



Fulfilling Aspirations, Sustainably and Responsibly



About the report

Since we published our first Sustainability Report last year, ESG (Environment, Social, and Governance) issues gained even more prominence. ESG discussions and considerations are into the board rooms, with companies looking at incorporating ESG into their business strategies.

At IIFL Finance, we look at the Sustainability Report not just as a disclosure requirement but also as a strategic tool that enables us in integrating sustainability within our operations. Thus, creating shared value for all stakeholders. We are committed to:

- ▶ Utilizing our products to create positive social and environmental impacts
- ▶ Making meaningful contributions towards communities, especially the underserved
- ▶ Mitigating sustainability risks
- ▶ Reducing our environmental footprint
- ▶ Cascading sustainable practices within our business and supply chain partners

Accordingly, IIFL Finance (hereafter referred to as 'IIFL', 'we' or the 'Company') is pleased to present the Company's second Sustainability Report. Through this Report, we intend to provide a holistic communication of IIFL non-financial performance. The Report is interlinked with important reports of subsidiary companies of IIFL.



Scope and boundary

The Report covers the operations of IIFL Finance along with its subsidiaries: IIFL Home Finance Limited (hereafter referred to as 'IIFL Home Finance', 'IIFL HFL') and IIFL Samasta Microfinance Limited (hereafter referred to as 'IIFL Samasta').



Reporting principles and frameworks

This Report has been developed with reference to the Global Reporting Initiative (GRI) Standards: Core Option and additional relevant standards as prescribed by Sustainability Accounting Standards Board (SASB). The Report has also adopted the capital accounting approach as provided in the Integrated Reporting <IR> framework prescribed by the International Integrated Reporting Council (IIRC).



External assurance

The content and data disclosed in this Report is externally assured by BDO India LLP as per AA1000 Assurance Standard v3 (2020) – Type 2.

We welcome your feedback on our Report and performance at ir@iifl.com, csteam@iifl.com.



Responsibility statement

The content of this Report is prepared by the senior management of IIFL Finance, and reviewed and approved by the Board of Directors to ensure accuracy, completeness and relevance of the information presented.



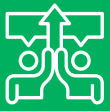
Forward-looking statement

This Report contains statements about expected future events and financials of IIFL Finance and Group companies, which are forward-looking. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause actual future results and events to differ materially from those expressed in the forward-looking statements.



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Fulfilling aspirations, responsibly and sustainably

The financial services sector is currently navigating a changing world where there is rising expectation to be conscious of the responsible use of resources. Those organizations that pivot around their purpose and prioritize ESG initiatives have the potential to unlock immense value for business and communities. Responsible conduct of business has always been an intrinsic part of IIFL Finance's operations and in FY 2020-21, we started reporting on our ESG performance. We are integrating sustainability as an important aspect across various stages of our operations including product development, community engagement, environmental footprint, and risk management.

As we incorporate environmental consciousness to reduce our footprint, we continue to strengthen our focus on responsible lending and financial inclusion. We are proud to be driving financial inclusion across the country. Within the organization, we create a culture of inclusivity that invests in the growth and well-being of our employees. Our digitalization initiatives have paved the way for greater reach and paperless processes.

We are confident that our commitment and investments in ESG initiatives over time will be instrumental in our pursuit of value creation for the people whose lives we touch, and the planet at large.

Navigating this report

Our capitals



Financial



Physical



Intellectual



Human



Social &
relationship



Natural

Our stakeholders



Customers



Investors/
Shareholders



Community/
NGOs



Government/
Regulators



Employees



Business partners/
Suppliers



IIFL Home Loan
IIFL Foundation
IIFL Finance



IIFL Group
IIFL Home Loan



IIFL Home Loan
IIFL Finance



IIFL Home Loan
IIFL Finance
IIFL Live
IIFL Corporate
IIFL Commodities



IIFL Finance
IIFL Group
IIFL Home Loan



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Sustainability Report

Provides an overview of our ESG performance at a consolidated level

Primarily for ESG analysts, investors, community; relevant to all stakeholders



IIFL Finance Annual Report FY 2021-22

Discusses the financial and non-financial performance of the lending business in the year, along with the road ahead

Investors, regulators and debt providers; relevant to all stakeholders



[Click here to view Report](#)



IIFL Home Finance Annual Report FY 2021-22

Discusses the financial and non-financial performance of the home finance business in the year, along with the road ahead

Investors, regulators and debt providers; relevant to all stakeholders



[Click here to view Report](#)



IIFL Home Finance Sustainability Report FY 2021-22

Discusses the ESG performance of the home finance business in the year, along with the road ahead

Primarily for ESG analysts, investors, community; relevant to all stakeholders



[Click here to view Report](#)



IIFL Samasta Microfinance Annual Report FY 2021-22

Discusses the financial performance of the microfinance business in the year, along with the road ahead

Investors, regulators and debt providers; relevant to all stakeholders



[Click here to view Report](#)



IIFL Samasta Microfinance Sustainability Report FY 2021-22

Discusses the ESG performance of the microfinance business in the year, along with the road ahead

Primarily for ESG analysts, investors, community; relevant to all stakeholders



[Click here to view Report](#)

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Who we are?



