and Indigenous Peoples where impacts are identified, whether they are direct or indirect, negative or positive, if applicable with necessary disclosure for IPPs.</p>

8. Key National Legislation and Regulations

This section highlights the relevant environmental and social policies and regulations and guidelines applicable to the constituent projects.

Themes	Key Legislations (applicability to sub-projects may vary)
Environmental Protection	<ul style="list-style-type: none"> • Environmental Protection Act 1986 • Environmental Protection (Third) Amendment Rules, 2002, along with subsequent amendments • Air (Prevention and Control of Pollution) Act, 1981 as amended 1987; and Air (Prevention and Control of Pollution) Rules, 1982 • Noise Pollution (Regulation and control Rules), 2000 • Water (Prevention and Control of Pollution) Act 1974 (section 25) (herein after referred to as Water Act 1974) • Notified Guidelines to regulate and control Ground water Extraction in India dated 12 December 2018, with effect from 01 June 2019 • Hazardous and Other Wastes (Management and Transboundary) Rules, 2016 • Ozone Depleting Substances (Regulation and Control) Rules, 2000 • Regulation of Polychlorinated Biphenyls (PCB) Order, 2016 • Forest (Conservation) Act 1980 • Wildlife Protection Act 1972 • Guidelines for declaration of eco-sensitive zones around National parks and Wildlife Sanctuaries, 2011 • Coastal Regulation Zone (CRZ) Notification, 2019
Land Acquisition and Resettlement	<ul style="list-style-type: none"> • Right to Fair Compensation and Transparency in Land Acquisition Resettlement and Rehabilitation Act 2013 (RFCT LARR Act 2013) • Guidelines / policies / rules / statutes for acquisition of land on consent basis by various State Governments (Kerala, Chhattisgarh, West Bengal, Uttar Pradesh, Telangana, Punjab, Rajasthan, Goa, Odisha, Bihar, Maharashtra, Himachal Pradesh, Karnataka, and Madhya Pradesh) • Land Revenue Codes of different State Governments and Union Territories
Labour and Working Conditions	<ul style="list-style-type: none"> • Factory Act 1948 and State Factory Rules (Director of Industrial Safety and Health requirement) • The Central Electricity Authority (Measures relating to Safety & Electric Supply) Regulations, 2010 and amendments • Child and Adolescence Labour (Regulation and Abolition) Act 1986, as amended in 2017 • Bonded Labour (Abolition) Act 1976 • Contract labour (Regulation and Abolition), 1970 • The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act 1996 • Equal Remuneration Act 1976 • Maternity Benefits Act 2017

	<ul style="list-style-type: none">• Minimum Wages Act 1948• Payment of Wages Act 1936• Workmen’s Compensation Act 1923• Sexual Harassment at Workplace (Prohibition, Prevention and Redressal) Act 2013• The Payment of Bonus Act 1965 and rules 1975 and subsequent amendment• The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act 1979• The Payment of Gratuity Act 1972• The Employees’ Provident Funds and Miscellaneous Provisions Act 1952• The Employees’ State Insurance Act 1948• The Industrial Disputes Act 1947• The Employees’ Provident Fund & Miscellaneous Provisions (Amendment) Act 1996• State specific Shops and Establishment Rules
Social Safeguards on engagement and inclusion, cultural heritage and others	<ul style="list-style-type: none">• Panchayats (Extension to Scheduled Areas) Act 1996• Forest Rights Act 2006;• Scheduled Castes and Scheduled Tribes (Prevention of Atrocities Act) 1989• Ancient Monuments and Archaeological Sites and Remains Act, 1958 as amended up to 2010

9. E&S Risk Management, Monitoring & Evaluation

To effectively plan and integrate E&S dimensions into the project preparation and implementation cycle, following steps shall be followed through the key stages of the project cycle.

Table: Stage wise E&S integration process, responsible agency, its frequency and associated formats

S. No.	Stage	Activity Description	Responsibility	Frequency	Reference
1.	Projects Screening/E&S Risk Categorization	To ensure that the projects included in Exclusion/ Negative list of projects should not be covered.	SIDBI/ PFI	At the time of each project evaluation and reported along with loan application	Refer Annexure 2 of this document for Exclusion List
2.	Environment and Social Due Diligence (ESDD)	To be done for each project to assess the associated E&S risks, proposed means/ provisions to eliminate/ minimize the associated impacts, their adequacy and suggest additional measures, if required. Each project not meeting the E&S checklist: <ul style="list-style-type: none"> From a regulatory perspective will not be financed For all other parameters, it shall be subject to an Environment Impact Assessment prior to financing 	Borrower (MSMEs)	To be submitted along with each loan application	Refer Annexure 4 of this document for the checklist
		Review of ESDD report	SIDBI Credit Officers	At the time of reviewing loan application	Annexure 5 of this document for the ESDD report format
3	In-principal Approval	Assessment of energy saving and other E&S benefits	GCFV	At the time of reviewing loan application	Refer Annexure 6 of this document

S. No.	Stage	Activity Description	Responsibility	Frequency	Reference
					for format on articulating E&S benefits from project
4	ESG Rating	Assessment of Environment, Social, Governance (ESG) Parameters through ESG rating tool	SIDBI Loan Officers	At the time of appraisal / rating of the loan proposal	Refer Annexure 7 of this document for the ESG Rating tool
5	E&S Supervision, Monitoring and Reporting	To conduct site visits on sample basis to verify the information provided in ESDD reports	(SIDBI Loan Officers	During Entire project duration (atleast once in a year)	-
			GCFV	On need basis	
		To organize independent E&S monitoring to assess the effectiveness of the ESMS and its implementation on the ground ⁷	GCFV (through independent Consultant / agency)	annually	Refer Annexure 8 for the E&S Annual Reporting Format

9.1 Identification of E&S Risks

The E&S risks for the programme will be identified at multiple levels:

- Sector/Intervention Level
 - At the sector/intervention level, the categorization of industrial sectors outlined by Central Pollution Control Board will be followed.⁸
- Project Level

⁷ The independent evaluation shall include monitoring of compliance with applicable rules/ regulations, adherence to plans and procedures laid down under the project; Energy savings, Grievance Redress Mechanism (GRM), incidents of concerns, etc. including Gender Action Plan inclusive of measures to address Gender Based Violence, Sexual Exploitation, Abuse and Harassment (SEAH) risks etc.

⁸ The categorization of all the sectors is outlined by CPCB which may be referred using the weblink: [CPCB | Central Pollution Control Board](#)

- At a project level, each project is subject to a due diligence based on an Exclusion list and ESDD checklist which accounts for environment and social risks.
- Further, each project will also be rated based on their E&S performance. This is done basis SIDBI’s ESG Rating Tool.

Based on SIDBI’s experience in financing MSMEs for energy efficiency, renewables, EVs, etc. and basis extensive stakeholder consultations (findings from which have been shared in the **Annexure titled Stakeholder Engagement Plan**), following tables summarize the key environmental and social risks, and planned mitigation measures for each.

A. Loan Screening and Approval Process (for direct loans)

The Loan Approval Process is a comprehensive three-stage procedure designed to rigorously evaluate loan applications and ensure adherence to the stringent criteria.

The first stage, Application and Initial Screening, is conducted at the branch level by the Relationship Manager. During this phase, applications are meticulously screened for completeness, including the submission of mandatory documentation such as climate-related, environmental, and social safeguards documents. Incomplete applications are promptly rejected/ hand held to be completed, as the case may be, while only those deemed complete undergo initial screening against the exclusion list criteria. Further, at this stage, the individual proposals would be assessed for the following to ensure that they do not fall under the Cat. A/ I-1 activities of GCF:

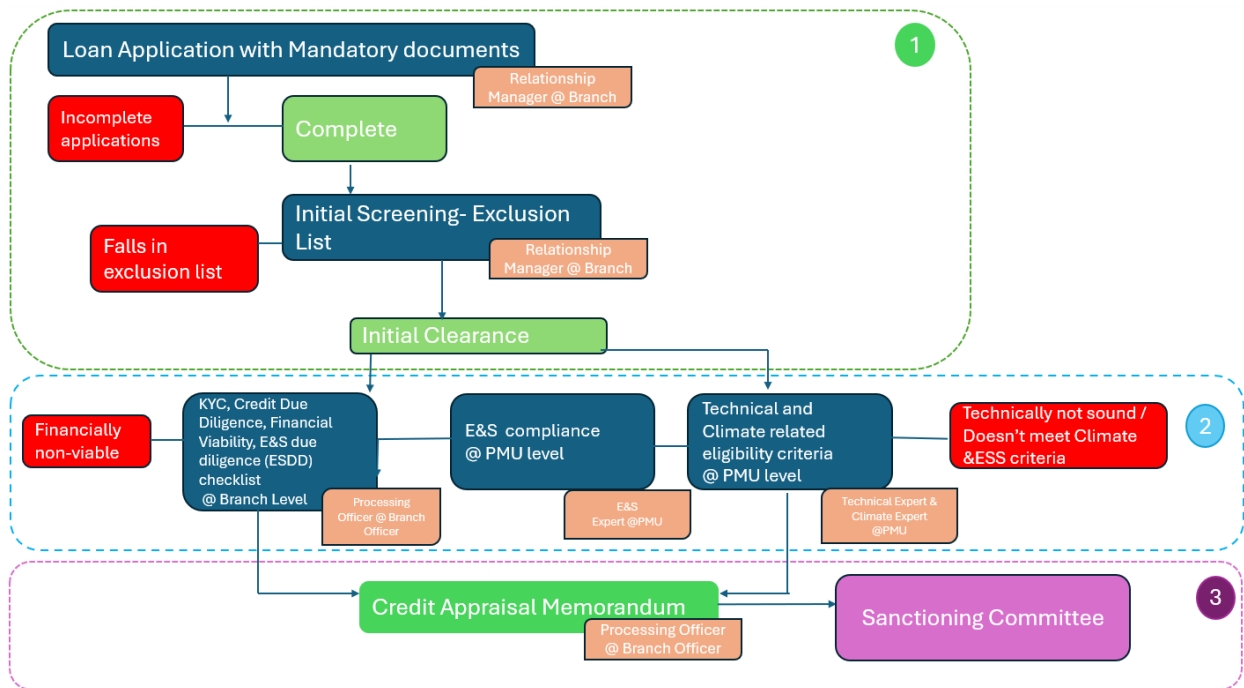
1. Project outlay (if more than USD 60 million per project)
2. Whether the potential impact (environmental and/or social risks) are diverse, irreversible, or unprecedented
3. Whether the impact of the project be addressed through adequate policy implementation and workplace standards and suitable norms?

Based on the above assessment, if the project is found to be in the category Cat. A/ I-1 of, then the project will be screened out and will not be considered for financing.

Applications that meet the criteria are forwarded to the second stage, Due Diligence, while those that fall under the exclusion list (which includes the Category A/I1 projects) are rejected. The Due Diligence stage is executed in parallel at the branch level and involves several crucial assessments. The second level of screening will be done by means of the ESG rating tool (attached as Annexure 7). The Processing Officer conducts evaluations related to Know Your Customer (KYC) requirements, financial viability, credit due diligence and checking of ESDD checklist information (Annexure- 4). Concurrently, the Climate Expert, Technical Expert and E&S expert at the Project Management Unit (PMU) will perform climate-related, technical due diligence and will check the projects for ESS compliance (using the ESG rating tool) to ensure the soundness of the proposed project from a technical, E&S and climate perspective.

In the third stage, technically sound and financially viable applications proceed to the Credit Appraisal Memorandum preparation phase. The Processing team comprising of Maker and Checker compiles a comprehensive Credit Appraisal Memorandum, which is then presented to the Loan Sanctioning Committee for final evaluation and decision-making. To maintain

transparency and impartiality, no member involved in the Initial Application Screening and Due Diligence processes is permitted to be part of the Loan Sanctioning Committee.



B. Mechanism of Indirect financing and due diligence

One of the major objective of the FMAP programme is to build capacity of the PFIs and handhold, support them to initiate climate financing by offering them not only the concessional funds but also the technical assistance for setting up additional / new systems and processes required for climate financing which includes assessment of climate benefits in terms of estimation of energy savings potential, assessment of GHG emissions reduction and to carry out environment, social and gender due diligence and monitoring the same. Accordingly, indirect finance component is the largest and most important part of the entire programme. Under the programme, for the indirect finance, it is proposed to follow a three step approach.

- First step is to identify and empanel those eligible PFIs which have interest in climate financing and are willing to adopt new systems processes required for the same.
- Second step is to provide sensitization and handholding support to these empanelled PFIs as also provide sanction of loan assistance in the form of refinance at concessional terms along with the term sheet which will specify the terms as per the FMAP programme regarding eligibility of the underlying sub-loans, ESMS due diligence requirements, energy savings/ GHG emissions reduction or other requirements, etc. SIDBI will offer the support of the PMU created under the programme to these PFIs for the above requirements. The term sheet shall also specify that PFIs would need to create at least 3x of the portfolio of new MSME loans meeting all the conditions of the term sheet before seeking x amount of

disbursement from SIDBI under the programme. PFIs would be required to accept and sanction terms and enter into loan documentation with SIDBI.

- The third stage would be disbursement wherein PFI would be required to submit all the details, copy of documentation, etc. to satisfy SIDBI that the conditions stipulated in the term sheet at the time of sanction have been fully complied with. The same would be checked by SIDBI with physical verification of a suitable sample. Only thereafter the loan shall be disbursed by SIDBI to PFIs.
- Fourth step is a robust Monitoring, Evaluation, Reporting and Learning framework to assess the effectiveness of interventions will facilitate real-time strategy adjustments. This comprehensive approach will aim to minimize the environmental impact of MSMEs while also bolstering their global competitiveness, aligning with the Climate Fund’s goals for sustainable, low-emission development.

C. Identification of Mitigation & Adaptation specific E&S Risks are given in the table below:

ESMS – ‘Financing Mitigation & Adaptation Projects (FMAP) in Indian MSMEs’

9.1.1 Mitigation projects in MSME’s – Identification & Mitigation of E&S Risks for the MSME Sector⁹.

S. No	Sector	Categorization as per CPCB Categorization	Environment Risk Identified	Environment Risk Mitigation	Social Risk Identified	Social risk Mitigation	Social Responsibility
1	Food Processing	Orange	Water and air pollution	Energy efficient ETP, air pollution control equipment's.	1. Minimum Wages 2. Personal Protective Equipment's (PPE) 3. Grievance Redressal Mechanism (including SEAH/GBV). 4. Health and Safety facilities. Esp during emergency	1. Adherences to minimum wages act, 2. Presence of PPEs, 3. GRM in place for units(which include GBV/SEAH) 4. Ambulance for emergency situations	Provide clean and usable water to nearby communities for household and agriculture. Health checkups through regular health camps.
2	Textiles	Red	Water and Air pollution.	Energy efficient ETP Common dyeing units under a common facility centre approach, air pollution control equipment's	1. Minimum Wages 2. Personal Protective Equipment's(PPE) 3. Grievance Redressal Mechanism (including SEAH/GBV). 4. Health and Safety facilities. Esp during emergency	1. Adherences to minimum wages act, 2. Presence of PPEs, 3. GRM in place for units(which include GBV/SEAH) 4. Ambulance for emergency situations	Provide clean and usable water to nearby communities for household and agriculture. Health checkups through regular health camps

⁹ In addition, to this table AE will refer to AE will also refer to the attached document '[World Bank Document](#)' on sectoral risk identification to guide E&S due diligence where applicable.

ESMS – ‘Financing Mitigation & Adaptation Projects (FMAP) in Indian MSMEs’

3	Brick Kiln	Orange	Air pollution	Advanced chimneys with adequate stack height/air pollution control instruments	1. Minimum Wages 2. Personal Protective Equipment's(PPE) 3. Grievance Redressal Mechanism (including SEAH/GBV). 4. Health and Safety facilities. Esp during emergency	1.Adherences to minimum wages act, 2.Presence of PPEs, 3. GRM in place for units(which include GBV/SEAH) 4.Ambulance for emergency situations	Health checkups through regular health camps
4	Rubber and Plastics	Orange and Green	Some PM emissions and obnoxious odour.	Air pollution control instruments. Odour management procedures	1. Minimum Wages 2. Personal Protective Equipment's(PPE) 3. Grievance Redressal Mechanism (including SEAH/GBV). 4. Health and Safety facilities. Esp during emergency	1.Adherences to minimum wages act, 2.Presence of PPEs, 3. GRM in place for units(which include GBV/SEAH) 4.Ambulance for emergency situations	Health checkups through regular health camps
5	Pharmaceuticals	Orange	All sorts of pollution are generated.	Energy efficient ETP Common dying units under a common facility centre approach, air pollution control equipment's	1. Minimum Wages 2. Personal Protective Equipment's(PPE) 3. Grievance Redressal Mechanism (including SEAH/GBV). 4. Health and Safety facilities. Esp during emergency	1.Adherences to minimum wages act, 2.Presence of PPEs, 3. GRM in place for units(which include GBV/SEAH) 4.Ambulance for emergency situations	Provide clean and usable water to near by communities for HH and agriculture Health checkups through regular health camps

ESMS – ‘Financing Mitigation & Adaptation Projects (FMAP) in Indian MSMEs’

6	Glass and Ceramics	Orange	Mainly air polluting. Emissions of SO2 are expected.	Air pollution control instruments like scrubber/filter.	1. Minimum Wages 2. Personal Protective Equipment's(PPE) 3. Grievance Redressal Mechanism (including SEAH/GBV). 4. Health and Safety facilities. Esp during emergency	1.Adherences to minimum wages act, 2.Presence of PPEs, 3. GRM in place for units(which include GBV/SEAH) 4.Ambulance for emergency situations	Health checkups through regular health camps for communities living in near by areas.
7	Chemicals	Red	It is mainly water polluting industry having effluents which are toxic and not easily biodegradable.	Energy efficient ETP, under a common facility centre approach	1. Minimum Wages 2. Personal Protective Equipment's(PPE) 3. Grievance Redressal Mechanism (including SEAH/GBV). 4. Health and Safety facilities. Esp during emergency	1.Adherences to minimum wages act, 2.Presence of PPEs, 3. GRM in place for units(which include GBV/SEAH) 4.Ambulance for emergency situations	Provide clean and usable water to near by communities for HH and agriculture Health checkups through regular health camps
8	Leather	Red	Minor fumes due to use of adhesives / gums.	Air pollution control instruments	1. Minimum Wages 2. Personal Protective Equipment's(PPE) 3. Grievance Redressal Mechanism (including SEAH/GBV). 4. Health and Safety facilities. Esp during emergency	1.Adherences to minimum wages act, 2.Presence of PPEs, 3. GRM in place for units(which include GBV/SEAH) 4.Ambulance for emergency situations	Health checkups through regular health camps for nearby communities

ESMS – ‘Financing Mitigation & Adaptation Projects (FMAP) in Indian MSMEs’

9	Foundry	Orange	This industrial sector generate all sorts of pollution	Energy efficient ETP under a common facility centre approach, air pollution control equipment's	1. Minimum Wages 2. Personal Protective Equipment's(PPE) 3. Grievance Redressal Mechanism (including SEAH/GBV). 4. Health and Safety facilities. Esp during emergency	1.Adherences to minimum wages act, 2.Presence of PPEs, 3. GRM in place for units(which include GBV/SEAH) 4.Ambulance for emergency situations	Provide clean and usable water to nearby communities for household and agriculture. Health checkups through regular health camps
10	Pulp and paper	Red	Water Pollution, Odour pollution, air pollution	Energy efficient ETP under a common facility centre approach. Air pollution control equipment's. Odour Management procedures.	1. Minimum Wages 2. Personal Protective Equipment's(PPE) 3. Grievance Redressal Mechanism (including SEAH/GBV). 4. Health and Safety facilities. Esp during emergency	1.Adherences to minimum wages act, 2.Presence of PPEs, 3. GRM in place for units(which include GBV/SEAH) 4.Ambulance for emergency situations	Provide clean and usable water to nearby communities for households and agriculture Health checkups through regular health camps
11	Cement	Red	Air pollutionindustry .	Air pollution control equipments	1. Minimum Wages 2. Personal Protective Equipment's (PPE) 3. Grievance Redressal Mechanism (including SEAH/GBV).	1.Adherences to minimum wages act, 2.Presence of PPEs, 3. GRM in place for units(which include GBV/SEAH) 4.Ambulance for emergency situations	Health checkups through regular health camps for nearby communities

ESMS – ‘Financing Mitigation & Adaptation Projects (FMAP) in Indian MSMEs’

					4. Health and Safety facilities. Esp during emergency		
12	Steel Re-rolling	Red	Minor air pollution due to some fugitive PM emissions from buffing operations.	Air pollution control instruments	1. Minimum Wages 2. Personal Protective Equipment's (PPE) 3. Grievance Redressal Mechanism (including SEAH/GBV). 4. Health and Safety facilities. Esp during emergency	1. Adherences to minimum wages act, 2. Presence of PPEs, 3. GRM in place for units(which include GBV/SEAH) 4. Ambulance for emergency situations	Health checkups through regular health camps for nearby communities
13	Sponge Iron	Red	Air/Water Pollution	Energy efficient ETP Common drying units under a common facility centre approach, air pollution control equipment's	1. Minimum Wages 2. Personal Protective Equipment's(PPE) 3. Grievance Redressal Mechanism (including SEAH/GBV). 4. Health and Safety facilities. Esp during emergency	1. Adherences to minimum wages act, 2. Presence of PPEs, 3. GRM in place for units(which include GBV/SEAH) 4. Ambulance for emergency situations	Provide clean and usable water to near by communities Health checkups through regular health camps

Social risk and mitigation measures are similar in most of the sectors since it pertains to MSME units where relatively mature technologies are being deployed (i.e. renewables, energy efficiency, EVs). These risks would be addressed through social screening (Annexure 4 and Annexure 7)

Environment risks would be addressed through ESG rating tool (Annexure 7) which identifies the project's environmental and social risks

ESMS – ‘Financing Mitigation & Adaptation Projects (FMAP) in Indian MSMEs’

S No	Sector	Environment Risk	Mitigation	Social Risk	Mitigation
1	Electric Vehicle	<ol style="list-style-type: none"> 1. OHS Risks 2. Accidents – Thermal Runaway – Fire risks 3. Accidents - Electrical Risks 4. Hazardous Waste Risks due to improper battery disposal 	<ol style="list-style-type: none"> 1. OHS risks will be mitigated through ESG rating tool (Annexure 7) 2. Thermal Runaway risks will be mitigated through Guidance Note for Battery Usage, Maintenance & Disposal, Thermal Runway (Attachment 7) . 3. Electrical risks will be mitigated through proper PPE tools and will be screened as per ESG rating tool (Annexure 7) 4. Hazardous Waste will be disposed in consonance with the Battery waste management rules 2022. The 	<ol style="list-style-type: none"> 1. GBV/ SEA/ SH risks 2. Labor related risks 3. Risks due to fire 	<ol style="list-style-type: none"> 1. GBV/SEAH risks will be mitigated through Grievance Redressal Mechanism (GRM) which include GBV/SEAH. 2. Labor related risks will be addressed through ESDD checklist as well as ESG rating tool. 3. Due diligence will be done at the initial stage and fire protection measures will be verified before loan appraisal.

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			unit/borrower will abide by the Battery management system (Attachment 7).		
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9.1.2 Adaptation Projects in MSMEs – Identification & Mitigation of E&S Risks for MSME Sector

S. No	Sector	Technology	Environment Risk Identified	Social Risk Identified	Mitigation	Benefits
1	Agriculture	Weather advisory, Crop advisory	The environment risk will only be associated with the manufacturing of these devices	<ol style="list-style-type: none"> 1. Minimum Wages 2. Personal Protective Equipment's (PPE) 3. Grievance Redressal Mechanism (including SEAH/GBV). 4. Health and Safety facilities. Esp during emergency 	<ol style="list-style-type: none"> 1. Adherences to minimum wages act, 2. Presence of PPEs, 3. GRM in place for units(which include GBV/SEAH) 4. Ambulance for emergency situations <p>Due diligence related to the environmental safeguards at the unit level will be conducted at the very first stage of loan sanctioning process</p>	Weather and crop advisory will help in data dissemination in real time to communities. Weather forecasting and rain predictions will lead to less use water through irrigation.
2	Water Resources	Water treatment equipment, water flow meter,	No major environment risks involved. Environment risk will only be associated with the	<ol style="list-style-type: none"> 1. Minimum Wages 2. Personal Protective Equipment's (PPE) 3. Grievance Redressal Mechanism (including SEAH/GBV). 	<ol style="list-style-type: none"> 1. Adherences to minimum wages act, 2. Presence of PPEs, 3. GRM in place for units(which include GBV/SEAH) 4. Ambulance for emergency situations 	Efficient use of water resources. Water Conservation.

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			manufacturing of these devices	4. Health and Safety facilities. Esp during emergency		
3	Disaster	Early warning systems	The environment risk will only be associated with the manufacturing of these devices	<ol style="list-style-type: none"> 1. Minimum Wages 2. Personal Protective Equipment's (PPE) 3. Grievance Redressal Mechanism (including SEAH/GBV). 4. Health and Safety facilities. Esp during emergency 	<ol style="list-style-type: none"> 1. Adherences to minimum wages act, 2. Presence of PPEs, 3. GRM in place for units(which include GBV/SEAH) 4. Ambulance for emergency situations <p>Due diligence related to the environmental safeguards at the unit level will be conducted at the very first stage of loan sanctioning process</p>	More preparedness amongst the vulnerable communities. Disaster preparedness . Less damage to infrastructures.
4	Services	IOT based instruments manufacturing or services	The environment risk will only be associated with the manufacturing of these devices. However these risks will be very less.	<ol style="list-style-type: none"> 1. Minimum Wages 2. Personal Protective Equipment's (PPE) 3. Grievance Redressal Mechanism (including SEAH/GBV). 4. Health and Safety facilities. Esp during emergency 	<ol style="list-style-type: none"> 1. Adherences to minimum wages act, 2. Presence of PPEs, 3. GRM in place for units(which include GBV/SEAH) 4. Ambulance for emergency situations <p>Due diligence related to the environmental safeguards at the unit level will be conducted at the very first stage of loan sanctioning process</p>	Improved livelihood through better adaptation practices against natural calamities. Early detection system will lead to less use of natural resources.

Social risk and mitigation are similar in most of the sectors since it pertains to MSME units

Environment risks would be addressed through environment screening at the first stage of loan appraisal.

Environment and Social Risks associated with the Technology¹⁰ Intervention

Mitigation Technologies (Clean tech/ Energy Efficient tech/ Renewable Energy)

SI No	Sector	Technology Intervention (EE and RE), Some of the EE technology used -	Environment Risks	Mitigation	Social Risk	Mitigation	Benefits
1	Food Processing	1 Screw Air compressor 2 Automatic Sugar cone Baking Plant 3 Ice cream Paper Cone Sleeve 4 Suspended Liner Sealing Machine (LType) SOLAR(PV) rooftop/ ground - mounted	-Safety and fire risk. -Noise Pollution - Wear and tear -e-waste generation (for used solar panels)	-It must be ensured that proper hands-on training be given to the operators before operation. -It must be ensured that regular inspections are carried out regarding the instrument used. -Fire safety guidelines /manuals /Equipment's should be present at the unit. -Do's/Don'ts should be mentioned beside the instrument for safety. -Quarterly Noise Monitoring and -Noise reduction mufflers can be used. Ear plugs for protection against noise.	Safety while using the instrument. Heath and Safety	Personal protective Equipment (PPE) like Masks, Goggles, Gloves, Harness must be provided. Use of Masks for prevention of any air borne diseases/ air pollution	-Energy Efficient. -Less power consumption -Less GHG emission.

¹⁰ Few EE technologies listed here for reference.

