

Sustainable Fitch: Second-Party Opinion Provided for IIFL Finance's Social Financing Framework

Sustainable Fitch has provided its Second-Party Opinion on the social financing framework of IIFL Finance Limited (IIFL Finance); we consider transactions under this framework to align with the ICMA Social Bond Principles, and the Loan Market Association, Loan Syndications and Trading Association, and Asia Pacific Loan Market Association Social Loan Principles. Our overall assessment is that the framework's alignment is 'Good'.

IIFL Finance is a non-bank financial institution headquartered in India. The company offers financing products to retail customers and micro-, small- and medium-sized enterprises. Retail loans made up the majority (99%) of its total loan portfolio as of end-2024. These loans comprised a variety of retail products such as housing loans (42% of total loan assets under management); gold loans (21%); loans to micro-, small- and medium-sized enterprises (19%); and microfinance loans (14%).

Proceeds under this framework can be allocated to eligible microfinance loans, business loans, gold loans and other non-microfinance loans aligned with the "access to essential services" category. These loans promote access to credit and financial inclusion for the general population, female borrowers and under-served groups lacking access to traditional banking.

We consider the project evaluation and selection process as aligned with market practices. Proceeds will be tracked in an escrow arrangement that provides reassurance against commingling of funds. Unallocated proceeds will be held temporarily in cash instruments, which aligns with market practices.

IIFL Finance will provide allocation and impact reporting for each loan category, where feasible, on an annual basis until full allocation. It will also obtain third-party verification on the allocation and impact reporting annually.

We expect eligible projects under the framework to contribute to UN Sustainable Development Goals 1 (no poverty), 2 (zero hunger), 5 (gender equality), 6 (clean water and sanitation), 8 (decent work and economic growth) and 9 (industry, innovation and infrastructure).

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Sustainable Fitch's ESG Ratings offer a global solution to assess Environmental, Social and Governance performance of all asset classes at an entity, framework and instrument level, helping the ESG financial community make better, informed decisions. It has developed a modular analysis framework, enabling it to provide a Second-Party Opinion (SPO) and a



monitored suite of ESG Ratings including Entity Rating, Framework Rating and Instrument Rating.

Contact:

Ying Xuan Kong
Senior Analyst – ESG Ratings
+65 6576 5828
yingxuan.kong@sustainablefitch.com
Sustainable Fitch
1 Wallich Street
#19-01 Guoco Tower
Singapore 078881

Yuna Byun
Analyst – ESG Ratings
+65 6576 0926
yuna.byun@sustainablefitch.com

Candice Low
Director – ESG Ratings
+65 6576 5833
candice.low@sustainablefitch.com