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				<p>-Annual Maintenance of machines/instruments for less wear and tear and better safety.</p> <p>Used solar panels shall be recycled/stored/disposed as per the e-waste management rules,2022.</p>		<p>Display boards with danger signs placed at electrical and hazardous areas.</p>	
2	Textile	<p>1 Shuttleless Rapier Loom</p> <p>2 Shuttleless Water/Air Jet Looms</p> <p>3 CNC Vertical Machining Center</p> <p>4 Dyeing Machine</p> <p>SOLAR(PV) rooftop/ ground - mounted</p>	<p>Safety and fire risk.</p> <p>-Noise Pollution</p> <p>- Wear and tear</p> <p>-Water Pollution</p> <p>-waste generation</p> <p>-e-waste generation (for used solar panels)</p>	<p>-It must be ensured that proper hands-on training be given to the operators before operation.</p> <p>-It must be ensured that regular inspections are carried out regarding the instrument used.</p> <p>-Fire safety guidelines /manuals /Equipment's should be present at the unit.</p> <p>-Do's/Don'ts should be mentioned beside the instrument for safety.</p> <p>-Noise Monitoring</p> <p>-Noise reduction mufflers can be used. Ear plugs for protection against noise.</p>	<p>Safety while using the instrument.</p>	<p>Personal protective Equipment (PPE) like Masks, Goggles, Gloves, Harness must be provided.</p> <p>Display boards with danger signs placed at electrical and hazardous areas.</p>	<p>-Increased Productivity</p> <p>- Energy Efficient.</p> <p>- Less power consumption</p> <p>- Less GHG emission.</p>

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				<p>-Annual Maintenance of machines/instruments for less wear and tear and better safety.</p> <p>-Waste water treatment as per CPCB norms for any water pollution.</p> <p>-Waste management as per Waste management handling Rules.</p> <p>Used solar panels shall be recycled/stored/disposed as per the e-waste management rules,2022.</p>			
3	Brick-Kiln	<p>1 Queen polish machine</p> <p>2 Stone Auto Line Profiling Machine</p> <p>3 Multiwire Delta Wire Force</p> <p>4 PUG MILL - Extruder with Wire Cutting Machine for clay bricks.</p> <p>5 Laser cutting machine</p>	<p>Safety and fire risk.</p> <p>-Noise Pollution</p> <p>- Wear and tear</p> <p>-Water Pollution</p> <p>-waste generation</p> <p>-air pollution</p>	<p>-It must be ensured that proper hands-on training be given to the operators before operation.</p> <p>-It must be ensured that regular inspections are carried out regarding the instrument used.</p> <p>-Fire safety guidelines /manuals /Equipment's should be present at the unit.</p>	<p>Safety while using the instrument.</p> <p>Heath and Safety</p>	<p>Personal protective Equipment (PPE) like Masks, Goggles, Gloves, Harness must be provided.</p> <p>Use of Masks for prevention of any air</p>	<p>-Energy Efficient.</p> <p>-Less power consumption</p> <p>-Less GHG emission.</p>

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		SOLAR(PV) rooftop/ ground - mounted	-e-waste generation (for used solar panels)	<p>-Do's/Don'ts should be mentioned beside the instrument for safety.</p> <p>-Noise Quality Monitoring</p> <p>-Noise reduction mufflers can be used. Ear plugs for protection against noise.</p> <p>-Annual Maintenance of machines/instruments for less wear and tear and better safety.</p> <p>-Waste water treatment as per CPCB norms for any water pollution.</p> <p>-Waste management as per Waste management handling Rules.</p> <p>-air quality monitoring</p> <p>-air pollution control equipment's</p> <p>Used solar panels shall be recycled/stored/disposed as per the e-waste management rules,2022.</p>		<p>borne diseases/ air pollution</p> <p>Display boards with danger signs placed at electrical and hazardous areas.</p>	
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4	Rubber & Plastic	<p>Rubber:</p> <p>1 Dispersion kneader mixers</p> <p>2 Injection moulding machines</p> <p>3 variable frequency drives in roller mixer machines</p> <p>Plastic :</p> <p>1 variable frequency drive (VFD) .</p> <p>SOLAR(PV) rooftop/ ground - mounted</p>	<p>Safety and fire risk.</p> <p>-Noise Pollution</p> <p>- Wear and tear</p> <p>-Water Pollution</p> <p>-waste generation</p> <p>-air pollution</p> <p>-e-waste generation (for used solar panels)</p>	<p>-It must be ensured that proper hands-on training be given to the operators before operation.</p> <p>-It must be ensured that regular inspections are carried out regarding the instrument used.</p> <p>-Fire safety guidelines /manuals /Equipment's should be present at the unit.</p> <p>-Do's/Don'ts should be mentioned beside the instrument for safety.</p> <p>-Noise Quality Monitoring</p> <p>-Noise reduction mufflers can be used. Ear plugs for protection against noise.</p> <p>-Annual Maintenance of machines/instruments for less wear and tear and better safety.</p> <p>-Waste water treatment as per CPCB norms for any water pollution.</p>	<p>Safety while using the instrument.</p> <p>Heath and Safety</p>	<p>Personal protective Equipment (PPE) like Masks, Goggles, Gloves, Harness must be provided.</p> <p>Use of Masks for prevention of any air borne diseases/ air pollution</p> <p>Display boards with danger signs placed at electrical and hazardous areas.</p>	<p>-Energy Efficient.</p> <p>-Less power consumption</p> <p>-Less GHG emission.</p>
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				<p>-Waste management as per Waste management handling Rules.</p> <p>-air quality monitoring</p> <p>-air pollution control equipment's</p> <p>Used solar panels shall be recycled/stored/disposed as per the e-waste management rules,2022.</p>			
5	Pharmaceutical	<p>1 glass lined reactor</p> <p>2 liquid chromatography with uv detector</p> <p>3 rapid mixer granulators</p> <p>4 dry injectable filling & packing line machine.</p> <p>5 fully automatic blister packing machine.</p>	<p>Safety and fire risk.</p> <p>-Noise Pollution</p> <p>- Wear and tear</p> <p>-Water Pollution</p> <p>-waste generation</p> <p>-air pollution</p>	<p>-It must be ensured that proper hands-on training be given to the operators before operation.</p> <p>-It must be ensured that regular inspections are carried out regarding the instrument used.</p> <p>-Fire safety guidelines /manuals /Equipment's should be present at the unit.</p> <p>-Do's/Don'ts should be mentioned beside the instrument for safety.</p> <p>-Noise Quality Monitoring</p>	<p>Safety while using the instrument.</p> <p>Heath and Safety</p>	<p>Personal protective Equipment (PPE) like Masks, Goggles, Gloves, Harness must be provided.</p> <p>Use of Masks for prevention of any air borne diseases/</p>	<p>-Reduced dust pollution</p> <p>- Energy Efficient.</p> <p>-Less power consumption</p> <p>-Less GHG emission.</p>

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		SOLAR(PV) rooftop/ ground - mounted	-e-waste generation (for used solar panels)	-Noise reduction mufflers can be used. Ear plugs for protection against noise. -Annual Maintenance of machines/instruments for less wear and tear and better safety. -Waste water treatment as per CPCB norms for any water pollution. -Waste management as per Waste management handling Rules. -air quality monitoring -air pollution control equipment's Used solar panels shall be recycled/stored/disposed as per the e-waste management rules,2022.		air pollution Display boards with danger signs placed at electrical and hazardous areas.	
6	Glass & Ceramics	1 Glass Tempering Furnace 2 Full automatic insulating glass processing 3 ON-OFF Controller	Safety and fire risk. -Noise Pollution - Wear and tear -Water Pollution	-It must be ensured that proper hands-on training be given to the operators before operation. -It must be ensured that regular inspections are carried out regarding the instrument used.	Safety while using the instrument. Heath and Safety	Personal protective Equipment (PPE) like Masks, Goggles, Gloves, Harness	-Energy Efficient. -Less power consumption -Less GHG emission.

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		<p>for Agitation Motors</p> <p>4 VFD in Ball Mills & Agitation Motors</p> <p>5 Energy Efficient Motors</p> <p>6 Energy Efficient Pumps</p> <p>SOLAR(PV) rooftop/ ground - mounted</p>	<p>-waste generation</p> <p>-air pollution</p> <p>-e-waste generation (for used solar panels)</p>	<p>-Fire safety guidelines /manuals /Equipment's should be present at the unit.</p> <p>-Do's/Don'ts should be mentioned beside the instrument for safety.</p> <p>-Noise Quality Monitoring</p> <p>-Noise reduction mufflers can be used. Ear plugs for protection against noise.</p> <p>-Annual Maintenance of machines/instruments for less wear and tear and better safety.</p> <p>-Waste water treatment as per CPCB norms for any water pollution.</p> <p>-Waste management as per Waste management handling Rules.</p> <p>-air quality monitoring</p> <p>-air pollution control equipment's</p>		<p>must be provided.</p> <p>Use of Masks for prevention of any air borne diseases/ air pollution</p> <p>Display boards with danger signs placed at electrical and hazardous areas.</p>	
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				Used solar panels shall be recycled/stored/disposed as per the e-waste management rules,2022.			
7	Chemicals	<p>1 Variable Frequency Drivers (VFD)</p> <p>2 Energy Efficient Pumps</p> <p>3 Hot Air Generators & Spray Dryer</p> <p>4 Thermic Fluid Heater</p> <p>5 Automatic Disc Finishing System PLC Controlled Capacity</p> <p>SOLAR(PV) rooftop/ ground - mounted</p>	<p>Safety and fire risk.</p> <p>-Noise Pollution</p> <p>- Wear and tear</p> <p>-Water Pollution</p> <p>-waste generation</p> <p>-hazardous waste</p> <p>-air pollution</p> <p>-e-waste generation (for used solar panels)</p>	<p>-It must be ensured that proper hands-on training be given to the operators before operation.</p> <p>-It must be ensured that regular inspections are carried out regarding the instrument used.</p> <p>-Fire safety guidelines /manuals /Equipment's should be present at the unit.</p> <p>-Do's/Don'ts should be mentioned beside the instrument for safety.</p> <p>-Noise Quality Monitoring</p> <p>-Noise reduction mufflers can be used. Ear plugs for protection against noise.</p> <p>-Annual Maintenance of machines/instruments for less wear and tear and better safety.</p>	<p>Safety while using the instrument.</p> <p>Heath and Safety</p>	<p>Personal protective Equipment (PPE) like Masks, Goggles, Gloves, Harness must be provided.</p> <p>Use of Masks for prevention of any air borne diseases/ air pollution</p> <p>Display boards with danger signs placed at electrical and</p>	<p>-Energy Efficient.</p> <p>-Less power consumption</p> <p>-Less GHG emission.</p>

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				<p>-Waste water treatment as per CPCB norms for any water pollution.</p> <p>-Waste management as per Waste management handling Rules.</p> <p>- Hazardous Waste management as per Hazardous Waste management handling Rules</p> <p>-air quality monitoring</p> <p>-air pollution control equipment's</p> <p>Used solar panels shall be recycled/stored/disposed as per the e-waste management rules,2022.</p>		hazardous areas.	
8	Foundary	<p>1 Energy Efficient Melting Furnace</p> <p>2 Divided blast cupola Energy efficient lighting</p> <p>3 Waste Heat Recovery</p>	<p>Safety and fire risk.</p> <p>-Noise Pollution</p> <p>- Wear and tear</p> <p>-Water Pollution</p>	<p>-It must be ensured that proper hands-on training be given to the operators before operation.</p> <p>-It must be ensured that regular inspections are carried out regarding the instrument used.</p>	<p>Safety while using the instrument.</p> <p>Heath and Safety</p>	<p>Personal protective Equipment (PPE) like Masks, Goggles, Gloves, Harness must be provided.</p>	<p>-Energy Efficient.</p> <p>-Less power consumption</p> <p>-Less GHG emission.</p>

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		<p>4 Induction billet heater</p> <p>5 Wood Gasifier</p> <p>6 Insulation for furnace</p> <p>SOLAR(PV) rooftop/ ground - mounted</p>	<p>-waste generation</p> <p>-hazardous waste</p> <p>-air pollution</p> <p>-e-waste generation (for used solar panels)</p>	<p>-Fire safety guidelines /manuals /Equipment's should be present at the unit.</p> <p>-Do's/Don'ts should be mentioned beside the instrument for safety.</p> <p>-Noise Quality Monitoring</p> <p>-Noise reduction mufflers can be used. Ear plugs for protection against noise.</p> <p>-Annual Maintenance of machines/instruments for less wear and tear and better safety.</p> <p>-Waste water treatment as per CPCB norms for any water pollution.</p> <p>-Waste management as per Waste management handling Rules.</p> <p>- Hazardous Waste management as per Hazardous Waste management handling Rules</p> <p>-air quality monitoring</p> <p>-air pollution control equipment's</p>		<p>Use of Masks for prevention of any air borne diseases/ air pollution</p> <p>Display boards with danger signs placed at electrical and hazardous areas.</p>	
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				Used solar panels shall be recycled/stored/disposed as per the e-waste management rules,2022.			
9	Pulp and paper	<p>1 Boiler Efficiency Improvement</p> <p>2 Boiler Feed Water Pump Pressure Drop Reduction</p> <p>SOLAR(PV) rooftop/ ground - mounted</p>	<p>Safety and fire risk.</p> <p>-Noise Pollution</p> <p>- Wear and tear</p> <p>-Water Pollution</p> <p>-waste generation</p> <p>-hazardous waste</p> <p>-air pollution</p> <p>-e-waste generation (for used solar panels)</p>	<p>-It must be ensured that proper hands-on training be given to the operators before operation.</p> <p>-It must be ensured that regular inspections are carried out regarding the instrument used.</p> <p>-Fire safety guidelines /manuals /Equipment's should be present at the unit.</p> <p>-Do's/Don'ts should be mentioned beside the instrument for safety.</p> <p>-Noise Quality Monitoring</p> <p>-Noise reduction mufflers can be used. Ear plugs for protection against noise.</p> <p>-Annual Maintenance of machines/instruments for</p>	<p>Safety while using the instrument.</p> <p>Heath and Safety</p>	<p>Personal protective Equipment (PPE) like Masks, Goggles, Gloves, Harness must be provided.</p> <p>Use of Masks for prevention of any air borne diseases/ air pollution</p> <p>Display boards with danger</p>	<p>-Energy Efficient.</p> <p>-Less power consumption</p> <p>-Less GHG emission.</p>

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				<p>less wear and tear and better safety.</p> <p>-Waste water treatment as per CPCB norms for any water pollution.</p> <p>-Waste management as per Waste management handling Rules.</p> <p>- Hazardous Waste management as per Hazardous Waste management handling Rules</p> <p>-air quality monitoring</p> <p>-air pollution control equipment's</p> <p>Used solar panels shall be recycled/stored/disposed as per the e-waste management rules,2022.</p>		<p>signs placed at electrical and hazardous areas.</p>	
10	Leather	Injection molding machine	<p>Safety and fire risk.</p> <p>-Noise Pollution</p> <p>- Wear and tear</p>	<p>-It must be ensured that proper hands-on training be given to the operators before operation.</p> <p>-It must be ensured that regular inspections are</p>	<p>Safety while using the instrument.</p>	<p>Personal protective Equipment (PPE) like Masks, Goggles, Gloves,</p>	<p>Energy Efficient.</p> <p>-Less power consumption</p> <p>-Less GHG emission.</p>

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		SOLAR(PV) rooftop/ ground - mounted	<p>-Water Pollution</p> <p>-waste generation</p> <p>-hazardous waste</p> <p>-air pollution</p> <p>-e-waste generation (for used solar panels)</p>	<p>carried out regarding the instrument used.</p> <p>-Fire safety guidelines /manuals /Equipment's should be present at the unit.</p> <p>-Do's/Don'ts should be mentioned beside the instrument for safety.</p> <p>-Noise Quality Monitoring</p> <p>-Noise reduction mufflers can be used. Ear plugs for protection against noise.</p> <p>-Annual Maintenance of machines/instruments for less wear and tear and better safety.</p> <p>-Waste water treatment as per CPCB norms for any water pollution.</p> <p>-Waste management as per Waste management handling Rules.</p> <p>- Hazardous Waste management as per Hazardous Waste management handling Rules</p> <p>-air quality monitoring</p>	Heath and Safety	<p>Harness must be provided.</p> <p>Use of Masks for prevention of any air borne diseases/ air pollution</p> <p>Display boards with danger signs placed at electrical and hazardous areas.</p>	
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				<p>-air pollution control equipment's</p> <p>Used solar panels shall be recycled/stored/disposed as per the e-waste management rules,2022.</p>			
11	Cement	<p>Pre Heaters, Pre Calciners</p> <p>SOLAR(PV) rooftop/ ground - mounted</p>	<p>Safety and fire risk.</p> <p>-Noise Pollution</p> <p>- Wear and tear</p> <p>-Water Pollution</p> <p>-waste generation</p> <p>-hazardous waste</p> <p>-air pollution</p> <p>-e-waste generation (for used solar panels)</p>	<p>-It must be ensured that proper hands-on training be given to the operators before operation.</p> <p>-It must be ensured that regular inspections are carried out regarding the instrument used.</p> <p>-Fire safety guidelines /manuals /Equipment's should be present at the unit.</p> <p>-Do's/Don'ts should be mentioned beside the instrument for safety.</p> <p>-Noise Quality Monitoring</p> <p>-Noise reduction mufflers can be used. Ear plugs for protection against noise.</p> <p>-Annual Maintenance of machines/instruments for</p>	<p>Safety while using the instrument.</p> <p>Heath and Safety</p>	<p>Personal protective Equipment (PPE) like Masks, Goggles, Gloves, Harness must be provided.</p> <p>Use of Masks for prevention of any air borne diseases/ air pollution</p> <p>Display boards with danger</p>	<p>Energy Efficient.</p> <p>-Less power consumption</p> <p>-Less GHG emission.</p>

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				<p>less wear and tear and better safety.</p> <p>-Waste water treatment as per CPCB norms for any water pollution.</p> <p>-Waste management as per Waste management handling Rules.</p> <p>- Hazardous Waste management as per Hazardous Waste management handling Rules</p> <p>-air quality monitoring</p> <p>-air pollution control equipment's</p> <p>Used solar panels shall be recycled/stored/disposed as per the e-waste management rules,2022.</p>		<p>signs placed at electrical and hazardous areas.</p>	
12	Steel Re Rolling	Waste heat recovery System	<p>Safety and fire risk.</p> <p>-Noise Pollution</p> <p>- Wear and tear</p>	<p>-It must be ensured that proper hands-on training be given to the operators before operation.</p> <p>-It must be ensured that regular inspections are</p>	<p>Safety while using the instrument.</p>	<p>Personal protective Equipment (PPE) like Masks, Goggles, Gloves,</p>	<p>Energy Efficient.</p> <p>-Less power consumption</p> <p>-Less GHG emission.</p>

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		SOLAR(PV) rooftop/ ground - mounted	<p>-Water Pollution</p> <p>-waste generation</p> <p>-hazardous waste</p> <p>-air pollution</p> <p>-e-waste generation (for used solar panels)</p>	<p>carried out regarding the instrument used.</p> <p>-Fire safety guidelines /manuals /Equipment's should be present at the unit.</p> <p>-Do's/Don'ts should be mentioned beside the instrument for safety.</p> <p>-Noise Quality Monitoring</p> <p>-Noise reduction mufflers can be used. Ear plugs for protection against noise.</p> <p>-Annual Maintenance of machines/instruments for less wear and tear and better safety.</p> <p>-Waste water treatment as per CPCB norms for any water pollution.</p> <p>-Waste management as per Waste management handling Rules.</p> <p>- Hazardous Waste management as per Hazardous Waste management handling Rules</p> <p>-air quality monitoring</p>	Heath and Safety	<p>Harness must be provided.</p> <p>Use of Masks for prevention of any air borne diseases/ air pollution</p> <p>Display boards with danger signs placed at electrical and hazardous areas.</p>	
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				<p>-air pollution control equipment's</p> <p>Used solar panels shall be recycled/stored/disposed as per the e-waste management rules,2022.</p>			
13	Sponge Iron	<p>Waste heat recovery System</p> <p>SOLAR(PV) rooftop/ ground - mounted</p>	<p>Safety and fire risk.</p> <p>-Noise Pollution</p> <p>- Wear and tear</p> <p>-Water Pollution</p> <p>-waste generation</p> <p>-hazardous waste</p> <p>-air pollution</p> <p>-e-waste generation</p>	<p>-It must be ensured that proper hands-on training be given to the operators before operation.</p> <p>-It must be ensured that regular inspections are carried out regarding the instrument used.</p> <p>-Fire safety guidelines /manuals /Equipment's should be present at the unit.</p> <p>-Do's/Don'ts should be mentioned beside the instrument for safety.</p> <p>-Noise Quality Monitoring</p> <p>-Noise reduction mufflers can be used. Ear plugs for protection against noise.</p>	<p>Safety while using the instrument.</p> <p>Heath and Safety</p>	<p>Personal protective Equipment (PPE) like Masks, Goggles, Gloves, Harness must be provided.</p> <p>Use of Masks for prevention of any air borne diseases/ air pollution</p>	<p>Energy Efficient.</p> <p>-Less power consumption</p> <p>-Less GHG emission.</p>

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			(for used solar panels)	<p>-Annual Maintenance of machines/instruments for less wear and tear and better safety.</p> <p>-Waste water treatment as per CPCB norms for any water pollution.</p> <p>-Waste management as per Waste management handling Rules.</p> <p>- Hazardous Waste management as per Hazardous Waste management handling Rules</p> <p>-air quality monitoring</p> <p>-air pollution control equipment's</p> <p>Used solar panels shall be recycled/stored/disposed as per the e-waste management rules,2022.</p>		<p>Display boards with danger signs placed at electrical and hazardous areas.</p>	
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Adaptation Technologies:

SI No	Sectors	Technology Intervention	Environment Risk	Mitigation	Social Risk	Mitigation	Benefits
1	Agriculture	1. Climate-smart precision irrigation systems and solutions- MSME units to be supported for developing and commercial scale deployment of irrigation solutions that reduce water usage and enhance the resilience of crops to climate risks. 2. Crop breeding programs, biofertilizers and microbial pesticides	Manufacturing unit – - Safety risk - Wear and tear while operational	- Personal protective equipment's (PPE) being used at the manufacturing unit Annual maintenance	-High Cost -Less awareness among farmers Due to climate smart technology manpower	- subsidy to be given on technologies -capacity building among farmers regarding smart irrigation/biofertilizers	-Enhance Soil health -Increase yield -Reduce water application
2	Water Resources	1. Water Efficient technologies to reduce overuse of water in drought prone areas such as rainwater harvesting, surface water storage, bioswales for managing stormwater, aquifer recharge	Manufacturing units – Safety Risk Wear and tear while operational	-proper Personal protective equipment's (PPE) being used at the manufacturing unit	High cost Less awareness among people	-subsidy to be given on technologies Capacity Building initiatives for water efficient technologies.	-conserve water -reduce water usage - reduce water consumption -reduction of rainfall runoff -protect local waterways from

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							stormwater pollutants
3	Disaster	Weather forecasting and early warning systems to identify the climate related natural hazards in advance and to prevent loss in lives and livelihood Flood and other disaster response services	No major environment risk	Use of PPE in Manufacturing unit.	Less awareness among people	Capacity Building initiatives regarding weather forecasting and early warning system.	-Disaster preparedness - Helps farmers minimize effect of any disaster
4	IOT	Software application- Consumer software applications and enterprise software applications on mobile devices concerning climate related services. For example, Soil moisture sensors, LiDAR, drones, IoT based sensors, wireless mesh network	Manufacturing – Safety	Use of PPE in manufacturing unit	Less awareness among people	Capacity Building initiatives regarding sensors and software solutions. Startups to be motivated to get into this sector	Reduction in usage of natural resources -Better Monitoring

9.2 Baseline Information of sector & interventions

Over the course of the development of the proposal, SIDBI has conducted multiple consultations across a wide variety of stakeholders and fora, to better understand the greening opportunities available in the Indian MSME sector. These consultations have further allowed us to gain valuable insights within the issues and challenges faced by MSMEs in adopting/deploying green initiatives at scale including their challenges in accessing relevant channels of finance. These consultations have been valuable in helping design the contours of our current proposal allowing us to address, in a focused manner, the existing needs and issues of greening the Indian MSME sector.

This has been substantiated with a baseline information of the sectors in which SIDBI will be financing, based on SIDBI’s consultations and information available in public domain¹¹.

Together, this information can be found in **Attachment 4 (Sector Level Analysis_Baseline Data)**.

9.3 Environmental & Social Due Diligence (ESDD)

To assess the E&S risks associated with a project, proposed means/ provisions to eliminate/ minimize the associated impacts, their adequacy and suggest additional measures, each project will be subject to an E&S Due Diligence (ESDD). The ESDD will be implemented via an E&S Checklist. **The checklist is shared in Annexure 4 of this document.**

Each project not meeting the standards laid out in E&S checklist:

- From a regulatory perspective will not be financed
- For all other parameters, it shall be subject to an Environment Impact Assessment prior to financing

All applications meeting the standards laid out in the checklist will be subject to an ESG rating as per SIDBI’s ESG Rating tool. The ESG Rating tool will help SIDBI assess the E&S risk being undertaken and price it appropriately. **The ESG Rating tool is shared in Annexure 7 of this document.**

¹¹ BEE, Sameeksha Portal

9.4 E&S Supervision, Monitoring & Reporting

The post-sanction monitoring & reporting shall be done in accordance with SIDBI's ESMP Policy (**Refer Section 9.2, 9.3 and 9.4 of Annexure 1**).

- Level 1 (PFI to SIDBI): On its financed portfolio, SIDBI shall conduct site visits on sample basis to verify the information provided in ESDD reports. Further, in the scenario of indirect financing i.e. financing via PFIs, the PFIs will be expected to comply with and report as per SIDBI's E&S supervision, monitoring & reporting standards.
- Level 2 (SIDBI to GCF): SIDBI will submit an annual E&S Report to GCF. The structure of this report is given in Annexure 8 of this document.

SIDBI will ensure requisite staff with relevant skills is employed for supervision, monitoring & reporting.

9.5 Awareness & Capacity Building

For effective implementation and management of programme, it is necessary that SIDBI develops and maintains organization capacity and competency. By building foundational capabilities such as project management or industry specific expertise, SIDBI shall ensure availability of adequate resources for management and training in project related E&S issues.

Following activities shall be undertaken by SIDBI to strengthen its own organizational capacity as well as that of the PFIs involved:

- i. Conduct capacity building training for its employees & employees of Participating Financial institutions on:**
 - E&S risks involved in the mitigation and adaptation projects.
 - Various components of project management, elucidating upon roles and responsibilities of project staff from project inception to its completion.
 - Various reporting requirements to be followed under the project for effective monitoring.
- ii. Provide specialized support to financial intermediaries for capacity building with respect to acting as a liaison between SIDBI and borrowers.**

10. Mapping of applicable performance standards (PS)

As per SIDBI's ESMP, all projects / programs supported by SIDBI for GCF financed activities shall generally be designed and implemented to safeguard the following **8 Environmental and Social Performance Standards (PS)**, which are in line with the **international best practices for assessment of environmental and social risks e.g. International Finance Corporation (IFC), Adaptation Fund, Green Climate Fund (GCF), the World Bank etc.**

These performance standards establish the criteria that the Borrower or the Beneficiary and the Project shall comply with through the entire project life cycle, so as to ensure that adverse E&S impacts are avoided/ appropriately mitigated and compensated. These E&S Performance Standards are as follows:

► PS 1(SIDBI)/GCF ESS 1: Assessment and management of environmental and social risks and impacts

SIDBI or its financial intermediaries shall:

- (i) Identify funding proposal's environmental and social risks and impacts; This being done through ESG rating tool (Annexure 7) which identifies the project's environmental and social risks
- (ii) Adopt mitigation hierarchy: anticipate, avoid; minimize; compensate or offset; This is being addressed through Annexure 7 (wherein the Green performance is calculated based on the inputs from the borrowers regarding the environmental and social risks) and is rated as high, medium or low
- (iii) Improve performance through an environmental and social management system(ESMS); and
- (iv) Engage affected communities or other stakeholders throughout funding proposal cycle. This includes communications and grievance mechanisms.

► PS 2(SIDBI)/GCF ESS 2: Labour and working conditions

SIDBI's ESMP promotes and ensures Compliance to applicable Indian labour legislations, including exclusory MSMEs (Annexure 2) that have presence of child labour and forced labour. Through the policy, SIDBI will encourage the project proponent to continually improve the occupational health and safety conditions at the project site.

Risks are identified through Annexure 2, Annexure 4 and Annexure 7. Mitigation is done through Annexure 7 wherein the Social risks are screened and projects are rated accordingly.

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SIDBI, and MSME owners shall ensure that social and OHS risks associated with management of its workers are adequately identified and appropriate mitigation measures are put in place. As observed, such risks can be mitigated through compliance with national and respective state labour laws.

SIDBI has number of regulation and policies related to human resource management including staff regulations, training and development, occupational health, internal committee for redressal of complaints of sexual harassment, etc. The existing human resource management procedures will also be applicable for the MSME borrowers as it meets the requirements of ESS 2.

The table below is representative of various OHS and labour laws applicable to SIDBI, PFIs, and the MSME borrowers with respect to the management of identified labour risks.

Table: OHS & Labour laws for managing labour risks identified with respect to major stakeholders

Stakeholder	Potential Labour Risks	Applicable OHS and Labour Laws
SIDBI	<ul style="list-style-type: none"> Irregular payment of wages Discrimination, including between male and female workers 	Code of Wages Act, 2019 Maternity Benefit Act, 1961 Rights of Persons with Disabilities Act, 2016
	<ul style="list-style-type: none"> Lack of basic amenities for workers as Adequate sitting arrangements for all employees. Access to safe and hygienic drinking water facilities. Adequate first-aid boxes or cupboards with contents readily accessible during all working hours. Employee welfare measures which the Central/ State Government considers, under the set of circumstances, as required for decent standard of life of employees. Lack of medical/ health check-up facilities 	Occupational Safety, Health, and Working Conditions Code, 2019
	<ul style="list-style-type: none"> Sexual harassment/ exploitation of employees and other stakeholders with whom there may be an interface during project activities 	Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act)
	<ul style="list-style-type: none"> Absent, ineffective, or inaccessible grievance redressal mechanism for project workers and other stakeholders 	Industrial Relations Code
	<ul style="list-style-type: none"> Absence of clearly defined leave policy Lack of social security benefits (gratuity, maternity benefits, employee provident fund) 	Social Security Code, 2020
	<ul style="list-style-type: none"> Absence of written employment terms and conditions 	Code of Wages Act, 2019 Social Security Code, 2020

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Stakeholder	Potential Labour Risks	Applicable OHS and Labour Laws
Borrower	<ul style="list-style-type: none"> Lack of basic amenities such as toilets/ drinking water/ locker rooms for male and female employees Employee welfare measures which the Central Government considers, under the set of circumstances, as required for decent standard of life of the employees. Exposure to on-site traffic Exposure to unhygienic conditions Unestablished overtime calculation Lack of medical/ health check-up facilities 	Occupational Safety, Health, and Working Conditions Code, 2019
	<ul style="list-style-type: none"> Discrimination, including between male and female workers Irregular payment of wages 	Code of Wages Act, 2019 Maternity Benefit Act, 1961 Rights of Persons with Disabilities Act, 2016
	<ul style="list-style-type: none"> Child and Forced labour 	The Child Labour (Prohibition & Regulation) Amendment Act, 2016 Bonded Labour System (Abolition) Act, 1976
	<ul style="list-style-type: none"> Sexual harassment/ exploitation of employees and other stakeholders with whom there may be an interface during project activities 	Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act)
	<ul style="list-style-type: none"> Absent, ineffective, or inaccessible grievance redressal mechanism for project workers and other stakeholders 	Industrial Relations Code
	<ul style="list-style-type: none"> Absence of clearly defined leave policy Lack of social security benefits (gratuity, maternity benefits, employee provident fund) 	Social Security Code, 2020
	<ul style="list-style-type: none"> Absence of written employment terms and conditions 	Code of Wages Act, 2019 Social Security Code, 2020
	<ul style="list-style-type: none"> Absence of right to association or collective bargain 	The Trade Unions Act, 1926 Industrial Disputes Act, 1947
	<ul style="list-style-type: none"> Unhealthy living condition at labor camp 	Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996
	<ul style="list-style-type: none"> Exposure to harmful chemicals (during waste handling) 	Hazardous & Other Waste (Management & Trans-boundary Movement) Rules, 2016 Manufacture Storage, & imports of Hazardous Chemicals (MSIHC) Rules, 1989 as amended till date

It is to be mentioned that the responsibility to comply with applicable regulatory requirements lies with MSME owners on their part and SIDBI will solely rely on the compliance statement provided by respective agencies in this regard.

► **PS 3(SIDBI)/ GCF ESS 3: Resource efficiency and pollution prevention**

SIDBI along with its financial intermediaries and other stakeholders will promote the projects which will result in minimal / no impact on environment and human health and avoid or result in reduced waste generation from the activity.

The project will be screened effectively to verify these objectives and it will be ensured through regular monitoring / follow-up visits, to mitigate the projects risk and reduce these impacts throughout the project cycle.

The projects will be screened through ESG rating tool (Annexure 7) which identifies the project’s environmental and social risks. If the projects has pollution potential then it will be screened as per the Annexure 7 and thereby mitigation suggestions will be given to the respective units in order to comply with the PS3/ESS 3 and after the compliance is done, then only the projects will be approved for lending.

► **PS 4(SIDBI)/GCF ESS 4: Community health, safety and security**

SIDBI along with its financial intermediaries through the implementation of this policy ensures that the project activities will have minimal to no impact on health, safety and security of the communities.

This is screened through Annexure 4 and Annexure 7 which take into consideration all the occupational health and safety/security measures of the project. This ensures avoidance against risks of Gender Based Violence (GBV) and Sexual Exploitation, Abuse & Health (SEAH).

As per the screening, the mitigation measures are communicated and the borrowers are asked to comply to the health, safety and security standards in order to avail the loan. The AE will encourage the borrowers to avoid or manage such risks effectively during the program implementation.

► **PS 5(SIDBI)/GCF ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

SIDBI or its financial intermediaries will not support any MSME operations that would result in:

- (i) compulsory land acquisition and physical and/or economic displacement of people (loss of structures, livelihoods and access to common resources).

This performance standard (PS 5)/GCF ESS 5 will generally not be invoked as this criteria is screened at the initial level through Exclusion list (Annexure 2) and ESDD (Annexure 4). If ESS 5/PS 5 is invoked then the project is not considered for lending.

In case of Greenfield project, the land acquisition is carried out by State/Central Government as per the existing legislation and the MSMEs establishing a unit in the greenfield would mostly be purchasing the same from the Government. However, if by any means PS 5 (leading to compulsory land acquisition and involuntary resettlement) is triggered, the AE would ensure due diligence as mentioned in the Resettlement Action Plan (applicable for sub-project with loan requirement of more than USD 6 million) attached as Annexure 8 of ESMS.

► **PS 6(SIDBI)/GCF ESS 6: Biodiversity conservation and sustainable management of living natural resources**

SIDBI through the implementation of the policy ensures that the project activities shall not affect biodiversity and should complement sustainable management of living natural resources and will encourage the borrowers to avoid or manage such risks effectively.

The projects are screened based on Annexure 2, Annexure 4 and Annexure 7.

PS 6/ESS 6 risks are mitigated through non-lending to projects coming up in areas which are rich in natural resources like forests, wildlife sanctuary, ecologically sensitive areas thereby helping in biodiversity conservation and sustainable management of living natural resources.

It is to be noted that MSME are restricted to areas of industrial clusters/ Special Economic Zones, so the possibility ESS 6 invoked is minimal and that is mitigated through Annexures mentioned above.

► **PS 7(SIDBI)/GCF ESS 7: Indigenous people/Sub-Saharan African Historically underserved Traditional Local Communities**

During the time of loan application, the borrower is requested to fill in the Environment and Social Due Diligence Checklist (Annexure 4) wherein questions related to location of MSME units are asked i.e. Whether the project/unit is coming up in areas of significant settlement of tribal/indigenous people.

After the checklist is submitted to the respective branch office of SIDBI, the branch officers check the due diligence of the concerned answers through site visit to the unit. Apart from the checklist, the unit is screened based on the exclusion list (Annexure 2).

If it found that there are adverse impacts to indigenous people at the project location/unit, the project is not approved and is not considered for lending. ESS 7/PS 7 is unlikely to be invoked in the present project as MSMEs are restricted to areas of industrial clusters/ Special Economic Zones, however it will be screened through Exclusion list (Annexure 2), ESDD (Annexure 4) and if found then such projects won't be funded.

Given that MSMEs are restricted to areas of industrial clusters/special economic zones, SIDBI's project is not anticipated to have impacts on indigenous people, their lands, culture, livelihood or way of life.

However, an Indigenous People Framework (IPF) has been developed (Refer Attachment 6) to mitigate any potential risk arising out of impacts on indigenous people. Further, an Indigenous People Plan (IPP) will be developed for all projects affecting indigenous communities and Indigenous Peoples where impacts are identified, whether they are direct or indirect, negative or positive, if applicable with necessary disclosure for IPPs.

► **PS 8(SIDBI)/GCF ESS 8: Cultural Heritage**

SIDBI will not assist projects which have adverse impact on the Cultural Heritage or historical monuments of the country.

This will be screened through Exclusion list (Annexure 2) and ESDD (Annexure 4). Projects coming up at places where cultural heritage exists, won't be funded as per exclusion list.

PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources, PS7: Indigenous Peoples and PS8: Cultural Heritage will not be applicable for this project as the project activities will not address or adversely impact any of these mentioned issues.

11. Grievance Redress Mechanism

SIDBI's Grievance Redressal Policy (**Refer Attachment 3**) is based on the principles of customer service and customer satisfaction which would in turn broaden its customer base. SIDBI's policy on grievance redressal follows broadly the following principles:

- Customers be always treated fairly
- Grievances raised by customers are dealt with courtesy and on time
- SIDBI will treat all grievances efficiently and fairly as they can damage the Bank's reputation and business if handled otherwise
- SIDBI's employees must work in good faith and without prejudice to the interests of the customer
- Customers are fully informed of avenues to escalate their complaints/ grievances within the organization and their rights to alternative remedy if they are not fully satisfied with the response of the Bank to their complaints

In keeping with the above policy, the GRM has the following provisions:

- a. Registration of complaint: Customer can lodge / register his grievance through any of the following channels:
 - Complaint in Person
 - Complaints through post / mail / email
 - Online Registration of Complaints and
 - Grievances lodged through the Public Grievance Portal such as Centralized Public Grievances Redress and Monitoring System (CPGRAMS) (www.pgportal.gov.in)
- b. Mandatory display/ disclosure requirements at SIDBI Offices: The following are displayed/ disclosed at the SIDBI offices for easy filing of grievances.
 - Complaint Book/Register
 - Complaints/Suggestion Box
 - Complaint form at SIDBI website homepage
 - Notice Board displaying contact details of Nodal Officers for grievances, escalation of unresolved grievances within 8 working days, and details of Chief Grievance Officer to be approached when not satisfied with the redress.
- c. Resolution of grievances / complaints: The process includes
 - acknowledgement after receipt of complaint
 - escalation matrix
 - referring unsatisfied complaints to higher levels, etc.

Anonymous complaints are not entertained. All efforts are made to resolve each complaint received by the Bank generally within stipulated time as per the following escalation matrix:

Table: Escalation matrix at SIDBI

Level	SIDBI Office	Official In-Charge	Resolution Time (No. of working days)
First	Branch office	Nodal officer at Branch level	8
Second	Regional office	Nodal officer at Regional level	5
Third	Head Office	Chief Grievance Officer	6

There may be some complaints which require deeper analyses from all possible angles. In such cases, the Bank will try to resolve the grievance within one month from the receipt of complaint. In case of unsatisfactory resolution, the resolution can be escalated to a higher level.

11.1 SIDBI's 3-Tier GRM

SIDBI has a three-tier grievance/ complaint redressal system. The details are given below:

Level 1 – Branch Office Level

At the Branch Office, a complaint can be filed in person, post/ email to SIDBI and register online.

When a complaint is registered, a unique Complaint ID will be generated/issued. The following complete details to be furnished while registering the complaints enabling to address the concern(s) in a holistic and timely manner:

- Full name of Complainant
- Customer ID if an existing Customer
- Complainant's Contact details (address, telephone number and e-mail)
- Reference number of Transaction/Complaint ID, depending on purpose

In case of non-receipt of reply within 8 working days of registering the complaint or unsatisfactory reply, it can be escalated to Level 2, using Complaint ID.

Level 2 – Regional Office Level

In case of non-receipt of reply within 8 working days of registering the complaint or unsatisfactory reply, the complaint can escalate it to Level 2 (Regional In-charge), using Complaint ID.

Level 3 – Head Office Level

If registered complaint is not resolved satisfactorily within 5 working days from date of escalation at regional level (Level 2), the complainant can contact Chief Grievance Officer/ Alternate Chief Grievance Officer for redressal.

SIDBI has a functional and well-structured three-tier GRM in place. The existing GRM will be utilized for the bilateral / multilateral supported programs /project. SIDBI will ensure that its GRM is adequately advertised at the levels of all stakeholders.

Additionally, a focal point for the programme will be appointed or nominated who can be contacted for obtaining any project-related information or for registering suggestions/grievances. Details of the focal point for each PFI shall be made available on the SIDBI/project website.

To check the overall effectiveness and efficiency of the project GRM, an evaluation will be conducted on an annual basis. Results will be shared with all concerned stakeholders to facilitate improvement in the performance of the GRM and provide necessary feedback. The following points may be assessed during such evaluations:

- Number of complaints/ queries received,
- Category of complainants (Type of stakeholder),
- Status of the complaints (rejected, closed, reopened, ongoing),
- Response time involved in the resolution of complaints,
- Feedback from the aggrieved/ complainants, if any

Further, GCF Independent Redressal Mechanism (IRM) can be accessed on the following link (<https://irm.greenclimate.fund/>), wherein affected parties/person can directly file a complaint if they are negatively affected by the projects/programmes funded by Green Climate Fund (GCF).

11.2 Stakeholder Engagement

SIDBI endeavours to organize regular stakeholder engagements (with various stakeholder groups) to ensure that their feedback can be considered to suitably modify the program to achieve the programme's goals.

A detailed Stakeholder Engagement Plan is provided with the Annexure titled Stakeholder Engagement Plan.

11.3 Grievance Redressal for customers & other stakeholders

- For non-customers of SIDBI who are the stakeholders of project, the Grievance redressal mechanism of Govt of India/SIDBI/GCF is propagated through stakeholder engagement. Stakeholder engagement is an ongoing process and will be going on in the given project area involving all the stakeholders, thereby creating the awareness among them regarding the grievance redressal mechanism.

- For all other stakeholders, there is a centralised public grievance redressal and monitoring system (CPGRAMS)¹², which is an online platform for citizens of India to lodge their grievances 24x7. It is a single portal connected to all the Ministries/Departments of Government of India and States. Every Ministry and States have role-based access to this system. CPGRAMS is also accessible to the citizens through standalone mobile application downloadable through Google Play store and mobile application integrated with UMANG. The status of the grievance filed in CPGRAMS can be tracked with the unique registration ID provided at the time of registration of the complainant. CPGRAMS also provides an appeal facility to the citizens if they are not satisfied with the resolution by the Grievance Officer. After closure of grievance if the complainant is not satisfied with the resolution, he/she can provide feedback. If the rating is ‘Poor’ the option to file an appeal is enabled. The status of the Appeal can also be tracked by the petitioner with the grievance registration number.

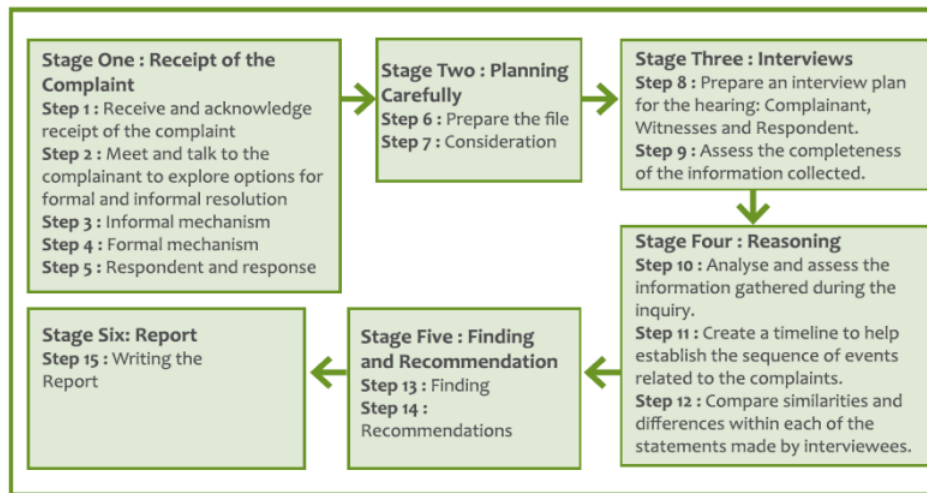
11.4 Grievance Redressal for Gender Based Violence & SEAH

SIDBI has adopted the Sexual Harassment of Women (Prevention, Prohibition & Redressal) at Workplace as per the Sexual Harassment of Women (Prevention, Prohibition & Redressal) at Workplace Act, 2013. **This is detailed in Attachment 2 and addresses the risk of Gender Based Violence (GBV) and Sexual Exploitation, Abuse & Health (SEAH).**

The act has provisions on forms of sexual harassment, prevention & prohibition plans, redressal & rights of the complainant. The following flow chart lists the process for raising a sexual harassment complaint.

¹² <https://pgportal.gov.in/>

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SIDBI will ensure zero tolerance of SEAH incidents as per applicable Government norms in this regard. It may be noted that in India there is a specific law (Prevention, Prohibition & Redressal) at Workplace Act, 2013.

As per definition of workplace, employee, employer are quite wide and cover almost everything. Further, the act also has suitable provision of compliances as well as penal provision for non-compliances.

The following are the key provisions of the act:

1. Defines the workplace to include all types of organization, hospitals/nursing homes, sports institute, any places visiting by the employee arising out or in due course of employment, dwelling place/house, unorganized sectors etc. Hence, the definition of workplace is very wide under this act
2. Constitution of internal committee and composition of the same
3. Constitution of local complaints committee
4. Process for filing of complaint by the aggrieved persons
5. Inquiry process to be followed.
6. Duties of the employer- As per the act, the employers shall:
 - Provide a safe working environment at the workplace
 - Display at any conspicuous place in the workplace, the penal consequences of sexual harassment; and the order constituting, the internal committee
 - Organize workshops and awareness programme regarding the matter at regular intervals

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- Necessary facilities to internal committee to deal with complaints/conducting an inquiry
- Assist in securing the attendance of respondent and witnesses before internal committee
- Make necessary information available to the internal committee as the case may be
- Provide assistance to women if she chooses to file complaint
- Cause to initiate action, under the Indian Penal Code or any other law for the time being in force against the perpetrator, or if the aggrieved women so desires, where the perpetrator is not an employee, in the workplace at which the incident of sexual harassment took place
- Treat sexual harassment as a misconduct under the service rules and initiate actions for such misconduct
- Monitor the timely submission of report by the Internal Committee

AE will ensure that the institutional arrangements as necessitated in the above act are followed by PFIs and MSMEs and the proper reporting of the same is done as per the reporting mechanism under the programme detailed out in **Annexure 8**.

11.5 Public Disclosure of Stakeholder consultations, grievances

SIDBI mandates that the implementing agencies/ PFIs identify stakeholders as early as possible in planning any programme. The results of the preliminary environmental and social screening, and draft environmental and social assessment, shall be made available for public consultations (both online and through physical disclosures).

Further, the scope and frequency of stakeholder engagement depends on the nature and scale of the programme and its potential environmental and social risks. The stakeholder engagement plan shall identify relevant stakeholders, plan an engagement with the stakeholders, disclose project related information in a timely manner, and address and respond to the grievances.

11.6 Conflict Sensitivity Assessment:

Community Health & Safety:

Health safeguards in compliance with the applicable requirements would be ensured through checks and balances before and after ticking off a particular project.

Through ESDD and ESG rating tool the occupational health and safety measures will be analyzed before lending. However SIDBI/PFI does audit on an annual basis (Annexure 8 of ESMS) wherein all the SIDBI's labour management approach including OHS on the implementation of ESMS is determined.

In case of any health and safety issues persisting in required unit, it will be the responsibility of the host/ borrower to look into the matter and take immediate steps to give medical care to the affected individual and redress the issue and compensate the worker which has been affected.

Land Acquisition:

Procedural screening would be done prior to selecting any project in order to ensure that the land dealt within in the said project is not acquired, and there is no resettlement. This is screened at the initial phase of the project through ESDD checklist.

For Greenfield projects in India, obtaining Consent to Establish (CTE) and Consent to Operate (CTO) is crucial. The process begins with applying to the State Pollution Control Board (SPCB). For CTE, submit project details, environmental management plans, and site layout. After scrutiny and site inspection, the CTE is granted. Post-construction, apply for CTO by providing compliance reports and pollution control measures. SPCB inspects the site again to ensure adherence to environmental standards. Compliance includes adhering to conditions laid out in Environmental Clearance, CTE, and monitoring pollutant levels to meet permissible limits. Timely renewals and regular environmental audits are mandatory.

Land is required for seeking Consent to Establish (CTE) and Consent to Operate (CTO) in the case of establishing Greenfield projects. The application process for both CTE and CTO involves submitting detailed project plans, including the specific land area designated for the project. This land must be clearly identified and legally acquired before applying. The State Pollution Control Board (SPCB) evaluates the environmental impact of the project on this specific land and conducts site inspections to ensure compliance with environmental regulations and standards of Government of India.

SIDBI requires CTE and CTO in case a unit is coming up in areas where land acquisition is involved. This due diligence is mentioned in ESDD(Annexure 4).

Indigenous People:

As per exclusion list the loans which involve “Projects that affect in any way Indigenous Peoples with limited external contact, also known as peoples “in voluntary isolation”, “isolated peoples” or “remote groups”, won’t be financed.

A legal screening would be done prior to selecting a project and during the continuance of a project to ensure that such projects are in compliance with all applicable laws.

Proper checks would be conducted to thoroughly screen potential loans to ensure that the party is legally permitted to commensurate with the said project and is financially capable in terms of hypothecation and security, to repay the loan.

Further, an Indigenous People Plan (IPP) will be developed for all projects affecting indigenous communities and Indigenous Peoples where impacts are identified, whether they are direct or indirect, negative or positive, if applicable with necessary disclosure for IPPs.

Annexure 1: SIDBI's Environment and Social Management Policy (ESMP)

Environment and Social Management Policy (ESMP)

1. Background

The Micro, Small and Medium enterprises (MSME) sector in India contributes around 45 percent to manufacturing output and about 40 percent to exports (directly and indirectly). The MSME sector is the second largest contributor to India's gross domestic product (GDP), next to Agriculture, and is a major contributor to employment generation.

Small Industries Development Bank of India (SIDBI), set up on April 2, 1990 under an Act of Indian Parliament is the Principal Financial Institution for the promotion, financing and development of the MSME sector and for coordination of the functions of other institutions engaged in similar activities in India.

SIDBI is committed to promote sustainability and encouraging green practices in the MSME sector. SIDBI has developed an Environment and Social Management Policy (ESMP) to manage the various risks like credit, legal, reputational risks, etc. which may arise from the environmental and social issues associated with the projects implemented by SIDBI or its financial intermediaries.

Due to the nature and scale of their operation, MSMEs individually have minimal environmental and social impact. However, to promote their growth in a sustainable manner and to gradually improve their performance in environmental and social areas, SIDBI is implementing various programmes with the support from multilateral/bilateral agencies.

2. Principle guiding the organisation

As an environmentally and socially responsible organization, SIDBI through this ESMP will be promoting and financing the projects that will mitigate or have least environment and social impact. SIDBI has adopted the ESMP and developed procedure to evaluate the projects to ensure that there are minimum negative externalities and would focus on creating positive externalities through its projects and activities.

The ESMP developed by SIDBI recognizes the importance of environment and social safeguards of its financial partners and its intermediaries. To achieve sustainable development objectives, the ESMP would be reviewed regularly to take cognizance of its partner institution and organization and would incorporate the safeguards to achieve fine balance between economic, environment and social well-being. The ESMP would generally guide SIDBI's operation and elaborates SIDBI's commitment towards improving MSME environment and social performance, therefore:

1. The operations/programs/projects would generally be guided by ESMP and the project would be generally guided by procedures stated in the policy.
2. SIDBI ESMP is committed to generally comply with all relevant regulatory and legislative requirement and would also incorporate requirements of its partners institutions and organizations



3. The ESMP would generally provide enabling mechanism to incorporate the ESS Principles for promoting and strengthening inclusion of Social and environment safeguards in lending operations, programs and projects.
4. The procedures, roles and responsibilities defined in the policy would generally ensure the compliance of SIDBI's operations and activities with Government of India's (GoI) ESS principles.
5. The performance standards adapted in this policy would ensure that the development objectives are achieved without compromising the environment and social well being

Thus, with an objective to ensure that adverse environmental and social impacts are substantially avoided or appropriately mitigated and compensated in SIDBI's assisted projects.

Further, SIDBI got accredited to the Green Climate Fund (GCF). As a part of the accreditation process, we are committed to put in place Environment and Social Management policy for SIDBI at the earliest.

3. Objectives

The objectives of ESMP of SIDBI are to,

- formulate strategies to ensure sustainable growth of Indian MSME_s sector contributing to the Government of India's commitment towards combating climate change.
- comply with relevant environmental and social policies, laws, and regulations of Government of India and E&S safeguards of international partners / donors.
- avoid, minimize and mitigate the adverse environmental and social impacts/risks due to projects assisted directly by SIDBI or through its financial intermediaries.
- provide guidance and mechanisms needed for E&S compliance during project implementation by SIDBI and its financial intermediaries.

4. Scope and Coverage

The applicability of the ESMP at present will be extended to the following types of projects / programmes approved by SIDBI from the date of this policy. The scope and coverage will be reviewed for modification as considered necessary by the SIDBI's Management. Broad areas of scope & coverage are mentioned below:

- (i) All climate change related proposals and programmes implemented with the financial support from GCF.
- (ii) Project proposals and programmes with loan size above INR 300 million extended by SIDBI under its direct assistance to MSMEs.
- (iii) All the climate change related project proposals from the financial intermediaries / implementing entities of SIDBI with the loan size above INR 5000 million.
- (iv) The policy shall generally be prescribed for projects and programmes supported with refinance assistance based on its impacts.



5. Applicability of E&S Compliance

As a general rule the projects / programmes will be evaluated against the domestic norms, rules and Acts prescribed by Govt. of India, concerned State Governments or their representatives / agencies for E&S compliance.

6. Environment and Social Management Policy

Environmental and social management policies are fundamental to ensuring that SIDBI does not support projects/programmes that unnecessarily harm the environment, the vulnerable communities or contributes to poverty, social inequality or gender discrimination.

Further, SIDBI shall:

- (a) Identify and assess environmental and social risks of each project at stage of the project/programme design.
- (b) Adopts measures to avoid or minimize or mitigate or manage the environmental and social (E&S) risks during project implementation; it may monitor the status of those measures during and at the end of implementation.
- (c) Create awareness among all stakeholders on E & S aspects, thereby accelerating sustainable growth of MSME sector.

7. Environment and Social Performance Standards (PS)

All projects / programmes supported by SIDBI for GCF financed activities shall generally be designed and implemented to safeguard the following nine Environmental and Social Performance Standards (PS), which are in line with the international best practices for assessment of environmental and social risks e.g. International Finance Corporation (IFC), Adaptation Fund, Green Climate Fund (GCF), the World Bank etc.

These performance standards establish the criteria that the Borrower or the Beneficiary and the Project shall comply with through the entire project life cycle, so as to ensure that adverse E&S impacts are avoided/ appropriately mitigated and compensated. These E&S Performance Standards are as follows:

- **PS 1: Assessment and management of environmental and social risks and impacts**

SIDBI or its financial intermediaries shall (i) Identify funding proposal's environmental and social risks and impacts; (ii) Adopt mitigation hierarchy: anticipate, avoid; minimize; compensate or offset; (iii) Improve performance through an environmental and social management system; and (iv) Engage affected communities or other stakeholders throughout funding proposal cycle. This includes communications and grievance mechanisms.

- **PS 2: Labour and working conditions**

SIDBI's environment and social policy promotes and ensures Compliance to applicable Indian labour legislations, including exclusion of any MSMEs that have



presence of child labour and forced labour. Through the policy, SIDBI will encourage the project proponent to continually improve the occupational health and safety conditions at the project site.

- **PS 3: Resource efficiency and pollution prevention**

SIDBI alongwith its financial intermediaries and other stakeholders will promote the projects which will result in minimal / no impact on environment and human health and avoid or result in reduced waste generation from the activity. The project will be screened effectively to verify these objectives and it will be ensured through regular monitoring / follow-up visits that the proponent manage and reduce these impacts throughout the project cycle.

- **PS 4: Community health, safety and security**

SIDBI along with its financial intermediaries through the implementation of this policy ensures that the project activities will have minimal impact on health, safety and security of the communities recognizes that the project implementation and will encourage the borrowers to avoid or manage such risks effectively.

- **PS 5: Land acquisition and involuntary resettlement**

SIDBI or its financial intermediaries will not support any MSME operations that would result in: (i) compulsory land acquisition and physical and/or economic displacement of people (loss of structures, livelihoods and access to common resources.

- **PS 6: Biodiversity conservation and sustainable management of living natural resources**

SIDBI through the implementation of the policy ensures that the project activities shall not affect biodiversity and should complement sustainable management of living natural resources and will encourage the borrowers to avoid or manage such risks effectively.

- **PS 7: Indigenous people**

SIDBI's project is not anticipated to have impacts on indigenous people, their lands, culture, livelihood or way of life. However, during the project screening stage, SIDBI will ensure that their project or its financial intermediaries will not have any adverse effect on indigenous people in the project area.

- **PS 8: Cultural heritage**

SIDBI will not assist projects which have adverse impact on the Cultural Heritage or historical monuments of the country.

- **PS 9: Gender equity and women empowerment**

SIDBI strongly believes that gender equity and women empowerment is important for economic development. SIDBI will encourage the borrowers to minimize the gender related risks from business activities and unintended impacts. SIDBI is committed to gender equality and equity and creating opportunities for women through its activities internally and externally.



8. Environmental and Social Management System

The financial intermediaries / implementing entities assisted by SIDBI shall be responsible for screening all projects / programmes to determine the extent to which the E&S risks, including all risks associated with performance standards identified above. Financial intermediaries / implementing entities proposing projects/ programmes shall ensure that the E&S impacts of such projects/programmes are thoroughly assessed; that measures are identified for avoiding, reducing or mitigating all environmental and social impacts; and that the implementation of such measures is monitored and reported on through the life of the project/programme.

Wherever, the financial intermediaries / implementing entities does not have the requisite capabilities for assessing and managing E&S Risks, SIDBI will guide them either through its own staff and/or through Consultants and the cost for the same will be a part of the Project Cost.

9. Environment and Social Management Policy – Implementation Plan

9.1 Screening and Categorisation of E & S Risk

SIDBI or its financial intermediaries shall screen the projects that the proposed project / programmes are not in the Negative / Exclusionary List of projects provided in **Appendix– I**.

Based on the regulatory framework and the environmental risks associated with different types of units, MSMEs sectors have been classified as B1, B2, B3 and B4, where B1 category units have higher potential for environment risks followed by B2, B3 and B4, where B4 category units have the lowest risk.

B1 to B4 categories are equivalent, respectively, to the Central Pollution Control Board's (CPCB) Red, Orange, Green and White categories, and are equivalent to high, medium, and low risk, as indicated in the table below:

Categories		
SIDBI	CPCB	Risk Level
B1	Red	High
B2	Orange	Medium
B3	Green	Low
B4	White	Low

A CPCB guidance document¹ on categorization of industries can be referred to ascertain the pollution potential & sector of the unit to categorize the unit as B1, B2, B3 and B4. The declaration from the promoter on Environmental & Social risks associated with the applicable project/ programme will be obtained and screened through a checklist covering all aspects of community, health, safety and security (refer **Appendix - II**).

¹ CPCB's Guidance Document on classification of Industrial Sectors:
https://cpcb.nic.in/uploads/Latest_Final_Directions.pdf



9.2 Assessment of E & S Risk

Further to this initial screening, the project/ programme proponent is required to submit all the relevant information/ details to SIDBI or its financial intermediaries.

SIDBI or its financial intermediaries shall screen the potential risks and the environmental and social compliance of the project/ programme through document verification, site visits and/ or consultation based on the information submitted by the by the customers in Annexure-II.

Upon screening and considering the E & S risks, the assessing authority may take suitable decision on approval of the project/ programme.

9.3 Monitoring, Reporting and Evaluation

Implementing entities monitoring and evaluation of projects/programmes supported by SIDBI shall address all environmental and social risks identified by the implementing entity during project/programme assessment, design, and implementation. The implementing entities' annual project/programme performance reports shall include a section on the status of implementation of any environmental and social management plan, including those measures required to avoid, minimize, or mitigate environmental and social risks. The reports shall also include, if necessary, a description of any corrective actions that are deemed necessary. The mid-term and terminal evaluation reports shall also include an evaluation of the project/programme performance with respect to environmental and social risks.

9.4 Public Disclosure and Consultation

Implementing entities shall identify stakeholders and involve them as early as possible in planning any project/programme supported by SIDBI. The results of the environmental and social screening and a draft environmental and social assessment, including any proposed management plan, shall be made available for public consultations that are timely, effective, inclusive, and held free of coercion and in an appropriate way for communities that are directly affected by the proposed project/programme.

The scope and frequency of stakeholder engagement for funding proposals supported by GCF will depend on the nature and scale of the project and its potential risks. The process of stakeholder engagement will involve the following:

- a. Stakeholder identification; identify individuals, groups and organizations that are affected by the project.
- b. Plan engagement with stakeholders; provide a strategy and timetable for sharing project information. Ensure participation by women and vulnerable section.
- c. Disclosure of information; the project/ programme proponent will disclose project information to allow stakeholders to understand the risks and impacts of the project. The purpose, nature and scale of the project, duration of proposed project activities will be shared. Potential impacts with regard to environment, worker health and safety, social impacts on communities, and proposed mitigation plans shall be provided. The information will be disclosed in relevant local language.



- d. Addressing and responding to grievances; the project/ programme proponent will respond to concerns and grievances of project-affected parties related to the environmental and social issues of the project in a timely manner.

The Stakeholders consultations shall be documented and shall include information on the stakeholders consulted, summary of the feedback received and a brief explanation of how the feedback were taken into account into project planning and execution.

The project/ programme proponent will provide information to project-affected parties and other interested parties throughout the life cycle of the project in a manner appropriate to the nature of their interests.

SIDBI, through its website will publicly disclose the Environmental and Social Impacts Assessment (ESIA), Environmental and Social Management Plan (ESMP), or any other related reports with respect to project and programme funding proposals supported by GCF, that have an environmental or social impact as soon as it is received and wherever it is applicable, as per Information Disclosure Policy.

9.5 Grievance Redress Mechanism

The implementing entities shall identify a grievance redress mechanism (GRM) that provides people affected by projects/programmes supported by SIDBI with an accessible, transparent, fair and effective process for receiving and addressing their complaints about potential or actual environmental or social harms caused by any such project/programme. The mechanism can be national, local, or institution- or project-specific.

SIDBI is open to receiving and registering external communications the people affected by projects/programmes supported by SIDBI. SIDBI has put in place a web-enabled registration form for complaints / grievances, where customers or people affected with a grievance can visit the Bank's website (www.sidbi.in) and register a complaint online through the online complaints/ grievance form. For further details, please refer to SIDBI's procedure on institutional -specific GRM².

10. Roles and Responsibility:

10.1 Roles and Obligations of Implementing Entities:

The Implementing Entity is responsible for assessing projects and their environmental and social impacts, preparing safeguard plans, and engaging with affected communities through information disclosure, consultation, and informed participation following all policy principles and safeguard requirements. The Implementing Entity will submit all required information, including assessment reports, safeguard plans/frameworks, and monitoring reports, to SIDBI for review.

10.2 Roles and Obligations of SIDBI:

10.2.1 SIDBI is responsible for screening projects undertaking due diligence; and reviewing the Implementing Entity's social and environmental assessments and plans to

² https://www.sidbi.in/files/publicationreport/Grievance_Redressal_Policy_19052020.pdf



ensure that safeguard measures are in place to avoid, wherever possible, and minimize, mitigate, and compensate for adverse social and environmental impacts in compliance with SIDBI's Environmental and Social Performance Standards, determining the feasibility of SIDBI's financing; helping the Implementing Entities in building capacity to deliver the safeguards; and monitoring and supervising the Implementing Entity's social and environmental performance throughout the project cycle. In particular the following procedure will be undertaken by SIDBI as a part of its overall environmental management system:

10.2.2 Prior to providing any loans to a customer, SIDBI will verify that the proposed business activity is not on the Bank's prohibited activities list (as provided in Annexure-I)

10.2.3 For all proposals received from Clients, SIDBI shall undertake an initial assessment of whether the relevant business activities of the customer, in the reasonable opinion of the Bank, have the potential to have an adverse environmental or social impact as per the Performance Standard PS1 TO PS9 as identified at para 7 above.

10.2.4 For GCF related projects Environmental and Social Impact Assessment (ESIA) or Environmental and Social Management Plan, as applicable, would be conducted by implementing entities as per requirement of this policy and GCF E&S Policy.

10.2.5 In the event that SIDBI determines, in its reasonable opinion, that the relevant business activities of the customer have the potential to have an adverse environmental or social impact, it shall, prior to providing any loans, advisory or other services to such customer undertake a detailed and comprehensive assessment as part of the due diligence process in order to reasonably satisfy itself that the relevant business activities of the customer comply with all applicable environmental & social requirements

10.2.6 In the event that SIDBI or its financial intermediary is not able to reasonably satisfy itself that the project / programme activities of the customer comply with all applicable environmental & social requirements, they shall either:

- (i) decline to provide any loan, grant, advisory or other services to such customer; or
- (ii) offer to provide the relevant loan, advisory or other services subject to the condition that the customer shall implement an agreed corrective action plan within a specified period of time

10.2.7 SIDBI may conduct awareness programmes on the ESMP for intermediaries/implementing entities and would impress upon them to adopt it.

11. Organizational Capacity and Competency

Implementing Entities' key E&S responsibilities would be defined and communicated and supported with technical and financial resources. Technical staff with direct responsibility for the project/programme performance would have the knowledge, skills and experience necessary to understand and ensure implementation of E & S Performance Standards. SIDBI would also build organizational and manpower competencies related to E&S responsibilities.



12. Implementation and Monitoring

The ESMP would be implemented at the organization level in a phased manner. If required, SIDBI may allocate appropriate resources to ensure effective implementation of the policy. The process would include the following actions:

- In-house capacity building of credit officers to identify, assess, monitor and report E & S performance associated with projects/ programmes
- Development and maintenance of the relevant systems and procedures to implement, monitor, review and reporting.
- Support financial intermediaries to incorporate similar systems in their organizations

13. Benefits on Implementation of the policy

The Environmental & Social (E&S) safeguard issues, if not ascertained by SIDBI during project appraisal, could potentially lead to credit, legal, environmental, regulatory, as well as reputational risks. Importance of such issues depending on type and nature of project / programmes vis-à-vis pollution potential. Thus, implementation of this policy would alleviate all the credit, legal, environmental, regulatory & reputational risks and will help improve the Bank's positioning & corporate image as a responsible lender in the market.

14. Review Mechanism

Based on gaining experience in the implementation of the ESM policy activities and operational modalities, SIDBI will be able to align its policies, processes, procedures, and project and programme design. In the light of this, the SIDBI shall review its ESMP once in a five (5) years.



Appendix - I

Negative / Exclusionary List of projects

- (i) Production or activities involving harmful or exploitative form of child labour or forced labour. (forced labor means all work or service not voluntarily performed, that is extracted from an individual) child labor (child labor means the employment of children whose age is below the statutory minimum age of employment in India.
- (ii) Production or trade in weapons and munitions.
- (iii) Production or trade in alcoholic beverages (excluding beer and wine).
- (iv) Production or trade in tobacco.
- (v) Gambling, casinos and equivalent enterprises.
- (vi) Trade in wildlife or wildlife products regulated under CITES (reference www.cites.org).
- (vii) Production or trade in radioactive materials.
- (viii) Production or trade in or use of unbounded asbestos fibres.
- (ix) Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest (prohibited by the Forestry policy).
- (x) Production or trade in products containing PCBs.
- (xi) Production or trade in pharmaceuticals subject to international phase outs or bans.
- (xii) Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- (xiii) Production or trade in ozone depleting substances (ODS) subject to international phase out.
- (xiv) Production or trade in pesticides/herbicides subject to international phase outs or bans as agreed by GOI based on Stockholm convention.
- (xv) Projects requiring compulsory land acquisition causing displacement of people or communities from private or public lands or any negative impacts on livelihoods.
- (xvi) Projects located in areas of significant settlement of tribal people and adversely affecting the culture, livelihood, and way of life of tribal people.
- (xvii) Projects located in sensitive ecological areas and natural heritage locations.



Appendix - II

Environmental & Social (E&S) Checklist

(To be filled in by the prospective borrower and attached to the Loan Application)

S.No.	Particulars	Response	Remarks
A. Environmental Aspects			
1	Environmental Clearance from MoEFCC* / SEIAA**	Yes / No / Not Applicable / Applied For	<ul style="list-style-type: none"> If 'Yes', attach copy of the same. If 'Applied For', attach copy of the application submitted by the MSME unit to the concerned SPCB or the receipt copy of the fee paid to the SPCB.
2	Valid Consent(s) / Clearances from SPCB/CPCB	Yes / No / Not Applicable / Applied For	<ul style="list-style-type: none"> If 'Yes', attach copy of Consent to Establish (CTE) / Consent to Operate (CTO). If 'Applied For', then attach copy of the application submitted by the MSME unit to the concerned SPCB or the receipt copy of the fee paid to the SPCB.
3	Whether the unit has received any notice for regulatory non-compliance or violation of norms or consent conditions or faced any litigation or material settlement of convictions in court	Yes/No	If 'Yes', state reasons, which led to industry being notified as 'non-compliant' and actions undertaken to become compliant. State clearly whether the issue has been resolved or not. If not, state reasons clearly.
4	Compliance of consent - for eg. Installation of pollution control measure suggested as per consent	Yes / No / Not Applicable	list out deviations if any
B. Social Aspects			
3	Does the unit employ child and / or forced labour for its operations	Yes/No	
4	Does the unit employ Occupational, Health and Safety related measures for its operations <i>[For example: Workers wearing Gloves, helmet, mask during operations (especially during welding operations), installation of fire safety measures (e.g. workable / usable fire</i>	Yes/No	



S.No.	Particulars	Response	Remarks
	<i>extinguishers having pressure gauge needle in green zone), etc.]</i>		
5	Does the unit comply with labour welfare requirements like ESI /EPF etc	Yes / No	
6	Does the unit have occupational facilities such as canteen / restroom / toilet for the worker	Yes/ No	
7	Does the unit employ women? If yes, whether separate facilities such as toilet / rest room provided to them	Yes / No	
8	Does the project / unit is located in the notified industrial area / cluster / Special Economic Zone etc	Yes / No	If no, the following questions are to be answered
9	Does the project require compulsory land acquisition causing displacement of the people / Involuntary resettlement	Yes / No / Not Applicable	
10	Does the unit / project is located in, areas of significant settlement and / or collective attachment of tribal people / Indigenous People	Yes / No / Not Applicable	
11	Does the project involves signification alteration / damage / removal of any critical cultural heritage	Yes / No / Not Applicable	



S.No.	Particulars	Response	Remarks
12	Is the project / unit located closer (within 10 KM) to any eco sensitive zone such as national parks / reserved forests	Yes / No / Not Applicable	

* Ministry of Environment, Forest and Climate Change

** State Environment Impact Assessment Authority

(Promoters Signature)



Annexure 2: Exclusion List

SIDBI as an organization does not finance the following (**Negative/Exclusionary List of projects**):

- i. Production or trade in any product or activity deemed illegal under Indian laws or regulations or international conventions and agreements.
- ii. Production or trade in weapons and munitions.
- iii. Production or trade in alcoholic beverages (excluding beer and wine).
- iv. Production or trade in tobacco.
- v. Gambling, casinos, and equivalent enterprises.
- vi. Trade in wildlife or wildlife products regulated under CITES.
- vii. Production or trade in radioactive materials.
- viii. Production or trade in or use of unbounded asbestos fibers.
- ix. Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest (prohibited by the Forestry policy).
- x. Production or trade in products containing PCBs.
- xi. Production or trade in pharmaceuticals subject to international phase outs or bans.
- xii. Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- xiii. Production or trade in ozone depleting substances (ODS) subject to international phase out.
- xiv. Production or trade in pesticides/herbicides subject to international phase outs or bans as agreed by GOI based on Stockholm convention.
- xv. Production or activities involving harmful or exploitative form of child labour or forced labour.
- xvi. Projects/ activities requiring land acquisition and/ or causing Loss of Land / loss of source of income / loss of livelihoods, impacts on community/ displacement of people or communities from private or public lands or any negative impacts on livelihoods.
- xvii. Projects located in areas of significant settlement or impacting the natural and cultural resources of tribal people and adversely affecting the land, culture, livelihood, and way of life of tribal and indigenous people
- xviii. Projects located in sensitive ecological areas and natural/ cultural heritage locations. If any activities are proposed in these areas, then the beneficiaries must obtain the requisite permissions. These permissions are required if the activities are taken up within one km from the sensitive ecological areas or heritage locations.
- xix. Category A Projects with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented. And I1 i.e when an intermediary's existing or proposed portfolio includes or is expected to include financial exposure to activities with potential significant adverse environmental and social.
- xx. Projects that affect in any way Indigenous Peoples with limited external contact, also known as peoples "in voluntary isolation", "isolated peoples" or "remote groups.
- xxi. Production and distribution of racist, anti-democratic and/or neo-Nazi media.
- xxii. Projects that involve the conversion or degradation of Critical Natural Habitats

- xxiii. Large agricultural or forestry enterprises (>5,000 ha) producing palm oil or wood that do not comply with recognised international certification systems (e.g. RSPO or FSC) or equivalent regulations.
- xxiv. Practices which prevent employees from lawfully exercising their rights of association and collective bargaining
- xxv. Nuclear power plants (apart from measures that reduce environmental hazards of existing assets) and mines with uranium as an essential source of extraction.
- xxvi. Prospection, exploration and mining of coal; land-based means of transport and related infrastructure essentially used for coal; power plants, heating stations and cogeneration facilities essentially fired with coal, as well as associated stub lines.
- xxvii. Non-conventional prospection, exploration and extraction of oil from bituminous shale, tar sands or oil sands.
- xxviii. Cross-border trade in waste products unless compliant with the Basel Convention and the underlying regulations.
- xxix. Production or trade of persistent organic pollutants (POPs)
- xxx. Prohibited transboundary trade in waste (under the Basel Convention)
- xxxi. Investments which could be associated with the destruction or significant impairment of areas particularly worthy of protection (without adequate compensation in accordance with international standards).
- xxxii. Production or trade in wood or other forestry products other than from sustainably managed forests.
- xxxiii. 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.
- xxxiv. Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples

Annexure 3: **Key considerations for choice of sectors**

- 7/13 sectors proposed for mitigation activities in this programme proposal (i.e., textile, chemicals, leather, pulp & paper, cement, steel re-rolling and sponge iron) correspond to the "Red" category as per CPCB risk categorization/classification of sectors¹³. This categorization is based not on the environmental risk, but rather, on the polluting potential of the sector (which includes Air Pollution, Water Pollution & Hazardous Waste generation).
- The interventions proposed i.e., Energy Efficiency, Electric Vehicles, Renewable Energy, will lead to decarbonization of the sectors and thus improve resilience of the sectors against climate and environmental risks. Thus, by promoting these interventions in the 7/13 sectors classified as red, the adverse environmental & social risks and impacts are being reduced.
- Through E&S screening, only low and medium risk sub-projects as per the investment criteria outlined in the programme will be eligible for financing

¹³ https://cpcb.nic.in/uploads/Latest_Final_Directions.pdf

Annexure 4 : Environmental & Social Due Diligence Checklist

(To be filled in by the prospective borrower and attached to the Loan Application)

S.No.	Particulars	Response	Remarks
<u>A. Environmental Aspects</u>			
1	Environmental Clearance from MoEFCC* / SEIAA**	Yes / No / Not Applicable / Applied For	<ul style="list-style-type: none"> If 'Yes', attach copy of the same. If 'Applied For', attach copy of the application submitted by the MSME unit to the concerned SPCB or the receipt copy of the fee paid to the SPCB.
2	Valid Consent(s) / Clearances from SPCB/CPCB	Yes / No / Not Applicable / Applied For	<ul style="list-style-type: none"> If 'Yes', attach copy of Consent to Establish (CTE) / Consent to Operate (CTO). If 'Applied For', then attach copy of the application submitted by the MSME unit to the concerned SPCB or the receipt copy of the fee paid to the SPCB.
3	Whether the unit has received any notice for regulatory non-compliance or violation of norms or consent conditions or faced any litigation or material settlement of convictions in court	Yes/No	If 'Yes', state reasons, which led to industry being notified as 'non-compliant' and actions undertaken to become compliant. State clearly whether the issue has been resolved or not. If not, state reasons clearly.
4	Compliance of consent - for eg. Installation of pollution control measure suggested as per consent	Yes / No / Not Applicable	list out deviations if any
<u>B. Social Aspects</u>			
5	Does the unit employ child and / or forced labor for its operations	Yes/No	
6	Does the unit employ Occupational, Health and Safety related measures for its operations [For example: Workers	Yes/No	

S.No.	Particulars	Response	Remarks
	wearing Gloves, helmet, mask during operations (especially during welding operations), installation of fire safety measures (e.g. workable / usable fire extinguishers having pressure gauge needle in green zone), etc.]		
7	Does the unit comply with labour welfare requirements like ESI /EPF etc.	Yes / No	
8	Does the unit have occupational facilities such as canteen / restroom / toilet for the worker	Yes/ No	
9	Does the unit employ women? If yes, whether separate facilities such as toilet / rest room provided to them	Yes / No	
10	Is the project / unit is located in the notified industrial area / cluster / Special Economic Zone etc	Yes / No	<i>If no, the following questions are to be answered</i>
11	Does the project require compulsory land acquisition causing displacement of the people / Involuntary resettlement	Yes / No / Not Applicable	
12	Is the unit / project located in, areas of significant settlement and / or collective attachment of tribal people / Indigenous People	Yes / No / Not Applicable	
13	Does the project involves signification alteration / damage / removal of any critical cultural heritage	Yes / No / Not Applicable	
14	Is the project / unit located closer to any eco sensitive zone and within 10km from national parks / wildlife sanctuary/ reserved forests	Yes / No / Not Applicable	

* Ministry of Environment, Forest and Climate Change

** State Environment Impact Assessment Authority

(Promoters Signature)

It is hereby certified that the information provided in the above ESDD report by the project proponent has been duly checked/ verified by the undersigned and is found to have sufficient environment and social safeguard measures in place and therefore may be considered by SIDBI for providing loan under GCF.

Signature :
Name of Person :
Designation :
Name of PFI and Branch:

For the use of SIDBI, GCFV

- ☐ Approved
- ☐ Conditional Approval (Specify the conditions)
- ☐ Not Approved, Reason(s) thereof

Note 1:

In addition to the above identified parameters, following parameters will be considered for the checklist (specific to the proposed programme with GCF):

- Will there be any liquid discharge to ground water aquifer during construction or operations?
- Would this project create new and additional jobs?
- Will this project affect livelihood adversely? (If answer is yes and livelihoods will be affected adversely, please attach details of how it will be impacted and type, magnitude and severity of impact)
- If livelihood is impacted, are there adequate alternatives or compensations considered? (If yes, please provide details)
- Are there any disputes/complaints from the neighboring communities & properties?

If the answer for the Environment Aspects (Q1 and Q2) is NO and the unit requires such consents, then they won't be financed.

If the answer for Q 5 is YES, then the unit won't be financed.

If the answers to Q11 to Q14 id YES, then the unit won't be financed.

If the unit does not require Environment Clearance (EC), Consent to Establish (CTE) or Consent to Operate (CTO) then it will be verified by the Branch Office. And additional questions will be added to the above checklist namely: -

Does the unit

- Produces solid wastes during construction, operation or decommissioning?
- Require freshwater during operations?
- poses a risk which causes contamination of drinking water?
- Need to cut down any trees?
- Be located within or adjacent to environmentally sensitive areas
- Release any pollutants or any hazardous, toxic or noxious substances to the air, water during construction or operation?
- Will there be any liquid discharge to ground water aquifer during construction or operations? If yes, is there any treatment mechanism?

It may be noted that if Consent to Operate (CTO) is required then all the pollution parameters are checked and based on the compliance, Consents are given by the respective pollution control boards to the units. If in any case pollution is not mitigated then consent is not granted.

Annexure 5: Environment & Social (E&S) Compliance Sheet

(To be attached with the Appraisal Note)

RO/ BO :

Name of the unit :

S. No.	Particulars		Comments / Remarks of the RM
1	Whether the unit has valid Consent(s)/ Clearances from SPCB / CPCB	Yes / No / Not Applicable	If 'Yes', give brief details like Number and date of the letter, issuing authority, nature / name of consent / clearance, validity period, etc, If 'No', the unit will not be eligible under the scheme.
2	Whether the unit falls under the negative / exclusionary list	Yes / No	If 'Yes', the unit will not be eligible under the scheme.
3	Categorize the unit / project as the E&S Risk Category		Provide details

[Signature & Name of Relationship Manager]

Date:

Place:

Annexure 6: Summary of the EE Measures & Its Benefits

1. Details of Energy Efficiency Measures being Implemented by MSME units

S. No	Energy Saving Measures	Estimated Annual Energy Savings			Estimated Investment INR lakh	Monetary Savings INR Lakh / p.a.	Simple Payback (M/Yrs)	Emission Reduction (tCO ₂)	Eq. Energy Saving (TOE/yr)
		Electricity (kWh)	Coal (MT)	Other Fuels					
1									
	Overall								

2. Benefit from Implementation of EE Measures

S. No	Parameters	Unit	Baseline (Before Implementation)	To be (Post Implementation)	Difference	% Change
1	Electrical Energy Used in Plant	kWh/Year				
2	Diesel Used in Plant (Electrical)	kL/Year				
3	Production	MT/year				
4	Energy Cost	Lakh Rs/Year				
5	Overall Energy Consumption	MTOE				
6	Specific Energy Consumption	KgOE/MT				
7	Specific Energy Cost	Rs. /MT				
8	Overall CO ₂ Emission	tco2/Year				

3. Likely other benefits to the unit after implementation of the recommended EE Options (provide details in brief)

- ⇒ Production & Production Quality Improvement
- ⇒ Environmental Benefits
- ⇒ Social Benefits (e.g., jobs created, livelihoods impacted)

Annexure 7: ESG Rating - Assessment of Environment, Social, Governance (ESG) Parameters

Input Sheet-SME

Entity Name

Note: In Criteria column, upper limit value in the given range is excluded. (For example in 5-8, 8 is not be considered for selection purpose)

Management Risk

	Parameter		Criteria	Selection Guide	Score (enter option number ex. 1 for first option)	Qualifying Remark
1.1	Track Record of operations	1	>15 years - Very Long	<ul style="list-style-type: none"> Track record is measured from the date of start of operations. Also, in case of takeover of business of other entity, the track record of that entity should be added if it has sizable operations i.e. at least 40% of the combined turnover after merger/acquisition. 	1	
		2	8-15 years - Long			
		3	5-8 years - Reasonable			
		4	3-5 years - Short			
		5	1-3 years - Very Short			
		6	Project phase or less than 1 Year			
1.2	Experience of promoter/Key personnel in the current business or	1	>20 years - Very Long	<ul style="list-style-type: none"> Experience of only key management personnel who are involved in the business should be considered. It is based on the average experience of Directors/partners or experience of proprietor in the current business or similar line of business. 	1	
		2	10-20 years - Long			
		3	5-10 years - Reasonable			
		4	3-5 years - Short			

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	similar industry	5		<ul style="list-style-type: none"> • In case of professional/executive staff manages the overall operations. Average of their experience in the business will be taken. • The experience should be seen in terms of industry not for products. For example if entity is engaged in manufacturing of texturized yarn then experience in textile industry would be used for calculation purposed not experience in manufacturing of texturized yarn. 		
			<3 years - Very Short			
1.3	Presence of formal/informal organizational structure	1	Presence of structure with clearly defined levels and responsibilities	<ul style="list-style-type: none"> • Organizational structure should commensurate to the size of operations. • The major bifurcation for SMEs should be seen in terms of production, marketing, finance and procurement functions. • Here, the operations would be handled by promoters and family personnel so non-employment of professional executives should not be considered as negative. 	2	
		2	Presence of structure with clearly defined levels, responsibilities but comprises of family members			
		3	Presence of structure but with no defined roles			
		4	Absent, with a one man show			
1.4	Constitution of the entity	1	Company	As per incorporation document	2	
		2	Partnership/trust/Society/LLP			
		3	Proprietorship			
1.5	Succession planning	1	Present/Not an Issue	<ul style="list-style-type: none"> • Succession planning is to be analyzed in terms of second generation, family personnel who can look after business. • Also, the age of key promoters or flexibility to appoint executives for management would need to be seen under this parameter. 	1	
		2	Absent			
1.6		1	Good		1	

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	Importance of finance function	2	Moderate	<ul style="list-style-type: none"> Importance given to finance function is measured in terms of timely arrangement of funds through banks or own funds as per business needs, Systems setup for timely payment of debt obligations, budgeting and payments policies for debtors and creditors. Presence of internal auditor, professionals and delegation of power for minor finance related functions should be seen. 		
		3	Poor			
1.7	SME specific Corporate Governance practices and clarity of future goals	1	Sound	<ul style="list-style-type: none"> It is to be measured in terms of clarity on future goals, compliance of statutory requirements, adequate disclosures of related party transactions, non-usage of funds other than business requirements and past record of key management personnel. Transactions with associate/group concerns should also be seen. 	1	
		2	Good			
		3	Average			
		4	Weak			

2 Industry Risk

	Parameter		Criteria	Selection Guide	Score (enter option number ex. 1 for first option)	Qualifying Remark
2.1	Demand-Supply Position	1	Highly favorable	<ul style="list-style-type: none"> It is to be based on industry research and Future growth prospects of industry. In case of regional/Local focus the Demand supply position should be focused on region specific but overall demand/supply scenario should also be analyzed. Here, highly favorable should be selected in case of increasing demand of the products having high growth prospects with limited 	2	
		2	Favorable			
		3	Moderate			
		4	Unfavorable			

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		5	Highly unfavorable	players to meet the demand or few players (including entity under consideration) commands major market share.		
2.2	Competitive position of the company in the industry	1	Very Strong	<ul style="list-style-type: none"> • Selection should be based on Size of operations/Market share/Uniqueness in the products, bargaining power of customer and suppliers etc. • For SMEs, if an entity command significant share in particular region (minimum state level), it can be seen as “strong” position. 	2	
		2	Strong			
		3	Moderate			
		4	Weak			
		5	Very weak			
2.3	Cyclicality and Seasonality	1	No / negligible	<ul style="list-style-type: none"> • Based on industry in which entity is operating. Cyclical industries includes textile, real estate, steel, automobile etc. and seasonal industries includes construction, agricultural, mining etc. 	1	
		2	Moderate			
		3	High			
2.4	Impact of changes in government regulations/policies/Threat of imports and substitutes	1	Negligible impact	<ul style="list-style-type: none"> • It is to be based on extent of government intervention in past, control on prices/government schemes offered in the industry, regulatory compliance requirements, control on export sales, control on import of raw material, regulations related to anti-dumping duty etc. • Further, threat of cheaper imports must be analyzed. 	1	
		2	Little impact			
		3	Moderate impact			
		4	Significant impact			
		5	Very significant impact			
2.5	Sensitivity of operations to the requirement of clearances	1	Negligible impact	<ul style="list-style-type: none"> • Clearances specific to industry should be seen which includes environmental clearances, waste disposal, land clearances etc. alongwith region specific issues related to receipt of clearances should be seen. 	1	
		2	Moderate impact			
		3	Significant impact			
2.6	Raw material availability	1	Abundantly available	<ul style="list-style-type: none"> • It should be seen in terms of timely availability and in context of raw material inventory holding requirement. • For SMEs, backward integration even in group 	1	
		2	Available, future shortages cannot be ruled out			

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		3	Available, but with occasional shortages	companies should be viewed positively as would reduce raw material availability risk. • Special focus should be given for industries like fertilizers, chemicals, rubber, agricultural based products etc.		
		4	Very frequent material shortages			
2.7	Price volatility of raw materials	1	Low volatility	If absolute change in raw material prices during last three years on average basis is: more than 20% than High volatility, 10%-20% moderate Volatility and less than 10% than low volatility	2	
		2	Moderate volatility			
		3	High volatility			

Note: Entry Barriers is not a weakness for SME as in SME segment in generally entry barriers are low

**Operational
3 Risk**

	Parameter		Criteria	Selection Guide	Score (enter option number ex. 1 for first option)	Qualifying Remark
3.1	Locational Advantage	1	Favorable - Present in a product cluster	<ul style="list-style-type: none"> • A unit present in a cluster will fetch higher marks as there is an established supply for the raw material as well as market for finished goods • If not present in a cluster then the distance of raw material suppliers as well as its customers will be taken into consideration. 	2	
		2	Average - Present near to the product cluster/proximity to raw material procurement Area/Proximity to its customers			
		3	Unfavorable - No locational advantage			
3.2	Adequacy and availability of utilities like power, water etc.	1	Adequate with full backup facilities	<ul style="list-style-type: none"> • Based on availability of power and water in the region and the backup facility available with the entity. This must be seen in context of the nature of business/products manufacturing process. The units with integrated operation having waste management and material 	1	Firm is having sanctioned power and in addition, installed Solar panels for which funding from
		2	Adequate with partial or no backup facilities			
		3	Adequate with no backup and frequent interruptions			

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		4	Inadequate	recovery mechanism in place should be graded higher.		SIDBI is proposed.
3.3	Capacity utilization for the last three years (Weighted Avg. utilization)	1	More than 80%	Based on data submitted by entity. For Latest Year (Y) weight is 50%, for previous year (Y-1) weight is 30% and for first year (Y-2) weight is 20%. If capacity utilization cannot be measured then based on best possible option can be selected.	2	
		2	60-80 %			
		3	40-60 %			
		4	<40 %			
3.4	Adequacy and availability of Manpower	1	Adequate manpower and sourcing is easy	<ul style="list-style-type: none"> For a unit with requirement of more unskilled labors, more weightage needs to be given to those companies which are located in the region where the adequate local labor is available. Irrespective of demand supply of manpower, one should analyze the sourcing arrangements like training programs, tie-ups with Industrial training institutions (ITIs) and local labor unions. Retaining of manpower should be analyzed as well. 	1	
		2	Adequate manpower but sourcing is difficult			
		3	Inadequate manpower but sourcing is easy			
		4	Inadequate manpower and sourcing is difficult			
3.5	Geographical Diversification	1	Highly Diversified	<ul style="list-style-type: none"> The companies having presence in both export and domestic presence with almost equal proportion should get the highest. If the product is sold only domestically then in domestic market, presence in number of states should be analyzed. 	2	
		2	Moderately Diversified			
		3	Limited Diversity			
		4	Single State or regional presence			
3.6	Importance of marketing and adequacy of current marketing setup	1	Not required OR Required and adequate setup present which is fully effective	<ul style="list-style-type: none"> This must be analyzed in respect of number of states covered, dealer network, branch offices, sales force and distribution setup. 	2	
		2	Required but the setup is moderately effective			
		3	Required, but the setup is totally ineffective			

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3.7	Customer Profile	1	Very well known and well diversified	<ul style="list-style-type: none"> The sales value wise top customers need to be analyzed in order to give a score. The sales proportion to the reputed and well known customer needs to be analyzed in order to arrive at score. In case of export operations, a company may have single distributor as a customer, so it should not be seen negatively and proper analysis is required in terms of end users. 	1	
		2	Known and Less diversified			
		3	Well Diversified			
		4	Moderately Diversified			
		5	Unorganized and concentrated Customers			
3.8	Technology used	1	Latest and proven technology	<ul style="list-style-type: none"> Technology adopted should be seen in context of technology used by other players, age of Plant & Machinery and the technology available in the market. 	1	
		2	Latest and unproven technology			
		3	Relatively new technology/ old but proven technology			
		4	Obsolete technology			
3.9	Quality Management	1	Functional quality process available supported by certification	<ul style="list-style-type: none"> Based on the copies of certificate submitted by entity which are valid as on date. Here functional means that actual implementation of processes as observer during site visit. 	2	
		2	Functional quality process available not supported by certification			
		3	Non functional quality process but availability of certification			
		4	No process and no certification			
3.10	Product diversity	1	Multiple products catering to different industries	<p>The different products manufactured and the user industries of those products need to be analyzed. A company manufacturing multiple products catering to different industries will be rated higher as the risk diversity is much higher in this case.</p>	2	
		2	Limited product portfolio catering to different industries			
		3	Multiple products catering to single industry			
		4	Limited product portfolio catering to single industry			

4 Financial Risk

	Parameter		Criteria	Selection Guide	Score (enter option number ex. 1 for first option)	Qualifying Remark
4.1	Growth in Total Operating Income in last 3 years	1	High (>25%)	<ul style="list-style-type: none"> Based on the 3 years Compounded Annual Growth Rate. In case of operation of 2 years last year annualized growth rate would be considered. In case of operations of only one year, based of realistic projected growth of next year, the option should be selected. 	4	
		2	Moderate (10%-25%)			
		3	Low (0%-10%)			
		4	Negative Growth			
4.2	Average PBIDT Margin for last three years	1	14% and above	<ul style="list-style-type: none"> PBIDT margin = (Profit before interest, depreciation and tax expense excluding non-operating and extraordinary income and expenses)/ Total Income In case of operations of less than three years, the average would be for the number of years of actual operations. 	2	
		2	11%-14%			
		3	8%-11%			
		4	5%-8%			
		5	2%-5%			
		6	Below 2%			
4.3	Average PAT Margin for the last three years	1	9% and above	<ul style="list-style-type: none"> PAT margin = (Profit After Tax)/Total Income In case of operations of less than three years, the average would be for the no of years of actual operations. 	5	
		2	6%-9%			
		3	3%-6%			
		4	1%-3%			
		5	Below 1%			
4.4	ROCE (%)	1	> 16%		1	

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		2	12-16%	ROCE = Annualized Profit before Interest and tax/Average Capital employed of last two years. • Data as per the latest available financials provided by the entity.		
		3	8-12%			
		4	4-8%			
		5	< 4%			
4.5	Variability in Gross Profit Margins	1	Margins are stable	Based on the trend in at least last 3 years	3	
		2	Margins are less stable			
		3	Margins are highly volatile			
4.6	Long term debt equity ratio	1	<0.75 times	<ul style="list-style-type: none"> Long term Debt Equity = (Total long term debt as on Balance sheet date excluding unsecured loans subordinated to bank debt)/(TNW+ unsecured loans subordinated to bank debt) TNW (Tangible Net worth) = Equity share capital + Reserve & surplus + Share premium + Deferred tax liabilities - Misc. Expenditure not written off - intangible assets Data as per the latest available financials provided by the entity. 	1	
		2	0.75 to 1 times			
		3	1 to 1.25 times			
		4	1.25 to 2 times			
		5	> 2 times			
4.7	Overall Gearing Ratio	1	< 1 times	<ul style="list-style-type: none"> Based on latest audited results. Overall gearing = (Total debt as on Balance sheet date excluding unsecured loans subordinated to bank debt)/(TNW+ unsecured loans subordinated to bank debt) Data as per the latest available financials provided by the entity. 	1	
		2	1 - 2 times			
		3	2 - 3 times			
		4	3 - 4 times			
		5	>4 times			
4.8	Total Debt / Gross Cash Accruals (times)	1	< 2 times	<ul style="list-style-type: none"> Based on latest audited results. Total Debt to GCA = (Total debt as on Balance sheet date excluding unsecured loans subordinated to bank debt)/Gross Cash Accruals 	2	
		2	2 - 4 times			
		3	4 - 7 times			
		4	7 - 10 times			
		5	10 - 14 times			

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		6	>14 times	• Data as per the latest available financials provided by the entity.		
4.9	Interest Coverage Ratio	1	> 3 times	<ul style="list-style-type: none"> • Interest Coverage = PBIDT/Interest • PBIDT = Profit before interest, depreciation and tax expense excluding non-operating and extraordinary income and expenses • Here, interest should be grossed up if net interest is shown. • In case of capitalized interest to be met by equity infusion, same should be deducted from total interest. • Data as per the latest available financials provided by the entity. 	1	
		2	2 - 3 times			
		3	1.5 - 2 times			
		4	1 - 1.5 times			
		5	<1 times			
4.10	TOL/TNW	1	< 1.5 times	<ul style="list-style-type: none"> • TOL/TNW = Total Outside Liabilities/TNW Total Outside Liabilities = Total Debt + Total current Liabilities • Data as per the latest available financials provided by the entity. 	1	
		2	1.5 - 2.5 times			
		3	2.5 - 4 times			
		4	4 - 5.5 times			
		5	5.5 - 7 times			
		6	>7 times			
4.11	Minimum DSCR (for next three years)	1	>2.00 times	<ul style="list-style-type: none"> • Based on realistic CMA i.e. if analyst feels same is highly optimistic, same can be adjusted and then figure should be taken. • DSCR = Debt obligation (Interest+ loan repayments)/ (Gross Cash Accruals+ Interest) 	1	
		2	1.50 -2.00 times			
		3	1.25 - 1.50 times			
		4	1 -1.25 times			
		5	<1 times			
4.12	Average DSCR (for next three years)	1	>2.75 times	<ul style="list-style-type: none"> • Based on realistic CMA i.e. if analyst feels same is highly optimistic, same can be adjusted and then figure should be taken. • DSCR = Debt obligation (Interest+ loan repayments)/ (Gross Cash Accruals+ Interest) 	1	
		2	2.25-2.75 times			
		3	1.75 - 2.25 times			
		4	1.25 -1.75 times			
		5	<1.25 times			
4.13	Working capital turnover ratio	1	> 5.0 times	<ul style="list-style-type: none"> • Working Capital turnover = Total Income/Average Net working capital of last two year balance sheet dates • Data as per the latest available financials provided by the entity. 	3	
		2	3.5-5 times			
		3	2.0-3.5 times			
		4	1.0-2.0 times			
		5	< 1.0 times			

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4.1 4	Current Ratio	1	2 and above	<ul style="list-style-type: none"> • Current Ratio = Total Current Assets/Total Current Liabilities • Total current liabilities includes working capital borrowings and current maturity of long term debt • Data as per the latest available financials provided by the entity 	2	
		2	1.33-2			
		3	1.2-1.33			
		4	1-1.2			
		5	Below 1			
4.1 5	Quick Ratio	1	1 and above	<ul style="list-style-type: none"> • Quick Ratio = (Total Current Assets-inventory)/Total Current Liabilities • Total current liabilities includes working capital borrowings and current maturity of long term debt • Data as per the latest available financials provided by the entity. 	5	
		2	0.85 - 1			
		3	0.70 - 0.85			
		4	0.60-0.70			
		5	Below 0.60			
4.1 6	Average Cash DSCR (for next 3 years)	1	1.5 and above	<ul style="list-style-type: none"> • Based on realistic CMA i.e. if analyst feels same is highly optimistic, same can be adjusted and then figure should be taken. • Cash DSCR = Debt obligation (Interest+ loan repayments)/ (Gross Cash Accruals+ Interest – margin commitment (25%) for incremental working capital requirement) 	1	
		2	1.35-1.5			
		3	1.2-1.35			
		4	1-1.2			
		5	Below 1			
4.1 7	Average utilization of working capital limits in last one year	1	< 65%	<ul style="list-style-type: none"> • Based on average utilization of limits as against drawing power during last 12 months. • In case of multiple facilities same should be added i.e. average of monthly utilization of [(average utilization of facility1+ average utilization of facility 2+ so on)/(DP of facility 1+DP of facility 2 + so on)] • In case average utilization is difficult to determine same can be calculated backwards based on interest paid/ interest rate during the month. 	1	
		2	65-75%			
		3	75-85%			
		4	85-95%			
		5	> 95%			

5 Project Risk

Entity is undertaking project? If Yes whether project size is more than 50% of networth as per latest audited balance sheet? (Y / N)
N

	Parameter		Criteria	Selection Guide	Score (enter option number ex. 1 for first option)	Qualifying Remark
	Pre-Implementation Risk					
5.1	Project Size compared to networth	1	< 0.5	<ul style="list-style-type: none"> Project size is compared to networth as per latest full year results TNW (Tangible Net worth) = Equity share capital + Reserve & surplus + Share premium + Deferred tax liabilities - Misc. Expenditure not written off - intangible assets Data as per the latest available financials provided by the entity. 	5	
		2	0.5 - 1.00			
		3	1.00 - 1.50			
		4	1.50 - 2.00			
		5	> 2.00			
5.2	Project Gearing	1	0.25 - 0.50	<ul style="list-style-type: none"> Project Gearing = Debt fund/Promoters contribution After considering unsecured loans from promoters as quasi equity. 	5	
		2	0.50 - 1.00			
		3	1.00 - 1.50			
		4	1.50 - 2.00			
		5	> 2.00			
5.3	Financial Closure	1	Achieved	<ul style="list-style-type: none"> Financial closure refers to the arrangement of funds for project it includes both equity as well as debt portion 	1	
		2	Mainly arranged / Not an issue			
		3	In-principal sanctioned			
		4	Mainly pending			
5.4	Project Implementati	1	More than two similar project implemented		3	

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	on Track Record	2	One similar project implemented	• Basis should be on the project executed by the entity or by promoters in associate concerns.		
		3	Experience of other projects implementation			
		4	Projects implemented with time or cost overrun			
		5	No experience			
5.5	Stage of implementation (% completed)			Based on the latest cost incurred as per CA certificated compared to total cost proposed. (Don not consider any cost overrun in expenditure already incurred)	100%	the project is fully implemented
	Post-Implementation Risk					
5.6	Type of project	1	Expansion	• Selection is to be based on nature of project. In case project is mix of two types then depending upon the cost breakup, type of project would be determined.	1	
		2	Backward / Forward integration			
		3	Related diversification			
		4	Unrelated diversification			
5.7	Stabilization of facilities	1	No risk as it uses same technology as present one	It covers the risk associated with the stabilization of facilities in light of new technology and achievement of desired quality output.	1	
		2	Limited risk as project is of same technology with some updations			
		3	New technology with uncertain outcome			
		4	Unproven indigenous technology with highly uncertain outcome			
5.8	Salability risk (Project production capacity compared to present one)	1	< 0.25 times	• It is calculated by Net of captive consumption and assured off-take arrangement with strong company or proportion in sales from the added capacities as a % of existing sales of mfg. or related trading.	1	
		2	0.25 - 0.50 times			
		3	0.50 - 1.00 times			
		4	1.00 - 2.00 times			
		5	> 2.00			

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5.9	Raw material / utilities / manpower related issues (availability/n on-tie-up) that can hamper production of the project capacities	1	Not an issue	<ul style="list-style-type: none"> It is to be selected based on the availability of raw materials including fuel, manpower availability and requirement of skilled manpower. In case of raw material tie-ups, the capability of other partly must be seen though its size of operations and production during last financial year. 	1	
		2	Below average risk			
		3	Average risk			
		4	High risk			
5.10	Increase in regulatory / sovereign / forex risk in relation to the project	1	Minor impact	<ul style="list-style-type: none"> Selection should be based on the likely increase in risk related to regulatory requirements and foreign exchange dealings. 	1	
		2	Average risk			
		3	High risk			
		4	Very High Risk			
5.11	Time overrun impact	1	No Time overrun/No project loan repayment in next two years / less than 25% time overrun compared to moratorium period	<ul style="list-style-type: none"> Time overrun is to be calculated on a particular date after comparing the original schedule and actual progress in the project. Further, it there is likely delay in project over and above the delay as on date and it can be estimated then that should also be added in current level of delay. Average project loan repayment (includes interest and repayment obligation) = Sum of two years of debt obligations related to project/2 Cash Accruals to be considered = Cash accruals of last year – scheduled debt obligation of past loans i.e. excluding project loan obligations 	1	
		2	Project loan repayment due (Average repayment for next two years) is less than 33% of (present cash accruals less: scheduled repayment of existing debt for next year) for that year			
		3	Project loan repayment due (Average repayment for next two years) is less than 66% of (present cash accruals less: scheduled repayment of existing debt for next year) for that year			

ESMS – ‘Financing Mitigation & Adaptation Projects (FMAP) in Indian MSMEs’

		4	Project loan repayment due (Average repayment for next two years) is less than 100% of (present cash accruals less: scheduled repayment of existing debt for next year) for that year		
		5	Project loan repayment due (Average repayment for next two years) is more than 100% of (present cash accruals less: scheduled repayment of existing debt for next year) for that year		
5.1 2	Cost overrun impact 1: How much?	1	No Cost overrun/Cost overrun net of equity infusion is less than 10% of cash accruals less scheduled debt repayments and committed capital for capex	<ul style="list-style-type: none"> • Adverse impact of cost overruns should be factored in on the basis of - - 1) The deficit in financing after equity infusion for cost overruns 2) The overall cash flows from operations during the tenure of the project 3) The total debt repayments during and subsequent to the project 4) The nature of funding of the increased costs and its effect on future cash flows. 	
		2	Cost overrun net of equity infusion is less than 33% of cash accruals less scheduled debt repayments and committed capital for capex		
		3	Cost overrun net of equity infusion is less than 67% of cash accruals less scheduled debt repayments and committed capital for capex		
		4	Cost overrun net of equity infusion is less than 100% of cash accruals less scheduled debt repayments and committed capital for capex		
				1	

ESMS – ‘Financing Mitigation & Adaptation Projects (FMAP) in Indian MSMEs’

		5	Cost overrun net of equity infusion is more than 100% of cash accruals less scheduled debt repayments and committed capital for capex			
5.1	Financial closure for cost overrun achieved?	1	Achieved / NA	• Based on sanction letter/likelihood of sanction.	1	
3		2	Not achieved			

Notch-up/Notch down parameters
6

	Parameter		Criteria	Selection Guide	Score (enter option number ex. 1 for first option)	Qualifying Remark
Notch-up/Notch down parameters						
6.1	Payment track record to banks	1	No delay/default and clean track record	<ul style="list-style-type: none"> • Based on the past bank statements, CIBIL record, RBI defaulters' list and other sources. • Fourth option is also to be selected in case of Criminal cases against directors, Malpractices followed by promoters etc. 	1	
		2	Occasional delays/Overdrawings/LC devolvement noticed within the last one year, but no subsisting delays/defaults			
		3	Account was restructured/CDR			
		4	Entity name is present in defaulter list or One or more directors are in CIBIL Defaulter List			
		5	Account is NPA			
6.2	Group Support	1	Very strong group support with entity being a part of large group having sound	• First option is to be selected in case of very strong promoter group with main company being rated “A” band or above by external credit rating agency with clear intention of supporting	3	

ESMS – ‘Financing Mitigation & Adaptation Projects (FMAP) in Indian MSMEs’

			financials and rated "A" and above	the group entity. • In case of unrated group entity having strong financials with turnover of over Rs.1000 crore and no external debt, same can be considered for option 1 based on analyst discretion. • Second option is to be selected in case of strong operational linkages or financial support from group companies.		
		2	Strong group support with operational linkages/financial support/Marketing and technological support			
		3	No Group Support/No visible benefit derived from group entities			
		4	Part of group which has track record of default or malpractices			
6.3	Reliability of Accounts	1	Reliable with conservative acc. Practices; Acc. Policies remain consistent	• Based on the auditors' report and own analysis. Priority given to finance functions/quality of audit/Audit Policies/Notes to Account should be evaluated.	1	
		2	Reliable but inconsistent policies with minor auditors qualification			
		3	Less Reliable/Unaudited results			

	Parameter			Selection Guide	Score (enter number between 1 to 4)	Qualifying Remark
7.1	Impact of events occurring after balance sheet date			In case of there is significant impact of post balance sheet items on credit profile of entity, then based on Analyst opinion/analysis rating should be discounted in terms of notches. 1 notch would have impact of 1 grade lower i.e. if rating output is SME 1, "1 Notch discount means it would move to SME 2)	1	

ESMS – ‘Financing Mitigation & Adaptation Projects (FMAP) in Indian MSMEs’

7.2	Any other (Mention)		In case of there is significant impact specific event on credit profile of entity, then based on Analyst opinion/analysis rating should be discounted in terms of notches. 1 notch would have impact of 1 grade lower i.e. if rating output is SME 1, "1 Notch discount means it would move to SME 2)	1	
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Input Sheet- Green

Entity Name		0
Industry categorization	Refer this for categorization http://mpcb.gov.in/images/pdf/CategorizationCPCB.pdf	

Note: For Orange and green category mention Not Applicable (3) in the parameters which are not part of questionnaire

Category	Code	Question (please refer to the Annexure before administering this questionnaire)	Verification measure	Response	Qualifying Remarks
Air Emissions	AE1	Has the unit installed pollution control measures to check release of air pollutants into the atmosphere? [Use of Venturi Scrubber/Simple Scrubber, Bag filters, Electro Static Precipitators (ESP) etc.]	Physical verification at site		
	AE2	Does the unit comply with SPCB/CPCB's industry specific norms for air emissions?	Test reports for Ambient Air, Indoor Air (as prescribed in the Consent To Operate)		
Waste Management, Storage, Transportation and Disposal (all waste except waste water)	WG1	Does the unit keep its generated waste at a designated place?	Physical verification at site/interviews		
	WG2	Is the area of waste storage is adequately covered to stop leakages/ runoff of chemicals during rains?	Physical verification at site/interviews		
	WG3	Does the unit ensure that the waste/byproducts leaving the premises of the unit are safely disposed off?	Physical verification at site/interviews		
Water and Waste Water Management	WW1	Does the unit map its water consumption (through flow meters) for each of industrial processes?	(Will be verified through Interviews/ Visual Inspection)		

ESMS – ‘Financing Mitigation & Adaptation Projects (FMAP) in Indian MSMEs’

	WW2a	Is the unit required to treat its process waste water as per the Consent to Operate (CTO)[1]	Copy of CTO		
	WW2b	Does the unit treat its effluent before releasing it outside the physical boundary of the unit?	Waste water testing report		
	WW2c	Does the waste water released exceed any limit specified in the waste water standards issued by the SPCB/CPCB?	Waste water testing report		
	WW3	Does the unit disposes off all waste water through sewer system?	Physical verification at site/interviews		
	WW4	Is Rain Water Harvesting (RWH) installed in the unit premises?	Physical verification at site		
	WW5	Does the unit use Rain Water Harvesting (RWH) system to meet its water demand (either partially or fully)?	Physical verification at site		
Energy Saving and Efficiency	EE1	Is there a provision for mapping ‘energy use’ at process level, through energy meters?	Physical verification at site/Logbooks		
	EE2	Is there recovery of energy/heat at any stage within the process?	Physical verification at site/interviews at shop floor		
	EE3	Does the unit use star rated utility appliances (e.g. refrigerators, ACs etc.) with rating 4 or above?	Physical verification at site		
	EE4	Does the unit use any energy efficient lighting source (CFL/LED) in the offices?	Physical verification at site		
	EE5	Does the unit utilizes natural light for lighting purposes - Sun roofing, Sun facing big windows	Physical verification at site		
	EE6	Is there product testing facility available at the SME unit?	Physical verification / interviews		
	EE6.a	Raw material testing	Physical verification / interviews		

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	EE6.b	Product testing (at any stage of production)	Physical verification / interviews		
	EE7	Does the unit employ a designated energy manager or energy team?	Site Interviews with the higher management		
Renewable Energy	RE1	Has the unit installed any renewable energy system (Solar etc.) within the premises?	Physical verification at site/installation documents	Yes	Roof top solar panel installed
Environmental compliance	EC1	Does the unit display Material Safety Data Sheets (MSDS) for hazardous materials/chemicals being stored within the facility?	Physical verification at site, validate to visit the chemicals stocking site.		
	EC2	Has the facility ever received any notice in violation of any of the laws mentioned in the description(Laws relevant to Environment Health and Safety)?	Interviews with the higher management		
	EC3	Does the unit has all the valid consents from the State Pollution Control Board) SPCB?	Copy of Consent to Operate (CTO) and Consent to Establish (CTE) issued by the State Pollution Control Board		
Occupational Health, Safety and Social	OHS1	Is there a provision for adequate lighting in the unit?	Physical verification at site		
	OHS2-a	Is there provision to ensure circulation of clean air (exhaust fans, air conditioning etc.) on the shop floor?	Physical verification at site		
	OH2-b	What was the quality of air at the time of visit?	Compare the air quality by walking into the shop floor and compare it with air quality in the office/ outside. Comment based on your judgment.		

ESMS – ‘Financing Mitigation & Adaptation Projects (FMAP) in Indian MSMEs’

	OHS3	Are there safety signs, slogans and markings at the shop floor (fire exits, electrical equipments, high voltage etc.)?	Physical verification at site		
	OHS4-a	Any fire Mock drill carried out in the unit?	Safety records/Interviews with the unit personnel		
	OHS4-b	Frequency of Mock drills. (Unit will get positive points if the duration between two drills is ~ 6 months). Zero points if this is ~1` year. Negative points if > 2 years	Safety records[2]/ Interviews with the site personnel		
	OHS5	Are there adequate fire management measures (Fire Extinguishers, fire exits etc.) in place?	Physical verification at site		
	OHS6	Is there adequate provision of mechanisms to make sure that labors are safe from moving parts of machines? (safety sensors, safety enclosures , grills etc.)	Physical verification at site		
	OHS7	Does the unit employ any child labor?	Physical verification at site/interviews		
	OHS8	Does the labor use PPPs (personal protective equipments) on the shop floor?	Physical verification at site		
	OHS9	Is there provision of basic amenities to the workers (e.g. drinking water, toilets)	Physical verification at site		
	OHS 9-a	Quality of Basic Amenities: Water	Walk to the water dispenser, see and comment		
	OHS 9-b	Quality of Basic Amenities: Toilets	Walk to the toilet, see and comment		
	OH10	Does the unit provide legal benefits like ESI, PF, maternity, insurance benefit to the workers?	Interviews with shop floor persons at site		

ESMS – ‘Financing Mitigation & Adaptation Projects (FMAP) in Indian MSMEs’

	OHS11	What is the % of labors under contractual agreement? (<33 % is under tolerance limit, gets 1 point, 33-66% gets 0 points and >66% gets negative points)	HRD records		
External Quality Certifications	EQC1	Does the unit hold any ‘valid’ quality assurance certificate (e.g. ISO 9001, TS 16949 etc.)?	Verification of certificate		
	EQC2	Does the unit hold ‘valid’ ISO14001 Certificate[3]?	Verification of certificate		
Negative parameter	NP1	Have unit remained closed for more than 1 month cumulatively in past 1 year due to violation/non compliance of any laws related to environment, health & safety, Child labor, Air emissions and water treatment.	Records/Interviews with the unit personnel		
	NP1	If NP1 is No, then Have unit remained closed for more than 1 month cumulatively in past 3 years due to violation/non compliance of any laws related to environment, health & safety, Child labor, Air emissions and water treatment.	Records/Interviews with the unit personnel		

[1] No score for this question

[2] Unit will get positive points if the duration between two drills is ~ 6 months). Zero points if this is ~1` year. Negative points if > 2 years.

[3] +1 point for “Yes” and 0 for “No”. There will be no –ve marking.

Rating Output

Entity Name	0
Industry categorization	0
Final Rating	IR SME 3B

Marks Table			
Factor			Weighted marks
1.Management Risk			18.8
2.Industry Risk			22.3
3.Operational Risk			12.5
4.Financial Risk			29.5
Total (Out of 100)			83.1
Score after factoring in credit enhancement due to implementation of green measures			88.1
SME rating based on score			
1			
Final Project Risk Score			100.0
Score considering project risk			88.1
Score considering Notch-up/Notch down Parameters			88.1
SME after project risk Rating			
1			
Other Notch-down Parameters			
Impact of events occurring after balance sheet date	1	No. of notches	
Any other (Mention)	1	No. of notches	
Final SME Rating	SME 3		
Green Rating Score			73.13
Green rating based on score			
B			

Rating Matrix

Integrated Green Performance Capability

High

Moderate

Low

ESMS – ‘Financing Mitigation & Adaptation Projects (FMAP) in Indian MSMEs’

Financial & Operational Strength	Highest	IR SME 1A	IR SME 1B	IR SME 1C
	High	IR SME 2A	IR SME 2B	IR SME 2C
	Above Average	IR SME 3A	IR SME 3B	IR SME 3C
	Average	IR SME 4A	IR SME 4B	IR SME 4C
	Below Average	IR SME 5A	IR SME 5B	IR SME 5C
	Inadequate	IR SME 6A	IR SME 6B	IR SME 6C
	Poor	IR SME 7A	IR SME 7B	IR SME 7C
	Default	IR SME 8A	IR SME 8B	IR SME 8C

-ESG Tool Parameters and Indicators(description) is attached as Attachment 5

Annexure 8: E&S Annual Report

Executive summary

1. Project Background

2. Activity Updates

- i. PDO achievements and projections
- ii. Details of PFIs empaneled

3. ESMS Implementation status

- i. SIDBI as Project Manager
 - a. Organization Structure
 - b. Compliance with ESM approach
 - c. SIDBI’s labour management approach including OHS
- ii. Participating Financial Institutions
 - a. Compliance with project ESMS
 - b. Challenges to implement ESMS
 - c. Observations made during field visits
- iii. MSME Borrowers
 - a. Compliance with project ESMS
 - b. Observations made during field visits
 - c. Challenges faced by project developers to implement ESMS

4. Grievance Redressal

- i. Total number of grievances received
- ii. Summary of grievances received
- iii. Details of grievances resolved, pending, reasons for delay in addressing the pending grievances, etc.
- iv. Details of number of sexual harassment complaints received and action undertaken to address such complaints.

5. Stakeholder Engagement Activities

- i. Date and form/location and purpose of the of each meeting
- ii. Number of participants and categories of participants
- iii. Summary of main points and concerns raised by stakeholders
- iv. Summary of how stakeholder concerns were responded to and considered
- v. Issues and activities that require follow-up actions, including clarifying how stakeholders are informed of decisions.

6. Capacity Building Initiatives

7. Observations and Recommendations

Definitions & Abbreviations:

- i. **ESMP:** SIDBI's ESMP (Environment & Social Management Policy (**Refer Annexure 1**) manages the various risks like credit, legal, reputational risks, etc. which may arise from the environmental and social issues associated with the projects implemented by SIDBI or its financial intermediaries.
- ii. **ESG Rating Tool, SIDBI (Annexure 7):** The ESG Rating Tool of SIDBI is a comprehensive framework designed to measure and assess Environment, Social and Governance risks associated with Micro, Small, and Medium Enterprises (MSMEs). Its primary goal is to facilitate screening every MSME proposal in the lens of non-financial (ESG) parameters before making financing decisions. The ESG rating tool is used at the time of appraisal/ rating of loan proposal. The methodology involves a rigorous assessment process encompassing ten distinct categories, with each category consisting of a specific set of parameters that reflect the impact of an MSME on sustainability. Each parameter is associated with an aspect weight, representing the maximum achievable score for that parameter. This meticulous evaluation process is further divided into financial and non-financial implications, resulting in a cumulative score, based on the total aspect-associated weight. This scoring system allows for a nuanced assessment of a company's Environmental, Social, and Governance (ESG) initiatives. A higher score indicates more aligned with ESG practices.
- iii. **Cluster:** A Cluster¹⁴ is a group of enterprises located within an identifiable and as far as practicable, contiguous area and producing same/similar products/services. The essential characteristics of enterprises in a cluster are (a) Similarity or complementarity in the methods of production, quality control and testing, energy consumption, pollution control, etc (b) Similar level of technology and marketing strategies/practices (c) Channels for communication among the members of the cluster (d) Common challenges and opportunities.
- iv. **Sector:** Corresponds to the industrial sector in which a unit operates
- v. **Intervention:** The nature of green technological intervention proposed. In the scope of this programme, mitigation measures include Electric Mobility/Vehicles, Renewable Energy & Energy Efficiency. Adaptation measures include Agriculture, Water Resources, Agroforestry, Services, Disaster Management
- vi. **OHS:** Occupational Health & Safety
- vii. **GBV:** Gender Based Violence
- viii. **SEAH:** Sexual Exploitation, Abuse & Health
- ix. **GCFV:** Green Climate Finance Vertical, SIDBI
- x. **E&S:** Environmental and Social
- xi. **PFI:** Participating Financial Institutions
- xii. **MFI:** Microfinance Institutions
- xiii. **M&E:** Monitoring & Evaluation

¹⁴ [Microsoft Word - Document1 \(msme.gov.in\)](https://msme.gov.in)

Attachment 2

HRV No. L001131908/ Staff (70)

October 16, 2018

The In-charges of ROs / BOs / RROs / CLPCs
Heads of Verticals at Lucknow, Mumbai & New Delhi Offices,
CGTMSE, ISTSL, ISARC, NCGTC, SITl, SVCL, RXIL and MUDRA Ltd.

HR Vertical Circular No.42/ 2018-19

Madam / Dear Sir,

The Sexual Harassment of Women (Prevention, Prohibition & Redressal) at Workplace

Please refer to HRV Circular No.5496/Staff (ICC) dated January 31, 2014 on the subject. As advised, the Government of India has notified the legislative Act of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 with effect from December 09, 2013. The Act aspires to ensure women's **right to workplace equality, free from sexual harassment** through compliance with the above mentioned three elements viz. **"Prevention, Prohibition and Redressal."**

It is important to note that the Act provides a civil remedy to women and is in addition to other laws that are currently in force. Accordingly, the Bank has constituted Internal Committee (IC) at various locations as per the provisions of the Act. Consequently, any woman who wishes to report instances of sexual harassment at the workplace has the right to take recourse to both civil and criminal proceedings.

Apart from this legislative Act, it is also expected that as a human being, one should respect women's dignity and behave accordingly.

In order to sensitize / create awareness among all its employees, the Bank vide circular dated HRV No.09/2017-18 dated August 10, 2017, has also circulated web-link(<http://www.wcd.nic.in/act/2314>) and gist of Handbook on Sexual Harassment of Women at workplace developed by the Ministry of Women & Child Development, Gol. The gist of the handbook is again attached at **Annexure**.

Further, in order to strengthen the compliance of the provisions of the Act and to sensitize the employees on the matter, the Bank is in the process of arranging training through online e-module for all employees.

The Bank has **ZERO TOLERANCE** towards any sexual harassment in any form. Accordingly, it is expected that every employee should be aware about provisions of the Act and strictly adhere to the same. Any deviation in this regard would be seen with serious concern and appropriate action would be taken in this regard.

Let's make SIDBI a better, safe and dignified workplace.

Yours faithfully,
Sd/-
(Pradyumna Kumar Choudhury)
Deputy General Manager
HR Vertical

कार्यस्थल पर महिलाओं का यौन उत्पीड़न
पर पुस्तिका की मुख्य विशेषताएं
(रोकथाम, निषेध एवं निवारण) अधिनियम 2013

**THE SALIENT FEATURES OF THE HANDBOOK ON
SEXUAL HARASSMENT OF
WOMEN AT WORKPLACE
(PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

भारत सरकार ने महिलाओं के कार्यस्थल पर यौन उत्पीड़न (रोकथाम, निषेध एवं निवारण) अधिनियम 2013 अधिसूचित किया (जिसे एतद्वारा अधिनियम कहा गया है) है। अधिनियम की आकांक्षा, उपर्युक्त तीन तत्वों के अनुपालन द्वारा यौन उत्पीड़न से मुक्त, कार्यस्थल में महिलाओं के समानता के अधिकार को सुनिश्चित करना है। यह नोट करना महत्वपूर्ण है कि यह अधिनियम महिलाओं के लिए वर्तमान में लागू अन्य कानूनों के अतिरिक्त एक सिविल उपाय उपलब्ध करना है। परिणामस्वरूप, कोई भी महिला जो कार्यस्थल पर यौन उत्पीड़न की घटनाएं रिपोर्ट करना चाहती है, तो उन्हें सिविल और आपराधिक दोनों के अंतर्गत कार्यवाही करने का अधिकार है।

In 2013, the Government of India notified the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act (referred to as Act hereinafter). The Act aspires to ensure women's right to workplace equality, free from sexual harassment through compliance with the above mentioned three elements. It is important to note that the Act provides a civil remedy to women and is in addition to other laws that are currently in force. Consequently, any woman who wishes to report instances of sexual harassment at the workplace has the right to take recourse of both civil and criminal proceedings.

➤ **पुस्तिका का उद्देश्य -**

इस पुस्तिका को सभी कार्यस्थलों/ संस्थाओं/ संगठनों के कार्यस्थल पर यौन उत्पीड़न की बुनियादी समझ प्रदान करने के लिए बनाया गया है। इसके अलावा अधिनियम के तहत स्थापित आंतरिक समिति और स्थानीय समिति/ समिति (शिकायत समिति/यों) को यौन उत्पीड़न के संबंध में, शिकायत निवारण के लिए इन शिकायत समितियों से क्या अपेक्षित है और उसकी जांच प्रक्रिया और परिणाम में क्या शामिल किया जाए आदि के बारे में सरल, और उपयोगकर्ता के अनुकूल जानकारी प्रदान करने के लिए बनाया गया है।

➤ **PURPOSE OF THIS HANDBOOK -**

This handbook is meant for all workplaces/institutions/organizations to provide a basic understanding of sexual harassment at places of work. Additionally, it is designed to offer Internal Committee/s and Local Committee/s (Complaints Committee/s) established under the Act, with simple, user friendly information on sexual harassment; what is expected of Complaints Committee/s to redress a complaint; and what the inquiry process and outcome should include.

➤ **यह पुस्तिका किस के लिए है -**

- यह पुस्तिका अंतिम उपयोगकर्ता (एक कर्मचारी/ कार्यकर्ता) को कार्यस्थल में यौन उत्पीड़न और उनके हितों के संबंध में अधिनियम और नियमों के अधीन बनाए गए नियमों के अंतर्गत निदान प्राप्त करने हेतु शिकायत करने की प्रक्रिया के संबंध में बताता है।

➤ **WHO IS THIS HANDBOOK FOR –**

This handbook informs the end user (an employee/worker) about workplace sexual harassment and their right to an informed complaint process in seeking redress as provided under the Act and Rules framed thereunder.

➤ **कार्यस्थल क्या है?**

"कोई भी स्थल जिसका कर्मचारी ने दौरा किया हो या ऐसी यात्रा करने के लिए नियोक्ता द्वारा प्रदान किए गए परिवहन सहित कोई भी स्थल जिसका कर्मचारी ने दौरा किया हो" को एक कार्यस्थल के रूप में परिभाषित किया गया है।

इस परिभाषा के अनुसार, कार्यस्थल में संगठित और असंगठित क्षेत्र शामिल हैं। इसमें वे सभी कार्यस्थल भी शामिल हैं भले ही उनका कार्यस्थल भारत में भारतीय या विदेशी कंपनी के स्वामित्व में हो। अधिनियम के अनुसार कार्यस्थल में निम्नलिखित शामिल हैं:

- सरकारी संगठनों, निगमों और सहकारी समितियों सहित सरकारी कंपनी;
- निजी क्षेत्र के संगठन, उद्यम, सोसाइटी, ट्रस्ट, गैर सरकारी संगठन या सेवा प्रदाता आदि;
- अस्पताल/नर्सिंग होम; खेल संस्थाएं/सुविधाएं;
- नियोक्ता द्वारा प्रदत्त परिवहन सहित कर्मचारी (यात्रा के समय सहित) द्वारा दौरा किए गए स्थान; निवास स्थान या घर;

➤ **WHAT IS A WORKPLACE?**

A workplace is defined as “any place visited by the employee arising out of or during the course of employment, **including** transportation provided by the employer for undertaking such a journey.”

As per this definition, a workplace covers both the organised and un-organised sectors. It also includes all workplaces whether owned by Indian or foreign company having a place of work in India. As per the Act, workplace includes:

- Government organizations, including Government company, corporations and cooperative societies;
- Private sector organisations, venture, society, trust, NGO or service providers etc.;
- Hospitals/Nursing Homes; Sports Institutes/Facilities;
- Places visited by the employee (including while on travel) including transportation provided by employer; a dwelling place or house.

अधिनियम असंगठित क्षेत्र को निम्नलिखित रूप में परिभाषित करता है :

- कोई भी उद्यम जो किसी व्यक्ति के स्वामित्व में हो या वस्तुओं के उत्पादन या किसी प्रकार की सेवाएँ प्रदान करने में नियोजित श्रमिक;
- कोई भी उद्यम जिसमें 10 से कम श्रमिकों को नियोजित किया गया है।

The Act defines the Unorganised Sector as:

- Any enterprise owned by an individual or self-employed workers engaged in the production or sale of goods or providing services of any kind;
- Any enterprise which employs less than 10 workers.

➤ **कार्यस्थल पर यौन उत्पीड़न क्या है ?**

"यौन उत्पीड़न" में निम्नलिखित अविशिष्ट कृत्यों या व्यवहार (चाहे प्रत्यक्ष या निहितार्थ) में से कोई एक या अधिक शामिल हैं, अर्थात:

1. शारीरिक संपर्क या अगुवाई;
2. यौन संबंध के लिए मांग या अनुरोध;
3. यौन जनित टिप्पणी करना;
4. अश्लील चित्र दिखाना;
5. यौन प्रकृति के कोई भी अन्य अप्रिय शारीरिक, मौखिक या गैर-मौखिक आचरण;

➤ **WHAT IS SEXUAL HARASSMENT AT THE WORKPLACE?**

"Sexual Harassment" includes anyone or more of the following unwelcome acts or behaviour (whether directly or by implication), namely:

1. Physical contact or advances;
2. A demand or request for sexual favours;
3. Making sexually coloured remarks;
4. Showing pornography;
5. Any other unwelcome physical, verbal or non-verbal conduct of a sexual nature.

➤ **पीड़ित महिला कौन है?**

- ✓ अधिनियम प्रत्येक महिला की उम्र या रोजगार/ कार्य स्थिति का ध्यान दिए बिना एक सुरक्षित कार्यस्थल के वातावरण के अधिकार की पहचान करता है। इस प्रकार, नियमित, अस्थायी, तदर्थ या दैनिक मजदूरी आधार पर किसी भी कार्यस्थल में काम करने या किसी भी कार्यस्थल पर जाने वाली सभी महिलाओं के अधिकार इस अधिनियम के अंतर्गत संरक्षित हैं।

➤ **WHO IS AN AGGRIEVED WOMAN?**

- ✓ The Act recognizes the right of every woman to a safe and secure workplace environment irrespective of her age or employment/work status. Hence, the right of all women working or visiting any workplace whether in the capacity

of regular, temporary, adhoc, or daily wages basis is protected under the Act.

- ✓ उन सभी महिलाओं को जो मुख्य नियोक्ता की जानकारी के साथ या जानकारी के बिना जो सीधे या एजेंट के माध्यम से किसी ठेकेदार के साथ जुड़ी हैं, इसमें शामिल हैं। वे स्वैच्छिक आधार पर या अन्यथा पारिश्रमिक के लिए काम कर रही हैं। उनकी रोजगार की शर्तों को व्यक्त या निहित किया जा सकता है
 - ✓ It includes all women whether engaged directly or through an agent including a contractor, with or without the knowledge of the principal employer. They may be working for remuneration, on a voluntary basis or otherwise. Their terms of employment can be express or implied.
 - ✓ इसके अतिरिक्त, उसे एक सहकर्मी, एक अनुबंध कार्यकर्ता, परिवीक्षाधीन, प्रशिक्षु, अपरेंटिस, या किसी अन्य नाम से बुलाया जा सकता है। इस अधिनियम में आवास या घर में काम कर रही महिला भी शामिल है ।
 - ✓ Further, she could be a co-worker, a contract worker, probationer, trainee, apprentice, or called by any other such name. The Act also covers a woman, who is working in a dwelling place or house.
- कार्यस्थल पर यौन उत्पीड़न के रूप सामान्यता कार्यस्थल पर यौन उत्पीड़न के अनुचित व्यवहार के दो रूप हैं:
- तत्प्राप्तित (सचमुच 'इस के लिए यह')
 - रोजगार में अधिमानता/ अहितकर सुविधा का अंतर्निहित या स्पष्ट विश्वास
 - उसकी वर्तमान अथवा भविष्य के रोजगार की स्थिति के संबंध में अंतर्निहित या स्पष्ट खतरा
- प्रतिकूल कार्य वातावरण
 - प्रतिकूल, अभिन्न या एक आक्रामक कार्य वातावरण सृजित करना
 - अपमानजनक व्यवहार जिससे उसके स्वास्थ्य या सुरक्षा को प्रभावित करने की संभावना हो

➤ **FORMS OF WORKPLACE SEXUAL HARASSMENT**

Generally workplace sexual harassment refers to two common forms of inappropriate behaviour:

- Quid Pro Quo (literally 'this for that')
 - Implied or explicit promise of preferential/detrimental treatment in employment
 - Implied or express threat about her present or future employment status
- Hostile Work Environment
 - Creating a hostile, intimidating or an offensive work environment
 - Humiliating treatment likely to affect her health or safety

➤ रोकथाम एवं निषेध

❖ निवारक प्राधिकारी

- ✓ नियोक्ता
- ✓ उपयुक्त सरकार
- ✓ ज़िला अधिकारी

✓ शिकायत समिति/यां - इस अधिनियम में दो प्रकार की शिकायतों की व्यवस्था है:

- आंतरिक समिति (आ स) और ;
- स्थानीय समिति (स स)

✓ सभी शिकायत समितियों में महिलाओं का 50 प्रतिशत प्रतिनिधित्व अनिवार्य है। आंतरिक समिति या स्थानीय समिति के सदस्य अपने अपने पद पर नामांकन या नियुक्ति की तिथि से तीन वर्ष से अधिक नहीं रहेंगे।

❖ आंतरिक समिति (आ स) : आ स में निम्नलिखित सदस्य होंगे :

क्र.सं.	सदस्य	पात्रता
1	अध्यक्ष	वरिष्ठ कर्मचारी के रूप में कार्यरत महिलाएं; यदि उपलब्ध नहीं है तो उसी नियोक्ता के अन्य कार्यालय/इकाई/विभाग/कार्यस्थल से नामांकित।
2	2 सदस्य (न्यूनतम)	विधिक जानकारी/ सामाजिक कार्य में अनुभव/ महिलाओं के हितों के लिए प्रतिबद्ध कर्मचारी।
3	सदस्य	महिलाओं के हितों के लिए प्रतिबद्ध एनजीओ/ संघों या यौन उत्पीड़न के मुद्दे से परिचित व्यक्ति ।

➤ **PREVENTION AND PROHIBITION**

❖ **Preventive Authorities**

- ✓ Employer
- ✓ Appropriate Government
- ✓ District Officer
- ✓ **Complaints Committee/s** - The Act provides for two kinds of complaints mechanisms:
 - Internal Committee (IC) and;
 - Local Committee (LC)
- ✓ **All Complaints Committees must have 50 per cent representation of women. IC or LC members will hold their position not exceeding three years from the date of their nomination or appointment.**

❖ **Internal Committee (IC)** - The IC will be composed of the following members:

No	Member	Eligibility
----	--------	-------------

1.	Chairperson	Women working at senior level as employee; if not available then nominated from other office/units/ department/ workplace of the same employer.
2.	2 Members (minimum)	From amongst employees committed to the cause of women/ having legal knowledge/experience in social work.
3.	Member	From amongst NGO/associations committed to the cause of women or a person familiar with the issue of Sexual Harassment.

➤ सूचना का प्रसार और जागरूकता फैलाना -

नियोक्ता का निम्नलिखित विधिक उत्तरदायित्व है:

1. कार्यस्थल पर यौन उत्पीड़न के कारकों में आने वाले अप्रिय व्यवहार को प्रतिबंधित करने के लिए नीति को प्रभावी ढंग से सूचित करना और उसके रोकथाम और निवारण प्रक्रियाओं के लिए विस्तृत रूपरेखा प्रदान करना।
2. सभी कर्मचारियों में जागरूकता फैलाना और अनुकूलन करना।
3. शिकायत समितियों की क्षमता और कौशल निर्माण सुनिश्चित करना।
4. शिकायत समिति के सदस्यों के नाम और संपर्क विवरणों का व्यापक रूप से प्रचार करना।

➤ Dissemination of Information and Awareness Generation –

Employers have a legal responsibility to:

1. Effectively communicate a policy that prohibits unwelcome behaviour that constitutes workplace sexual harassment, and provides a detailed framework for prevention, and redress processes.
2. Carry out awareness and orientation for all employees.
3. Ensure capacity and skill building of Complaints Committees.
4. Widely publicize names and contact details of Complaints Committee members.

निवारण -

❖ कौन कहाँ शिकायत कर सकता है?

- ✓ शिकायत
- ✓ शारीरिक अशक्तता के मामले में - शिकायतकर्ता के रिश्तेदार, शिकायतकर्ता के मित्र, सह कार्यकर्ता, एनसीडब्ल्यू या एससीडब्ल्यू के अधिकारी, शिकायतकर्ता की लिखित सहमति सहित इस घटना का ज्ञान रखने वाला कोई भी व्यक्ति।
- ✓ मानसिक अशक्तता के मामले में - शिकायतकर्ता के रिश्तेदार, शिकायतकर्ता के मित्र, विशेष शिक्षक, योग्य मनोचिकित्सक/ मनोवैज्ञानिक, अभिभावक/ प्राधिकारी, जिनकी देखभाल के तहत

शिकायतकर्ता उपचार/ देखभाल प्राप्त कर रहा है, इस घटना के ज्ञान सहित किसी भी व्यक्ति, उपर्युक्त किसी भी व्यक्ति के साथ संयुक्त रूप से।

- ✓ **शिकायतकर्ता की मृत्यु के मामले में** - कोई भी व्यक्ति घटना की जानकारी सहित जिसे उसके कानूनी वारिस की लिखित सहमति हो।
- ✓ **यदि शिकायतकर्ता किसी भी अन्य कारण के लिए शिकायत दर्ज करने में असमर्थ है** - कोई भी व्यक्ति द्वारा घटना की जानकारी सहित अपनी लिखित सहमति हो।

शिकायतकर्ता पिछली अंतिम घटित घटना के तीन महीने के भीतर, आंतरिक समिति या संगठन द्वारा यौन उत्पीड़न के शिकायताओं को प्राप्त और प्रबंध करने के लिए पदनामित किसी भी अन्य व्यक्ति (यानी नोडल अधिकारी) को प्रस्तुत करेगा।

➤ **REDRESS –**

❖ **WHO CAN COMPLAIN AND WHERE?**

- ✓ **The Complainant**
- ✓ **In case of Physical Incapacity** - Complainant's Relatives, Complainant's friend, Co Worker, Officer of NCW or SCW, Any person who has knowledge of the incident with the written consent of the complainant.
- ✓ **In case of Mental incapacity** - Complainant's Relatives, Complainant's friend, Special educator, Qualified psychiatrist / psychologist, Guardian / authority under whose care the complainant is receiving treatment / care, any person with knowledge of the incident, jointly with any person mentioned above.
- ✓ **In case of Complainant's death** - any person with knowledge of the incident with the written consent of her legal heir.
- ✓ **In case Complainant is unable to file the complaint for any other reason** By any person who has knowledge of the incident with her written consent.

The complainant shall **submit a sexual harassment complaint** in writing **within three months of the last alleged incident** to the Internal Committee or any other person designated by the organization (i.e. Nodal Officer) to receive and manage complaints of sexual harassment.

❖ **शिकायत में क्या होना चाहिए?**

- ✓ लिखित शिकायत में प्रत्येक घटना(ओं) का विवरण होना चाहिए। इसमें संबंधित दिनांक, समय और स्थान; प्रतिवादी (दिओं) के नाम; और पार्टियों के बीच कामकाजी संबंध शामिल किया जाए। कार्यस्थल यौन उत्पीड़न की शिकायत प्रबंधन करने के लिए नामित व्यक्ति को शिकायत लिखने में सहायता प्रदान करना आवश्यक है यदि शिकायतकर्ता किसी भी कारण से इस के लिए अनुरोध करता है।

❖ WHAT SHOULD THE COMPLAINT CONTAIN?

- ✓ **The written complaint** should contain a description of each incident(s). It should **include** relevant dates, timings and locations; name of the respondent(s); and the working relationship between the parties. A person **designated to manage** the workplace sexual harassment complaint is required to **provide assistance** in writing of the complaint if the complainant seeks it for any reason.

❖ शिकायतकर्ता के अधिकार

- ✓ आंतरिक समिति से संवेदनशील दृष्टिकोण ताकि वह निडर वातावरण में अपनी शिकायत बता सके।
- ✓ सभी साक्ष्यों और प्रतिवादी द्वारा प्रस्तुत गवाहों की सूची के साथ बयान की एक प्रति।

❖ RIGHTS OF THE COMPLAINANT

- ✓ An empathetic attitude from the Internal Committee so that she can state her grievance in a fearless environment.
- ✓ A copy of the statement along with all the evidence and a list of witnesses submitted by the respondent.

❖ प्रतिवादी के अधिकार

- ✓ अपने मामले को गैर-पक्षपाती तरीके से प्रस्तुत करने के लिए धैर्य से सुनना।
- ✓ शिकायतकर्ता द्वारा प्रस्तुत सभी साक्ष्यों और गवाहों की एक सूची के साथ बयान की एक प्रति।
- ✓ पूरी प्रक्रिया के दौरान अपनी पहचान गोपनीय रखना।
- ✓ शिकायत समिति की अनुशंसाओं/ निष्कर्षों से असंतुष्टि स्थिति में अपील करने का अधिकार

❖ RIGHTS OF THE RESPONDENT

- ✓ A patient hearing to present his case in a non-biased manner.
- ✓ A copy of the statement along with all the evidence and a list of witnesses submitted by the complainant.
- ✓ Keeping his identity confidential throughout the process.
- ✓ Right to appeal in case not satisfied with the recommendations/findings of the Complaints Committee.

❖ यौन उत्पीड़न शिकायत प्रक्रिया

प्रथम स्तर : शिकायत की प्राप्ति
चरण 1: शिकायत की प्राप्ति और पावती

चरण 2: औपचारिक और अनौपचारिक समाधान के विकल्पों का पता करने के लिए शिकायतकर्ता से मिलना और उससे बात करना।

चरण 3: अनौपचारिक तंत्र

चरण 4: औपचारिक तंत्र

चरण 5: प्रतिवादी और प्रतिक्रिया

द्वितीय स्तर: सावधानीपूर्वक योजना बनाना

चरण 6: फ़ाइल तैयार करना

चरण 7: विचाराधीन

तृतीय स्तर: साक्षात्कार

चरण 8: शिकायतकर्ता, गवाह और प्रतिवादी की सुनवाई के लिए एक साक्षात्कार योजना तैयार करना

चरण 9: एकत्र की गई जानकारी की पूर्णता का आकलन करना।

चतुर्थ स्तर: तर्क वितर्क

चरण 10: जांच के दौरान एकत्र की गई सूचना का विश्लेषण और आकलन।

चरण 11: शिकायतों से संबंधित घटनाओं के अनुक्रम को स्थापित करने में सहायता के लिए समय-सीमा बनाना।

चरण 12: साक्षात्कारकर्ताओं द्वारा किए गए प्रत्येक वक्तव्य में समानताएं और मतभेदों की तुलना करना

छठा स्तर: रिपोर्ट

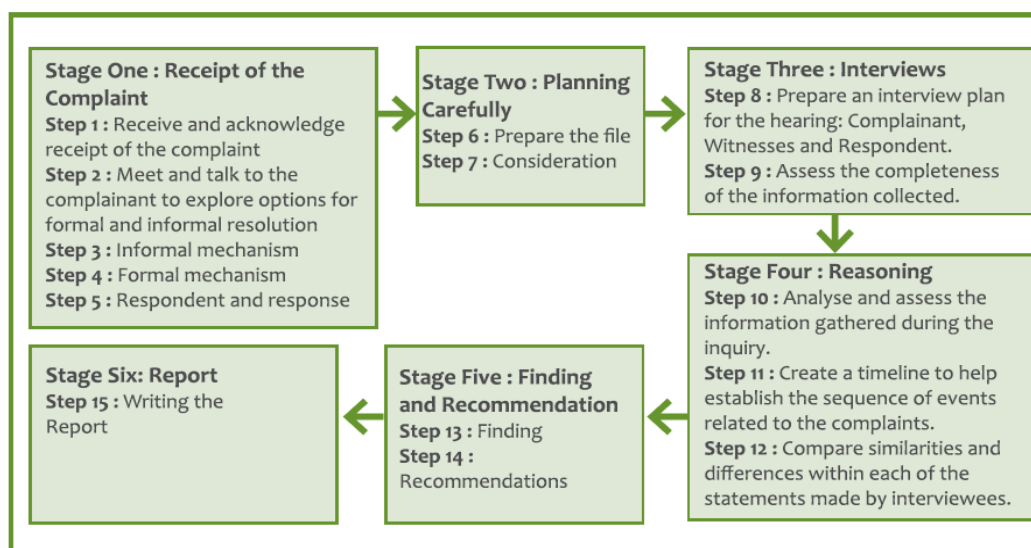
चरण 15: रिपोर्ट लिखना

पाँचवाँ स्तर: निष्कर्ष और अनुशंसाओं

चरण 13: निष्कर्ष

चरण 14: अनुशंसाएं

❖ The Sexual Harrassment Complaint process –



➤ अधिनियम के अनुसार समय-सीमा -

स्तर Stage	समय-सीमा Timeline
शिकायत की प्रस्तुति	पिछली घटना के 3 महीने के भीतर
प्रतिवादी को सूचना	शिकायत की प्रति प्राप्त होने के 7 दिनों के भीतर

जांच पूरा करना	90 दिनों के भीतर
आईसीसी /एलसीसी द्वारा नियोक्ता/डीओ को रिपोर्ट की प्रस्तुति	जांच पूरी होने के 10 दिनों के भीतर
अनुशंसाओं का कार्यान्वयन	60 दिनों के भीतर
अपील	अनुशंसाओं के 90 दिनों के भीतर

➤ **Timelines as per the Act –**

Stage	Timeline
Submission of Complaint	Within 3 months of the last incident
Notice to the Respondent	Within 7 days of receiving copy of the complaint
Completion of Inquiry	Within 90 days
Submission of Report by ICC/LCC to employer/DO	Within 10 days of completion of the inquiry
Implementation of Recommendations	Within 60 days
Appeal	Within 90 days of the recommendations

➤ **गोपनीयता -**

अधिनियम, उस प्रकाशन को रोकता है जो शिकायत की विषय-वस्तु और जांच प्रक्रिया को प्रकट करता है। किसी भी प्रकार की गोपनीयता का उल्लंघन विशिष्ट परिणाम देगा।

अधिनियम निम्नलिखित प्रकटीकरण पर रोक लगता है :

- शिकायत की विषय-वस्तु ;
- शिकायतकर्ता, प्रतिवादी और गवाहों की पहचान और पता; समझौता/ जांच प्रक्रियाओं से संबन्धित सूचना या आईसीसी/ एलसीसी की अनुशंसाएं;
- नियोक्ता / डीओ द्वारा की गई कार्रवाई;

जवाबदेही : शिकायत, पूछताछ या किन्हीं अनुशंसाओं या इस अधिनियम के प्रावधानों के अंतर्गत की गई कार्रवाई को संभालने या उसका निपटान करने वाला व्यक्ति जिसे यह कार्य सौंपा गया है।

परिणाम: सेवा नियमों के अनुसार या नियोक्ता द्वारा रु.5,000 / वसूला जाएगा।

अपवाद : नाम, पता, पहचान और शिकायतकर्ता या गवाहों के विवरण के प्रकटीकरण के बिना न्याय के बारे में जानकारी प्रसारित करना।

पुस्तिका के विस्तृत संस्करण के लिए कृपया निम्नलिखित वेब लिंक पर जाएं

<http://www.wcd.nic.in/act/2314>

➤ **Confidentiality -**

The Act prohibits the publication or making known the contents of a complaint and the inquiry proceedings. Any breach of confidentiality will result in specific consequences.

The Act prohibits the disclosure of:

- Contents of the complaint;
- Identity and address of complainant, respondent and witnesses; Information pertaining to conciliatory/inquiry proceedings or recommendations of the ICC/LCC;
- Action taken by the employer/DO.

Accountability: Any person entrusted with the duty to handle or deal with the complaint, inquiry or any recommendations or action taken under the provisions of this Act.

Consequences: As per the Service Rules or ₹5,000/ to be collected by the employer.

Exception: Dissemination of information regarding the justice secured without disclosure of name, address, identity and particulars of complainant or witnesses.

For detailed version of the Handbook Kindly visit following web link –

<http://www.wcd.nic.in/act/2314>

Attachment 3

Customer Grievance Redressal Policy

1. Introduction

In the present scenario of competitive banking, excellence in customer service is the most important tool for sustained business growth. As a service organization, customer service and customer satisfaction are the prime concern of SIDBI. The Bank believes that providing prompt and efficient service is essential not only to attract new customers, but also to retain existing ones. This policy document aims at minimizing instances of customer complaints and grievances through proper service delivery and review mechanism and to ensure prompt redressal of customer complaints and grievances.

The Bank's policy on grievance redressal follows broadly the under noted principles:

- Customers be always treated fairly
- Grievances raised by customers are dealt with courtesy and on time.
- Bank will treat all grievances efficiently and fairly as they can damage the Bank's reputation and business if handled otherwise.
- The Bank employees must work in good faith and without prejudice to the interests of the customer.
- Customers are fully informed of avenues to escalate their complaints / grievances within the organization and their rights to alternative remedy if they are not fully satisfied with the response of the Bank to their complaints.

2. Registration of complaint

Customer can lodge / register his grievance through any of the following channels:

2.1 Complaint in Person:

A customer can lodge a complaint in person at the branch by giving his complaint in the complaint book or giving a written letter to the Branch Manager and obtaining an acknowledgement or drops the same in Complaint Box kept at the Branch Office.

2.2 Complaints through post / mail / email:

Customers can also submit their grievances by post to SIDBI Branch Offices / Regional Offices / Head offices or through email at complaints@sidbi.in / cgo@sidbi.in

2.3 Online Registration of Complaints

The Bank has put in place a web-enabled registration of complaints / grievances, where the customer having grievance can visit the Bank's website (www.sidbi.in) and register complaint online under Online Complaints / Grievance Form ([Online Complaints / Grievance Redressal](#))

2.4 Grievances lodged through the Public Grievance Portal

The Govt. of India, Department of Administrative Reforms & Public Grievances, Ministry of Personnel, Public Grievance & Pension has introduced a web-based mechanism

'Centralized Public Grievances Redress and Monitoring System (CPGRAMS)', for lodging Complaints / Grievances by Citizens of India which includes Bank customers as well. This is known as Public Grievance portal (www.pgportal.gov.in). Customers / Public may make use of the said Portal to communicate their grievances.

3. Mandatory display requirements at the Branch / Regional / Head Office

- Complaint Book/Register would be kept at 'Enquiry counter' and the same will be scrutinized by the concerned Regional Office In-charge during his/her visit to the Branch and his/her observations/comments will be recorded in the relative visit report.
- Complaints/Suggestion Box should be kept at a prominent place.
- The complaint form shall be provided in the home page of SIDBI website to facilitate complaint submission by the customers.
- The Notice Board at the Branch should display, among others, the followings
 - If you have any grievances/complaints, please approach Nodal Officer at Branch.
(Name, address, phone no.)
 - 1 If your complaint is unresolved at the branch level within 8 working days, you may approach concerned Regional Office In-Charge at: (address)
 - 2 If you are not satisfied with grievance redressal at Regional Office level within next 5 working days, you may approach the Chief Grievance Officer. (Name, address, phone no.)

4. Resolution of grievances / complaints

- Any complaint through mail/ person should be acknowledged promptly and complaints received through letters / forms should be acknowledged within 3 working days but not later than 5 days after receipt of the complaint.
- The Bank should put in place an escalation matrix for attending to customer grievances at Branch Office, Regional Office and Head Office level. (Click here [Customer Services / Complaints - Nodal Officers of SIDBI](#)) The name of the Chief

Grievance Officer should be displayed preferably on the first page of the website.

At the branch level, the Branch Nodal Officer (BNO) is responsible for the acknowledgment and resolution of customer complaints / grievances. The BNO is responsible for ensuring closure of all complaints received at the branches. It would be the responsibility of the BNO to ensure that the internal machinery for handling complaints/grievances operates smoothly and efficiently. It is his / her foremost duty to see that the complaint is resolved to the customer's satisfaction. If the BNO feels that it is not possible at his/her level to resolve the complaint, he/she may discuss with Branch In-charge and escalate the case to Regional Office level Nodal Officer for guidance. Similarly, if Regional Office finds that it is not able to solve the problem, it may refer such cases to respective Business Head for early resolution.

- If the complainant is not satisfied with the reply / action / resolution at Branch level, he / she may approach Nodal Officer at Regional Office. If the customer is still not satisfied, he can approach directly to Chief Grievance Officer who has been appointed by the Bank for the implementation of customer services and complaints handling for the entire Bank.
- Anonymous complaints will not be entertained.

5. Time Frame

All complaints must be immediately registered in [Grievance / Service Management Module \(GMM\)](#) of the Bank and an acknowledgement has to be sent to the Complainant by the concerned Nodal Officer at the earliest, but not later than 5 days from the date of receipt of complaint by the Bank. Complaints when received are analyzed from all possible angles. All efforts are made to resolve each complaint received by the Bank generally within stipulated time as per the following escalation matrix:

Level	Office	Official	No. of working days
First	Branch office	Nodal officer at branch level	8
Second	Regional office	Nodal officer at Regional level	5
Third	Head Office	Chief Grievance Officer	6

There may be some complaints which require deeper analyses from all possible angles. In such cases, the Bank will try to resolve the grievance within one month from the receipt of complaint.

6. Internal Machinery to handle Customer complaints / grievances

6.1 Branch Office (BO) / Extension Branch Office (XBO)

- The BO is the first contact of customers in most of the cases. Hence, the BO has added responsibilities of ensuring customer's satisfaction. The Branch In-charge would oversee the customer services in their branch to ensure dispensation of efficient and timely customer services so as to empower the customer. They would periodically review to evaluate the impact of prevailing systems on Customer Services.
- The Nodal Officers / Alternate Nodal Officers for the customer services / grievances / complaints may be nominated at each Branch Office whom the customers could approach for all their queries and complaints. Their telephone number, fax number, complete address and email address etc. may be prominently displayed at the Notice Board of the branches and on SIDBI website for ease of contact by the customers and for enhancing the effectiveness of customer services.

- The Branch Office should send Action Taken Report on complaints received to Regional Office at the end of every month.

➤ **Branch Customer Service Committee (BCSC)**

As per the RBI Master Circular on Customer Service in Banks dated July 01, 2015, Banks were advised to strengthen Customer Service Committees at Branch level with greater involvement of customers to encourage a formal channel of communication between the customers and the Bank. In line with RBI guidelines, Customer Service Committees have been set up at major Branch Offices of SIDBI with two select customers as members in the five-member Committee headed by the respective BO In-Charge.

➤ **Role and Responsibilities of BCSC**

- BCSC shall encourage formal channels of communication between the customers and the Bank at the branch level, with greater involvement of customers.
- BCSC shall meet once in a quarter to discuss the queries, grievances suggestions and observations of the customers / BO In-charge relating to customer services viz., cases of delay, difficulty faced / reported by customers / members of the Committee.

- The BCSC shall focus on finding out ways and means to render efficient and timely service to the customers. For this purpose, the strengths and deficiencies of the services presently rendered shall be discussed vis-a-vis steps taken / suggested to improve the same and set benchmarks for improvement of customer services in the region and the Bank as a whole.
- The suggestions emerging in the meetings / feedback may be shared with respective ROs for suitable intervention / improvements of products / turnaround time and simplification of procedures etc.
- The feedback / information gathered at BOs has to be discussed at the quarterly BCSC meeting and reported to the respective RO by 5th of the following month.

6.2 Regional Customer Services Committee (RCSC)

- The Regional Customer Services Committees (RCSCs) may be set up in each RO.
- Nodal Officer / Alternate Nodal Officer for customer services at RO level may be identified, whom customers could approach for their queries / complaints / grievances. Their names along with addresses and telephone numbers, email id, etc. shall be mentioned at the Notice Board kept at BO and posted on the Bank's website. As and when required, such Nodal Officer may liaise with external authority about customer grievances.

RCSCs shall

- Encourage formal channels of communication between the customers and the Bank at the regional / branch level, with greater involvement of customers.
- Meet once in a quarter to discuss the queries, suggestions and observations of the RH on customer services during their visits to BOs, cases of delay, difficulty faced / reported by customers / members of the Committee and evolve ways and means of improving customer service. The meetings should focus on finding out ways and means to render efficient and timely service to the customers. For this purpose, the strengths and deficiencies of the services presently rendered should be discussed and steps taken / suggested to improve the same and set benchmarks for improvement of prevailing standards of customer services in the region and the Bank as a whole.

6.3 Head Office (Customer Services Cell (CSC) at HO level)

The Bank has created Customer Services Cell (CSC) at HO level under the **Direct Credit Vertical**. CSC would be the Nodal Point for dispensation of efficient and timely customer services / complaints / grievances to empower the customers. It would periodically review to evaluate the impact of prevailing systems on Customer Services and compliance as per RBI Master Circular on Customer Services. The complaints and grievances of general nature would be monitored by CSC. However, complaints and grievances involving HR and Vigilance issues would continue to be monitored by HR Vertical and Vigilance Department, respectively. **The frequency of meetings of CSC would be quarterly.**

6.4 Standing Committee on Customer Services (SCCS)

Standing Committee on Customer Service (SCCS) serves as micro level executive committee driving the implementation process of customer services and providing necessary feedback to Customer Service Committee of the Board (CSCB). The constitution and functions of the Standing Committee may be on the lines indicated below:

- 1 The Standing Committee may be chaired by the CMD / DMD of the Bank and include non-officials as its members to enable an independent feedback on the quality of customer services rendered by the bank.
- 2 The Standing Committee may be entrusted not only with the task of ensuring timely and effective compliance of the RBI instructions on customer services, but also that of receiving the necessary feedback to determine that the action taken by various Verticals / Departments of the Bank is in tune with the spirit and intent of such instructions. (iii) The Standing Committee may review the practice and procedures prevalent in the Bank and take necessary corrective action, on an ongoing basis as the intent is translated into action only through procedures and practices.
- 3 A brief report on the performance of the Standing Committee during its tenure indicating, inter alia, the areas reviewed, procedures / practices identified and simplified / introduced may be submitted periodically to the CSCB.
- 4 The frequency of meetings of SCCS would be quarterly.

6.5 Customer Services Committee of the Board

- The CSCB would give direction in formulation of policies and assess the compliance thereof with a view to strengthening the corporate governance structure and to bring about ongoing improvements in the quality of customer services provided by the Bank.
- Besides, the Committee may also examine other issues having a bearing on the quality of customer service rendered.
- The CSCB would also review the functioning of SCCS.

7. Interaction with customers

The Bank recognizes that customer's expectation / requirement / grievances can be better appreciated through personal interaction with customers and wide publicity of grievance redressal machinery through advertisement and also by placing them on website. The Bank should hold meetings at Branch Office and Regional Office level, besides meetings with Industry Associations, stakeholders to publicise the Grievance Redressal Mechanism and have feedback / suggestions for improvement in customer services. Use of various technology channels for customer education and gathering suggestions is also made for improving customer services.

8. Sensitizing operating staff for improvement in service & handling complaints

The Bank deals with customers from different segments, which may give rise to difference of opinion and areas of friction. The Bank understands the importance of sensitizing staff to handle customer complaints / grievances with courtesy, empathy and promptness. The

Bank shall also conduct training programmes regularly for staff on customer services and minimizing grievances. Imparting soft skills required for handling irate customers, should be an integral part of the training programmes.

9. Amendment / modification of the Policy:

Direct Credit Vertical would periodically update the policy between reviews to conform to guidelines /circulars of RBI/GOI

10. Custodian of the policy:

Direct Credit Vertical or such vertical as identified shall be the Custodian of the Policy.

* * * * *

Attachment 4

This analysis is based on BEE Sameeksha portal having 124 clusters

Energy saving potential from baseline	15%
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Data not available in BEE Sameeksha analysis

(On deploying 5 most widely adopted technologies - presented in backup sheet - Technology intervention*)

S.No.	Sector	Sector covered by BEE Sameeksha analysis (Yes/No)	Total clusters identified by BEE Sameeksha analysis	Total No. of MSMEs in clusters identified by BEE Sameeksha analysis	Baseline energy emission (KTOE per annum) for clusters identified by BEE Sameeksha analysis	Key technological interventions for decarbonization	Clusters covered in BEE Sameeksha analysis (basis geography)
1	Food Processing	Yes	25	3168	782	<p>Energy Efficiency Interventions</p> <p>VFD in Condenser Fans</p> <p>Energy Efficient Refrigeration System</p> <p>Thyristor control for electrical ovens</p> <p>High Efficiency Motors 'Re-piping of Existing Facilities</p> <p>Energy Efficient Pumps</p> <p>Besides the above, sector can also adopt Renewable Energy & EV to shift source of power</p>	<p>Karnal rice mills cluster</p> <p>Vellore rice mills cluster (Tamil Nadu)</p> <p>Punjab dairy cluster</p> <p>Bargarh rice mills cluster (Odisha)</p> <p>Jorhat tea cluster (Assam)</p> <p>Golok jaggery cluster</p> <p>Warangal rice mills cluster (Telangana)</p> <p>Balasore rice mills</p> <p>Villupuram rice mills cluster (Tamil Nadu)</p> <p>Veraval seafood processing industries</p> <p>Gujarat dairy cluster (Gujarat)</p> <p>Veraval ice making</p> <p>Allahabad bakeries</p> <p>Coimbatore bakery industries</p> <p>Bhubaneswar seafood processing industries</p> <p>Indore dal mills cluster</p> <p>Bhimavaram ice-making cluster (Andhra Pradesh)</p> <p>Ludhiana bakeries</p> <p>Kochi seafood processing cluster (Kerala)</p> <p>Porbandar ice making industries</p> <p>Kundli cold storage cluster</p> <p>Alwar oil mills cluster (Rajasthan)</p> <p>Gangan rice mills</p> <p>Berhampur rice mills</p> <p>Red Hills rice mill cluster</p>
2	Textiles	Yes	9	28472	3420	<p>Energy Efficiency Interventions</p> <p>Energy Efficient Boilers</p> <p>Hot Water Generators (Replacing Boilers)</p> <p>Economiser in Boilers & Thermic Fluid Heaters</p> <p>VFD for Jet machines 'Energy Efficient Stenters</p> <p>Energy Efficient Pumps</p> <p>Waste Heat Recovery</p> <p>Besides the above, sector can also adopt Renewable Energy & EV to shift source of power</p>	<p>Surat textile cluster (Gujarat)</p> <p>Tripur textiles cluster (Tamil Nadu)</p> <p>Bhivandi textiles</p> <p>Panipat textile cluster</p> <p>Pali textiles cluster (Rajasthan)</p> <p>Jetpur textiles cluster (Gujarat)</p> <p>Solapur textile cluster (Maharashtra)</p> <p>Adilpey cow cluster (Kerala)</p> <p>Ludhiana knitwear cluster (Punjab)</p>
3	Brick Kiln	Yes	16	1026	21745	<p>Energy Efficiency Interventions</p> <p>Adoption of zig-zag firing process</p> <p>Improved Kiln operating practices</p> <p>Resource Efficient Bricks</p> <p>Waste heat Recovery</p> <p>Besides the above, sector can also adopt Renewable Energy & EV to shift source of power</p>	<p>Clay Fired Brick Making Cluster (Uttar Pradesh)</p> <p>Clay Fired Brick Making Cluster (Gujarat)</p> <p>Clay Fired Brick Making Cluster (Bihar)</p> <p>Clay Fired Brick Making Cluster (Maharashtra)</p> <p>Clay Fired Brick Making Cluster (West Bengal)</p> <p>Clay Fired Brick Making Cluster (Punjab)</p> <p>Clay Fired Brick Making Cluster (Tamil Nadu)</p> <p>Clay Fired Brick Making Cluster (Andhra Pradesh)</p> <p>Clay Fired Brick Making Cluster (Haryana)</p> <p>Clay Fired Brick Making Cluster (Rajasthan)</p> <p>Ludhiana brick manufacturing cluster</p> <p>Ghaziipur brick manufacturing cluster</p> <p>Lucknow brick kilns</p> <p>Ranchi brick kilns</p> <p>Nalpur brick kilns</p> <p>E & W Godavari refractory cluster (Andhra Pradesh)</p>
4	Rubber and Plastics	Yes	4	625	23	<p>Energy Efficiency Interventions</p> <p>Application of variable speed drives</p> <p>All electrical injection moulding machines</p> <p>Radiant barrel heater band</p> <p>Thyristor based control of electrical heaters 'Use of roller bearings instead of bush bearings</p> <p>Besides the above, sector can also adopt Renewable Energy & EV to shift source of power</p>	<p>Agra footwear cluster (Uttar Pradesh)</p> <p>Rajkot plastic industries</p> <p>Pune rubber cluster</p> <p>Balasore plastic industries cluster (Odisha)</p>
5	Glass and Ceramics	Yes	10	2221	1661	<p>Energy Efficiency Interventions</p> <p>Switch from Downdraft Kiln to Tunnel Kiln</p> <p>ON-OFF Controller for Agitation Motors</p> <p>VFD in Ball Mills & Agitation Motors</p> <p>Use of high alumina media in ball mill 'Replacing kerosene burner with natural gas burner</p> <p>Energy Efficient Motors</p> <p>Energy Efficient Pumps</p> <p>Waste Heat Recovery in kilns</p> <p>Besides the above, sector can also adopt Renewable Energy & EV to shift source of power</p>	<p>Morbi ceramics cluster</p> <p>Firozabad glass cluster (Uttar Pradesh)</p> <p>Chirkunda refractory industries</p> <p>Thangadh refractory cluster</p> <p>Khurja potteries cluster (Uttar Pradesh)</p> <p>Virudhachalam ceramics and refractory cluster (Tamil Nadu)</p> <p>Ranchi refractory industries</p> <p>Ambala glass cluster (Haryana)</p> <p>Surendranagar ceramic cluster</p> <p>Jaipur glass cluster (Rajasthan)</p>
6	Chemicals	Yes	8	2015	756	<p>Energy Efficiency Interventions</p> <p>Variable Frequency Drivers (VFD)</p> <p>Energy Efficient Pumps</p> <p>Hot Air Generators & Spray Dryer</p> <p>Thermic Fluid Heater</p> <p>Besides the above, sector can also adopt Renewable Energy & EV to shift source of power</p>	<p>Ankleshwar chemical cluster (Gujarat)</p> <p>Ahmedabad chemicals cluster (Gujarat)</p> <p>Vapi Chemicals Cluster (Gujarat)</p> <p>Thane chemical cluster (Maharashtra)</p> <p>Karnal chemical cluster (Haryana)</p> <p>Rabale chemicals and drugs industries</p> <p>Dehradun pharmaceutical cluster (Uttarakhand)</p> <p>Jamshedpur chemical cluster (Jharkhand)</p>

							Odisha sponge iron cluster Kolhapur foundry cluster (Maharashtra) Bhavnagar (Sihor) steel re-rolling mill cluster Pune aluminium casting cluster (Maharashtra) Pune forging cluster (Maharashtra) Howrah foundries Jagadhri brass and aluminium cluster (Haryana) Rajkot forging industries Ludhiana forging industries Coimbatore foundry cluster (Tamil Nadu) Ahmedabad foundry cluster Mandi Gobindgarh steel re-rolling cluster (Punjab) Jamnagar brass cluster (Gujarat) Rajkot foundries Belgaum foundry cluster (Karnataka) Rajkot investment casting industries Jaipur foundries Chennai aluminium casting cluster (Tamil Nadu) Agra foundry cluster Chennai forging cluster Indore foundry cluster Shimoga foundry industries Saharanpur foundry cluster (Uttar Pradesh) Howrah galvanizing and wire drawing cluster (W Bengal) Samalkha foundry cluster (Haryana) Rajkot aluminium foundries <i>Bhilai steel foundry industries</i>
7	Foundary	Yes	27	8398	2117	Energy Efficiency Interventions Energy Efficient Melting Furnace Divided blast cupola Energy efficient lighting Reduction in pressure setting of air compressor VFD in air compressor Waste Heat Recovery Induction billet heater Wood Gasifier Insulation for furnace Besides the above, sector can also adopt Renewable Energy & EV to shift source of power	
8	Pulp and paper	Yes	1	29	103	Energy Efficiency Interventions Boiler Efficiency Improvement Boiler Feed Water Pump Pressure Drop Reduction Besides the above, sector can also adopt Renewable Energy & EV to shift source of power	Muzaffarnagar paper cluster (Uttar Pradesh)
9	Pharmaceuticals	No				EE (1. Glass lined reactor GLRV AERAM II) , Besides the above, sector can also adopt Renewable Energy & EV to shift source of power	Karnal (Haryana)
10	Leather	No				EE (INJECTION MOULDING MACHINE), Besides the above, sector can also adopt Renewable Energy & EV to shift source of power	Chennai (TN) , Kanpur (UP)
11	Cement	No				EE (Pre Heaters , Pre Calciners) , Besides the above, sector can also adopt Renewable Energy & EV to shift source of power	Bamgarh (JH)
12	Steel Re-rolling	No				EE (Waste Heat recovery System). Besides the above, sector can also adopt Renewable Energy & EV to shift source of power	Raipur (CG)
13	Sponge Iron	No				EE (Waste heat recovery System). Besides the above, sector can also adopt Renewable Energy & EV to shift source of power	Odisha

most energy intensive sectors

Commonly used technologies across industries and their expected savings potential

Unit: ktoe

Technology	Bricks	Textiles	Foundry & Forging	Glass & Ceramics	Food Processing	Chemicals	Technology level savings potential
VFD (EE Motor)	0	33.5	162.5	20.5	22	28.5	267
EE Boiler	0	537	0	0	16	0	553
EE Pump	0	48	0	41.5	32	40.5	162
Waste Heat Recovery	2494.5	374.5	126.5	175	11	69	3250.5
Thermic Fluid Heater	0	293	0	0	0	54	347
Industry level savings potential	2494.5	1286	289	237	81	192	4579.5

Energy saving potential from baseline	15%
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95% of energy emission in MSME is in these 6 sectors

Attachment 5

ESG Rating Tool Parameters:

1) Financial :

1. Management Risk	<p>Track Record of operations</p> <p>Experience of promoter/Key personnel in the current business or similar industry</p> <p>Presence of formal/informal organizational structure</p> <p>Constitution of the entity</p> <p>Succession planning</p> <p>Importance of finance function</p> <p>SME specific Corporate Governance practices and clarity of future goals</p>	<p>Score: 1 – 5</p> <p>These parameters are scored from 1 to 5 .</p>
2. Industry Risk	<p>Demand-Supply Position</p> <p>Competitive position of the company in the industry</p> <p>Cyclical and Seasonality</p> <p>Impact of changes in governmental regulations/policies/Threat of imports and substitutes</p> <p>Sensitivity of operations to the requirement of clearances</p> <p>Raw material availability</p> <p>Price volatility of raw materials</p>	
3. Operational Risk	<p>Locational Advantage</p> <p>Adequacy and availability of utilities like power, water etc.</p> <p>Capacity utilization for the last three years (Weighted Avg. utilization)</p> <p>Adequacy and availability of Manpower</p> <p>Geographical Diversification</p> <p>Importance of marketing and adequacy of current marketing setup</p> <p>Customer Profile</p> <p>Technology used</p> <p>Quality Management</p> <p>Product diversity</p>	
4. Financial Risk	<p>Growth</p> <p>Growth in Total Operating Income in last 3 years</p>	

	<p>Profitability Average PBIDT Margin for last three years Average PAT Margin for the last three years ROCE (%) Variability in Gross Profit Margins</p> <p>Solvency Long term debt equity ratio Overall Gearing Ratio Total Debt / Gross Cash Accruals (times) Interest Coverage Ratio TOL/TNW Minimum DSCR (for next three years) Average DSCR (for next three years)</p> <p>Liquidity Working capital turnover ratio Current Ratio Quick Ratio Average Cash DSCR (for next 3 years) Average utilization of working capital limits in last one year</p>	
5. Project Risk	<p>Pre Implementation Risk Project Size compared to networth Project Gearing Financial Closure Project Implementation Track Record Stage of implementation (% completed)</p> <p>Post-Implementation Risk Type of project Stabilization of facilities Salability risk (Project production capacity compared to present one) Raw material / utilities / manpower related issues (availability/non-tie-up) that can hamper production of the project capacities Increase in regulatory / sovereign / forex risk in relation to the project</p>	

	Time overrun impact Cost overrun impact: How much? Financial closure for cost overrun achieved?	
6. Notch-up/Notch down parameters	Payment track record to banks Group Support Reliability of Accounts	

Based on the overall score (Financial + Operational) the units are rated as Highest(1), High(2) , Above Average(3), Average(4), Below Average(5), Inadequate(6) , Poor(7)

Non-Financial Implications (Environment and Social Aspects) :

1. Air Emissions	1. Has the unit installed pollution control measures to check release of air pollutants into the atmosphere? [Use of Venturi Scrubber/Simple Scrubber, Bag filters, Electro Static Precipitators (ESP) etc.] 2. Does the unit comply with SPCB/CPCB's industry specific norms for air emissions?	
2. Waste management	1. Does the unit keep its generated waste at a designated place?	

	<p>2. Is the area of waste storage is adequately covered to stop leakages/ runoff of chemicals during rains?</p> <p>3. Does the unit ensure that the hazardous waste/byproducts leaving the premises of the unit are safely disposed off?</p> <p>4. Do you recycle atleast 10% of the waste?</p> <p>5. Is the hazardous waste sent for co-processeing?</p> <p>6. Is the hazardous waste sent for heat recovery/waste to energy?</p> <p>7. Is the hazardous waste sent for lanfill or incineration?</p>	
3. Water	<p>1. Does the unit map its water consumption (through flow meters) for each of industrial processes?</p> <p>2. Is the unit required to treat its process waste water as per the Consent to Operate (CTO)[1]</p> <p>3. Does the unit treat its effluent before releasing it outside the physical boundary of the unit?</p> <p>4. Does the unit disposes off all waste water through sewer system?</p> <p>5. Is Rain Water Harvesting (RWH) installed in the unit premises?</p>	
4. Energy Efficiency	<p>1. Is there a provision for mapping 'energy use' at process level, through energy meters?</p> <p>2. Is there recovery of energy/heat at any stage within the process?</p> <p>3. Does the unit use any energy efficient lighting source (CFL/LED) in the offices?</p> <p>4. Does the unit utilizes natural light for lighting purposes - Sun roofing, Sun facing big windows</p> <p>5. Is there product testing facility available at the SME unit?</p> <p>6. Raw material testing</p> <p>7. Product testing (at any stage of production)</p>	
5. Renewable Energy	<p>1. Has the unit installed any renewable energy system (Solar etc.) within the premises?</p>	

<p>6. Environmental Compliance</p>	<ol style="list-style-type: none"> 1. Does the unit display Material Safety Data Sheets (MSDS) for hazardous materials/chemicals being stored within the facility? 2. Has the facility ever received any notice in violation of any of the laws mentioned in the description(Laws relevant to Environment Health and Safety)? 3. Does the unit has all the valid consents from the State Pollution Control Board) SPCB? 4. Have you received any noise complaints from community, employees or government bodies? 5. Have you installed mitigation measures for noise pollution such as Providing earplugs, service maintenance, acoustic panels or sound-absorbing materials, etc? 6. Is there a third party audit on safe working conditions? 	
<p>7. Occupational Health & Safety</p>	<ol style="list-style-type: none"> 1. Is there a provision for adequate lighting in the unit? 2. Is there provision to ensure circulation of clean air (exhaust fans, air conditioning etc.) on the shop floor? 3. What was the quality of air at the time of visit? 4. Are there safety signs, slogans and markings at the shop floor (fire exits, electrical equipments, high voltage etc.)? 5. Any fire Mock drill carried out in the unit during the past one year? Frequency of Mock drills. (Unit will get positive points if the duration between two drills is ~ 6 months). Zero points if this is ~1` year. Negative points if > 2 years 6. Are there adequate fire management measures (Fire Extinguishers, fire exits etc.) in place? 7. Is there adequate provision of mechanisms to make sure that labors are safe from moving parts of machines? (safety sensors, safety enclosures , grills etc.) 8. Does the unit employ any child labor? 9. Does the labor use PPPs (personal protective equipments) on the shop floor? 10. Is there provision of basic amenities to the workers (e.g. drinking water, toilets) 	

	<p>11. Does the unit provide legal benefits like ESI, PF benefits to the workers?</p> <p>12. What is the % of workers under contractual agreement? (<33 % is under tolerance limit, gets 1 point, 33-66% gets 0 points and >66% gets negative points)</p>	
8. Social responsibility & compliance	<p>1. What is the % of female employment? (<5 % is below tolerance limit, gets 0 point, 5-10% gets 0.25 points, 10-20% gets 0.5 points, 20-30% gets 0.75 points and >30% gets 1 point)</p> <p>2. Have the company implemented training and skill development programs for their workers in last financial year?</p> <p>3. Is the company following local minimum wage especially for contractual workers or measures in place to check whether contractual workers are getting timely and correct payment through contractors/sub-contractors?</p> <p>4. Does the company have an Employee Grievance handling mechanism?"</p> <p>5. Does the Employee Grievance Handling mechanism include Gender Based Violence (GBV) and SEAH?</p> <p>6. Is there an Internal Committee to address complaints related to SEAH under the POSH Act? Provide details.</p> <p>7. Was there any Sexual Harassment Cases/Incidents in the last financial year</p> <p>8. If Q 7 is Yes, then was the complaint resolved?</p> <p>9. Does the company provide onsite Health and Safety facilities- Medical Assistance, Doctor (on site/ call), Sick Room, Ambulance, Safety Equipment's etc.?</p> <p>10. Was there a Fatality or fatal incidents occurred during the year?</p> <p>11. Is there at least one women present on board of directors/management committee/key management/owners/shareholders?</p>	
9. External Certifications	<p>1. Does the unit hold any 'valid' quality assurance certificate (e.g. ISO 9001, TS 16949 etc.)?</p>	

	2. Does the unit hold 'valid' ISO14001 Certificate?	
10. Negative Parameters (NP)	<p>1. Have unit remained closed for more than 1 month cumulatively in past 1 year due to violation/non compliance of any laws related to environment, health & safety, Child labor, Air emissions and water treatment.</p> <p>2. If NP1 is No, then Have unit remained closed for more than 1 month cumulatively in past 3 years due to violation/non compliance of any laws related to environment, health & safety, Child labor, Air emissions and water treatment.</p> <p>3. Has the facility ever received any proceedings initiated in violation of any of the laws mentioned in the description(Laws relevant to Environment Health and Safety)?</p>	If these parameters are invoked the overall green rating comes to low and the unit wont be financed

Based on the above non-financial parameters , scoring is done . Based on the score the units are rated as High , Medium and Low.

Based on the rating , the unit are financed.

Methodology used in ESG Tool

A. Category 1 - Emissions :- This category assesses a company's ability to monitor and manage its scope 1 and 2 emissions, which are crucial for addressing climate change.

- E1: This indicator checks whether the MSME has any pollution control measures with respect to air pollution, installed at the unit.
- E2: This indicator checks whether the MSME unit complies with the industry specific norms for Air emissions.

Input: Yes, No, or Not Applicable

Scoring methodology:

- Yes: A score is assigned when the MSME has any pollution control measures with respect to air pollution. To earn the highest score, the company must demonstrate a dedicated effort in installation of air pollution reduction measures(instruments).
- No: This score is assigned when the MSME does not have any air pollution control measures.

B. Category 2 - Waste Management, Storage, Transportation, and Disposal (excluding wastewater) This category evaluates how well an MSME manages waste storage, disposal, and recycling methods to reduce environmental impact.

- WG1/WG2/WG3 – are indicators for waste generated, stored and disposal
- WG4: This indicator checks if the MSME recycles at least 10% of its waste.
- WG4a: If the MSME doesn't recycle waste, this question checks if hazardous waste is co-processed.
- WG4b: If hazardous waste isn't co-processed, this question checks if it's sent for waste-to-energy or heat recovery.
- WG4c: If none of the above waste management practices are followed, it checks if hazardous waste is landfilled or incinerated.

Input: Yes, No, or Not Applicable

Scoring methodology:

- Yes: To earn the top score, the MSME must demonstrate effective waste management practices in the order of recycling, co-processing, waste-to-energy, and landfilling/incineration.
- No: In the absence of any of these methods, the company receives a score of 0.

C. Category 3- Water and Wastewater Management

- WW1 – this indicator checks if the unit maps its water consumption.
- WW2a – Wastewater treatment is done as per Consent to operate conditions.
- WW2b – Is the effluent treated before releasing it outside the unit.
- WW3 - Does the unit treat its effluent before releasing it outside the physical boundary of the unit.
- WW - Is Rainwater Harvesting (RWH) installed in the unit premises?
- Yes: To earn the top score, the MSME must demonstrate effective wastewater management practices.
- No: In the absence of any of these methods, the company receives a score of 0.

D. Category 4- Energy Saving and Efficiency

- EE1- Is there a provision for mapping 'energy use' at process level, through energy meters?
- EE2- Is there recovery of energy/heat at any stage within the process?
- EE3- Does the unit use any energy efficient lighting source (CFL/LED) in the offices?
- EE4- Does the unit utilizes natural light for lighting purposes - Sun roofing, Sun facing big windows.
- EE5- Is there product testing facility available at the SME unit?
- EE6.a - Raw material testing
- EE6.b - Product testing (at any stage of production)
- Yes: To earn the top score, the MSME must demonstrate effective energy efficiency practices.
- No: In the absence of any of these methods, the company receives a score of 0

E. Category 5 - Renewable Energy

- RE1 - Has the unit installed any renewable energy system (Solar etc.) within the premises?

Yes: To earn the top score, the MSME must install RE

No: In the absence of any of RE, the company receives a score of 0

F. Category 6 – Environmental Compliance - This category focuses on adherence to regulatory environmental standards and third-party verifications, emphasizing responsible and sustainable resource management.

- EC1 - Does the unit display Material Safety Data Sheets (MSDS) for hazardous materials/chemicals being stored within the facility?
- EC2 - Has the facility ever received any notice in violation of any of the laws mentioned in the description (Laws relevant to Environment Health and Safety)?
- EC3 - Does the unit have all the valid consents from the State Pollution Control Board) SPCB?
- EC4: Tracks noise complaints from community, employees, or government bodies (negative parameter, receives no score if complaints exist).
- EC5: Measures taken to mitigate noise pollution.
- EC 6: Is there a third-party audit on safe working conditions?

Yes: To earn the top score, the MSME must adhere to Environment Compliance

No: Does not adhere to Environment Compliance

G. Category 7 - Occupational Health, Safety – This category focuses on Safety and Health Conditions of the project.

- OHS1-11 focuses on the Health and Safety of the project.

YES - To earn the top score, the MSME must adhere to health and safety standards and ensure all its stakeholders have sufficient measures in place.

NO – The unit does not adhere to health and safety standards and is scored as 0.

H. Category 8 - Social Responsibility & Compliance - This category focuses on Social safeguards and compliance

•SRC 1 – 11 focuses on various indicators like percentage of female employees, grievance redressal, GBV, SEAH etc.

YES - To earn the top score, the MSME must adhere to social compliances.

NO – The unit does not adhere to health and safety standards and is scored 0.

I. Category 9 – External Quality Certifications – This category focuses on quality certifications like ISO 9000- quality management system, ISO 14000 – environment management system etc.

YES – if the unit has certifications.

NO – if the unit does not have certifications.

J. Category 10 – Negative Parameters – This category focuses on negative parameters which when invoked will bring the overall category to low (means, these units won't be funded as negative parameters are invoked.)

The units are scrutinized based on the above inputs and a score is assigned to the units. Based on the score an aspect associated weight is assigned. As per the aspect associated weight the green rating is done as HIGH, MODERATE & LOW.

The units having HIGH green rating signifies that it is in compliance with Environment and Social safeguards. The units having LOW rating signifies less compliance to environment and social safeguard.

Indigenous People Framework

Introduction

The overall objective of this framework is to provide a structure for ensuring that activities of GCF are developed and implemented in such a way that fosters full respect, promotion, and safeguarding of indigenous peoples so that they

- (a) benefit from GCF activities and projects in a culturally appropriate manner; and
- (b) do not suffer harm or adverse effects from the design and implementation of GCF-financed activities.

All GCF-financed activities will support the full and effective participation of indigenous peoples and recognize their contribution to fulfilling the GCF mandate throughout the entire life cycle of the activities. The design and implementation of activities will be guided by the rights and responsibilities outlined in the United Nations Declaration on the Rights of Indigenous Peoples including, of particular importance, the right to free, prior, and informed consent, which will be required by GCF in applicable circumstances.

Definition of Indigenous People

The term “Indigenous Peoples” is used in a generic sense to refer to a distinct, vulnerable, social, and cultural group possessing the following characteristics in varying degrees:

- self-identification as members of a distinct indigenous cultural group and recognition of this identity by others
- collective attachment to geographically distinct habitats or ancestral territories in the project area and the natural resources in these habitats and territories
- customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture
- an indigenous language, often different from the official language of the country/ region

In the context of the MSME mitigation & adaptation projects being financed by SIDBI, which are typically implemented in designated industrial areas, “Indigenous people” might include local communities identifying themselves/attaching themselves to a geography and the associated culture.

Existing Institutional Framework for safeguarding interests of Indigenous People

As per SIDBI’s Environment & Social Management Policy (ESMP), all projects / programmes supported by SIDBI for GCF financed activities as also supported through line of credit from Bilateral / Multilateral agencies (GCF, Afd, KfW, ADB, World Bank etc.) shall generally be designed and implemented to safeguard the 8 Environmental and Social Performance Standards (PS), which are in line with the international best practices for assessment of environmental and social

risks e.g. International Finance Corporation (IFC), Adaptation Fund, Green Climate Fund (GCF), the World Bank etc. One of these PS' (i.e. PS 7) is "Indigenous People".

As per PS7, **"SIDBI's project is not anticipated to have impacts on indigenous people, their lands, culture, livelihood or way of life. However, during the project screening stage, SIDBI will ensure that their project or its financial intermediaries will not have any adverse effect on indigenous people in the project area"**.

While SIDBI's project is not anticipated to have impacts on indigenous people, their lands, culture, livelihood or way of life, the following framework (developed over and above the ESMP, specifically for this programme) will help mitigate any risk associated with adverse impact to indigenous people.

Indigenous People Framework

Types of projects/sub projects expected to be financed under this programme

The proposed program would focus on various climate change **mitigation projects** in 13 sectors in MSMEs such as Energy Efficiency through Technology Upgradation, Renewable Energy mainly Solar rooftop projects, New & Innovative Technologies. Investments in the demand side will make sound economic sense as energy efficiency projects typically require a lower capital expenditure as compared to supply-side electric power capacity addition.

The targeted technologies under **Adaptation projects** would be weather forecasting and early warning systems for cyclones/tsunami/floods in coastal belt as well as earthquakes/extreme weather events in the Himalayan states. Climate Smart precision irrigation system and water efficient and recycling technologies / processes like Zero Liquid Discharge (ZLD), Effluent Treatment Plants (ETP), Reverse Osmosis (RO) plants, etc.

For this program, SIDBI would play the dual role of "Executing Entity" and "Accredited Entity". Other key stakeholders in the program would include Industry Associations (Business Management Organizations), MSME units, technology providers, Original Equipment manufacturer, technical experts / consultants, PFIs, etc. SIDBI's intervention will enable MSMEs to achieve:

- Better economic performance through improved productive use of resources
- Environmental protection by conserving resources and minimizing industry's impact on the natural environment.
- Social enhancement by providing jobs and protecting the wellbeing of workers and local communities.

Potential positive or adverse impacts of projects on indigenous people

Given that SIDBI is financing MSMEs (mainly located within industrial units), it is unlikely that projects financed under this programme will involve adverse impact on indigenous people or involve issues related to resettlement, direct impact on biodiversity and cultural heritage.

Given that the projects financed under this programme will improve the climate resilience of MSMEs and their ability to deal with climate related shocks/externalities, it is expected to improve the resilience of the indigenous people, if found in the vicinity of industrial units.

Assessment of sub-projects:

- Prior to sanction i.e. in the due diligence phase, SIDBI's Environment and Social Due Diligence Checklist (ESDD Checklist) assesses potential impact on Indigenous people in the form **a self certified question i.e. "if the unit / project is located in, areas of settlement and / or collective attachment of tribal people / Indigenous People or affects their natural resources subject to traditional ownership or under customary use or occupation"**.
- An Indigenous People Plan (IPP) will be required for all projects affecting indigenous communities and Indigenous Peoples where impacts are identified, whether they are direct or indirect, negative or positive, if applicable with necessary disclosure for IPPs.

The IPP should include the following elements:-

- (a) Baseline information (from independent and participatory environmental and social risks and impacts assessment processes);
 - (b) Key findings and analyses of impacts, risks and opportunities; Indigenous People Policy
 - (c) Measures to avoid, minimize and mitigate negative impacts, and enhance positive impacts and opportunities;
 - (d) Community-based natural resource management;
 - (e) Results of consultations (during environmental and social risks and impacts assessment processes), including a list of people and organizations that participated, a timetable, who was responsible for each activity, the free, prior and informed consent, and future engagement plans;
 - (f) Gender assessment and action plans;
 - (g) Benefit sharing plans;
 - (h) Tenure arrangements;
 - (i) Grievance redress mechanisms;
 - (j) Costs, budgets, timetables, organizational responsibilities; and
 - (k) Monitoring, evaluation and reporting.
- SIDBI will conduct the necessary due diligence and oversight to ensure that these requirements are fulfilled.
 - Where communities are mixed, or Indigenous Peoples live in close proximity to different social and ethnic groups and IPP will be developed for the benefit of both the Indigenous Peoples and the other group/s living together or in close proximity.

Key National and International laws applicable for Indigenous Peoples:

SIDBI as AE through participating financial institutions will ensure compliance to national law and international best practices in cognizance with GCF policy in this regard, including:

- Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 – Panchayats (Extension to Scheduled Areas) Act, 1996
- Scheduled Caste and Scheduled Tribe (Prevention of Atrocities) Act, 1989
- UN Declaration of the Rights of Indigenous Peoples (UNDRIP)
- UN Common Understanding on the Human Rights Based Approach to Development Cooperation

Attachment 7

Guidance Note for Battery Usage, Maintenance & Disposal, Thermal Runway and Battery Management System for EV sector:

A. Battery Usage and Maintenance & Disposal

1. The buyer must follow the manufacturer's instructions for charging and storage, and use the manufacturer supplied cord and power adapter. If a battery overheats, the rider must immediately stop using the vehicle.
2. If a vehicle is charging in the garage, a timer should be set for reminding the user to unplug it after charging. The charger should have an integrated system to protect the battery from overload when charging.
3. It is important to never leave any vehicle battery charging overnight and should be unplugged while leaving the house/ premises. A normal battery should not set itself ablaze when left too long on the charger, however, a malfunctioning battery is a serious fire hazard.
4. Have a fire detector in the charging area and a class ABC or CO2 fire extinguisher nearby the charging area. For large Li-ion battery fires use foam extinguisher containing CO2, powder graphite, ABC dry chemical, or sodium carbonate.
5. To maintain the good health of the battery and improve life:
 - a. Avoid draining battery to zero;
 - b. Use fast charging at public locations, or only when in dire need. The less the battery is fast charged, the better it will be for the health of the battery.
6. If the vehicle is going to be stored for an extended period (30 days or more), the battery should be kept charged to around 50-70%. The battery should never be stored fully charged or fully drained.
7. When transporting the vehicle, it is important to remove the battery if possible, from the vehicle and store it safely.
 - a. Do not transport or ship a fully charged battery. The recommended State of Charge (SoC) is 30% or less. If the battery SoC is above 30%, then discharge it before transporting
 - b. Avoid transporting batteries in metal boxes and tape terminals to prevent contact being exposed to short circuiting.
 - c. Ensure that batteries are kept away from heat, isolated from device (if any), transported in an insulated container or padded bag to prevent shock if dropped or impacted. Temperature to be maintained between -20°C to 60°C

8. A pressure washer is unsuitable for cleaning EV-2/3 wheeler, especially its electronic components. The battery should be wiped with a damp cloth. Always the battery should be removed before cleaning the vehicle. Its plug connectors should also be cleaned and lightly greased from time to time.
9. High-quality lithium-ion batteries are complex and have finely tuned systems. Hence, its repair requires special expertise and elaborate production facilities. A defective battery should necessarily be replaced. If the battery is defective, it should be handed over to the seller with due regard for the safety regulations.
10. The smart electronic battery management system protects lithium-ion batteries from too high temperatures, overloading and deep discharging. However, improper care can result in fires. Do not keep the vehicle parked in hot areas (high temperatures), it will affect the life of the battery. Do not keep the vehicle parked near transformers or other high electromagnetic emission devices.
11. The battery at the end of its useful life should either be given back to seller in place of new purchase OR handed over to the authorised recyclers to avoid the associated environmental and safety risks.

B. Guidelines to Reduce Risk associated with Thermal Runaway

Signs of Thermal Runaway

S. No.	Symptoms	Description
1	Heat	It's completely normal for batteries to generate some heat when charging or in use. But if the lithium-ion battery feels extremely hot, there's a good chance it's defective and at risk of starting a fire.
2	Swelling	When a lithium battery fails, another common sign is battery swelling. If the battery looks swollen, stop using it immediately. Similar signs include any type of lump or bulge, or leakage from the device.
3	Noise	Failing lithium batteries have also been reported to make hissing or cracking sounds
4	Odor	If a strong or unusual odor coming from the battery is noticed, this is also a bad sign.
5	Smoke	This one's a little more obvious. But if the device is smoking, a fire has already started.

Things to do in case the device is showing any of the above warning signs:

- ✓ Immediately turn off the device and unplug it from the power source.
- ✓ Slowly move the device to a safe, isolated area away from anything flammable. Use tongs or gloves to avoid touching the device with your bare skin.
- ✓ Call the device manufacturer or retailer for further instructions.
- ✓ Always follow the device manufacturer's instructions for storage, use, charging and maintenance.
- ✓ Avoid knockoffs; only replace batteries and chargers with components specifically designed and approved for the device.
- ✓ Avoid charging the device on flammable surfaces.
- ✓ Remove devices and batteries from the charger once they are fully charged.
- ✓ Lithium-ion batteries should always be stored in a cool, dry place. Don't place batteries in direct sunlight.
- ✓ Regularly inspect the EV and batteries for any warning signs.

C. Battery Management System

<p>First Life: The original application intended for which the battery was produced. An EV battery is expected to last up to 3-5 years (depending on factors such as climatic conditions and battery handling among others) before they need replacement. Once the battery performance degrades below its first life use, it is replaced by a new battery pack. These batteries are to be used only for EV use.</p> <p>In case of signs of battery deterioration, it needs to be taken to the OEM or Authorised Battery Manufacturer for any repair or replacement.</p>	Borrower of PFI/ User
<p>Second Life: After the first life of battery, a considerable storage capacity (70-80%) is still left in a battery. The battery can be refurbished and repurposed to be used for a less intensive application that requires less frequent battery cycling; say for energy storage system.</p>	New user

To be used for other purposes specified as per refurbishing, new user to do the maintenance of the battery. In case of signs of battery deterioration, it needs to be taken to the producer for any repair or replacement.	
End of Life: At the end of battery life, expert handling is required for collection and safe transportation to the producer's recycling facility. These batteries should not be used for any purpose.	Producer
<p>Recycling: The battery will be dismantled and the valuable constituent materials will be recovered. The recovered metal and mineral components like Lithium, Cobalt, Nickel, Aluminium and Copper can again be used in the manufacture of new batteries.</p> <p>As per the Battery Waste Management Rules the Producer is responsible for Collection, Transportation, Repurposing, Disposal and Recycling of batteries.</p>	Producer

Note:

1. This annex will be updated from time to time, when new battery management guidelines/ codes of practice/ legislation are issued by Government of India or other concerned agencies.
2. Considering Local Fire Department as major stakeholder in putting off fires, the contact details of local fire station need to be kept ready along with vehicle documents.
3. The information provided in the OEM Manuals prevails over the information given in this guidance.

Attachment 8

Resettlement Action Plan Financing Mitigation & Adaptation Projects (FMAP) in Indian MSMEs'

I. Introduction

The FMAP programme aims to address the key barriers in MSMEs by supporting them in the identified sectors with financial and market resources to avail investment opportunities for low emission, energy-saving technology upgrades and to adopt, manufacture and service climate resilient technologies. To affect this and to ensure that the activities being financed under this programme has no significant Environmental and Social impact, a robust ESMS policy has been developed aimed at providing guidance for screening and assessing Environmental and Social issues at sub-project level. While all measures of due diligence will be ensured to rule out the adverse impacts, the Resettlement Action Plan is aimed at the following:

- (a). To identify the risks at the sub-project level which may lead to compulsory land acquisition, involuntary resettlement affecting physical and/or economic displacement of people (loss of structures, livelihoods and access to common resources
- (b). To mitigate the identified risks associated with compulsory land acquisition and involuntary resettlement and to check the adequacy and implementation of the mitigation measures
- (c). To develop a monitoring framework to check the adequacy and implementation of mitigation measures.

II. Legislation related to Land Acquisition and Resettlement

- Right to Fair Compensation and Transparency in Land Acquisition Resettlement and Rehabilitation Act 2013 (RFCT LARR Act 2013)
- Guidelines / policies / rules / statutes for acquisition of land on consent basis by various State Governments (Kerala, Chhattisgarh, West Bengal, Uttar Pradesh, Telangana, Punjab, Rajasthan, Goa, Odisha, Bihar, Maharashtra, Himachal Pradesh, Karnataka, and Madhya Pradesh)
- Land Revenue Codes of different State Governments and Union Territories.
- The Land Acquisition Resettlement and Rehabilitation Act 2013, ensure, in consultation with institutions of local self-government and Gram Sabhas established under the Constitution, a humane, participative, informed and transparent process for land acquisition for industrialisation, development of essential infrastructural facilities and urbanisation with the least disturbance to the owners of the land and other affected families and provide just and fair compensation to the affected families whose land has been acquired or proposed to be acquired or are affected by such acquisition and make adequate provisions for such affected persons for their rehabilitation and resettlement and for ensuring that the cumulative outcome of compulsory acquisition should be that affected persons become partners in development leading to an improvement in their post acquisition social and economic status and for matters connected therewith or incidental thereto.

III. Institutional Framework for assessing risks leading to compulsory land acquisition and involuntary resettlement

As per SIDBI's Environment & Social Management Policy (ESMP), all projects / programmes supported by SIDBI for GCF financed activities as also supported through line of credit from Bilateral / Multilateral agencies (GCF, Afd, KfW, ADB, World Bank etc.) shall generally be designed and implemented to safeguard the 8 Environmental and Social Performance Standards (PS), which are in line with the international best practices for assessment of environmental and social risks e.g. International Finance Corporation (IFC), Adaptation Fund, Green Climate Fund (GCF), the World Bank etc. One of these PS (i.e. PS 5) is "**Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**".

As per PS5, "SIDBI or its financial intermediaries will not support any MSME operations that would result in compulsory land acquisition and physical and/or economic displacement of people (loss of structures, livelihoods and access to common resources. This performance standard (PS 5)/GCF ESS 5 will generally not be invoked as this criteria is screened at the initial level through Exclusion list (Annexure 2) and ESDD (Annexure 4).

In case of green field project, PS 5 may be triggered, the AE would ensure due diligence as mentioned in this Resettlement Action Plan is ensured for all such sub-projects that involves compulsory land acquisition and physical and/or economic displacement of people (loss of structures, livelihoods and access to common resources as per Government Guidelines.

IV. Types of projects/sub projects expected to be financed under this programme

The proposed program would focus on various climate change **mitigation projects** in 13 sectors in MSMEs such as Energy Efficiency through Technology Upgradation, Renewable Energy mainly Solar rooftop projects, New & Innovative Technologies. Investments in the demand side will make sound economic sense as energy efficiency projects typically require a lower capital expenditure as compared to supply-side electric power capacity addition.

The targeted technologies under **Adaptation projects** would be weather forecasting and early warning systems for cyclones/tsunami/floods in coastal belt as well as earthquakes/extreme weather events in the Himalayan states. Climate Smart precision irrigation system and water efficient and recycling technologies / processes like Zero Liquid Discharge (ZLD), Effluent Treatment Plants (ETP), Reverse Osmosis (RO) plants, etc.

For this program, SIDBI would play the dual role of "Executing Entity" and "Accredited Entity". Other key stakeholders in the program would include Industry Associations (Business Management Organizations), MSME units, technology providers, Original Equipment manufacturer, technical experts / consultants, PFIs, etc.

V. Assessment of sub-projects

- **Environment and Social Due Diligence** - Prior to sanction i.e. in the due diligence phase, SIDBI's Environment and Social Due Diligence Checklist (ESDD Checklist) assesses potential impact on compulsory land acquisition and involuntary resettlement in the form of a **self-certified question** i.e. "Does the project require compulsory land acquisition causing displacement of the people / Involuntary resettlement".
- **Grievance Redressal Mechanism**- SIDBI has a comprehensive Grievance Redressal Mechanism (GRM). It has put in place a web- enabled registration form for complaints/ grievances, whereby the project affected stakeholders can log their grievances. SIDBI further mandates that the implementing agencies/ financial institutions shall also have in place an effective GRM that provides for stakeholders affected by the projects supported by SIDBI

- **Public disclosure and consultation-** SIDBI mandates that the participating financial institutions identify stakeholders as early as possible in planning any programme. The results of the preliminary environmental and social screening, and draft environmental and social assessment, shall be made available for public consultations.\

The above provisions would help in identifying the risks associated with the sub-projects that may lead to compulsory land acquisition and involuntary resettlement as per provisions of LARR Act 2013.

Further, a Resettlement Action Plan (RAP) aimed at mitigating the identified risks will be ensured for green field projects (if greenfield sub-project outlay is more than USD 6 million) requirement of affecting compulsory land acquisition and involuntary resettlement where impacts are identified, whether they are direct or indirect, negative or positive.

The RAP will screen the following elements for greenfield sub-project outlay of more than USD 6 million as per provisions of LARR Act 2013:-

- a) Does the project require compulsory land acquisition causing displacement of the people / Involuntary resettlement
- b) Is the unit / project located in, areas of significant settlement and / or collective attachment of tribal people / Indigenous People

However, Land Acquisition Resettlement and Rehabilitation Act 2013 (RFCT LARR Act 2013) takes care of suitable provisions and safeguards as well as transparent process for land acquisition for industrialisation, development of essential infrastructural facilities and urbanisation with the least disturbance to the owners of the land and other affected families and provide just and fair compensation to the affected families whose land has been acquired or proposed to be acquired or are affected by such acquisition and make adequate provisions for such affected persons for their rehabilitation and resettlement.