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Introducing
IIFL Finance



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Our product offerings

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Our reach





Introducing IIFL Finance

IIFL Finance Limited was established in 1995. Our primary goal when we started our business, was to become the country's most respected financial services company. We have helped our customers in converting their dreams into reality, whether it was the desire to own a home or to launch a business. With more than 25 years of experience and outstanding customer service, IIFL Finance has demonstrated dependability and gained customer confidence. As a result, we have been able to build customer loyalty and recall, that aided our growth. We provide customers with a gamut of financing solutions.



Home
loans



Gold
loans



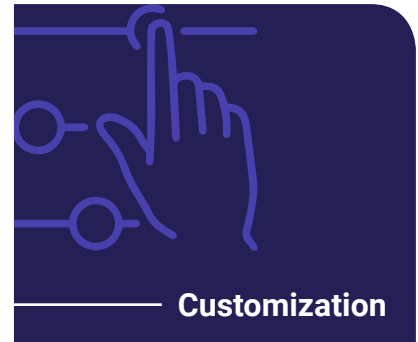
Business
loans



Microfinance
loans

What sets our financial solutions apart?

Three aspects:



Our CSR activities are conducted through IIFL Foundation. Since the Company's inception in 2015, the Foundation has made significant contribution to promote education of girls in the state of Rajasthan. HELP (Health, Education, Livelihood and Poverty alleviation) are the key focus areas of IIFL Foundation.





Our vision

To be the most respected financial services company in India. Not necessarily the largest or most profitable.



Core values

Our core values serve as a moral compass in all our activities. Fairness, Integrity, and Transparency – 'FIT' – is the driving force behind all we do at IIFL Finance. We work with people who fit into our professional ethos. It is our constant endeavor to create sustainable value for all our stakeholders. We are resolute in the observance of these values and will let go of any growth opportunities that we deem unfit.



Fairness

Fairness in our transactions with all stakeholders including employees, customers, communities, regulators, government, investors and vendors, bereft of fear or favor.



Integrity

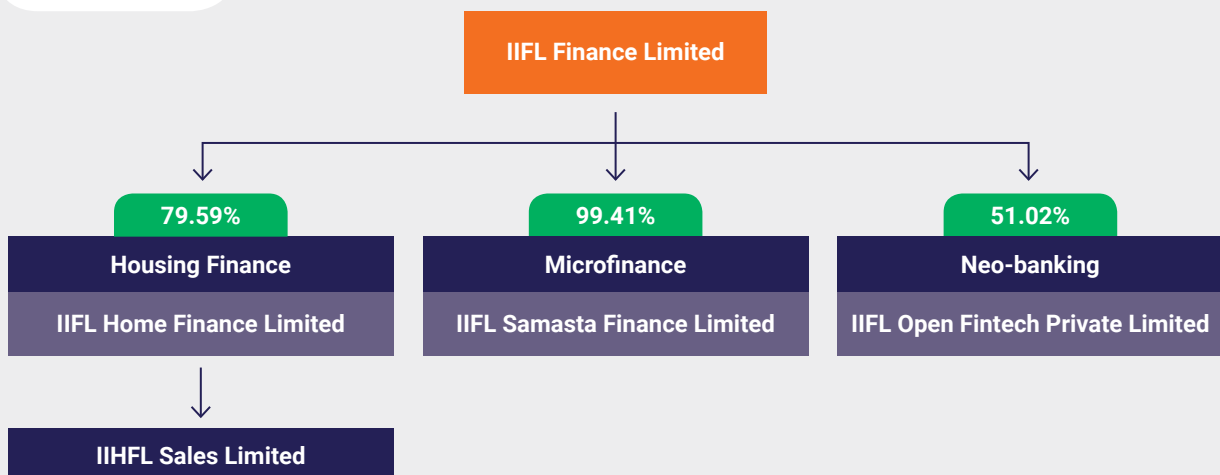
Integrity and honesty of the utmost nature, in letter, in spirit, and in all our dealings with people - internal or external



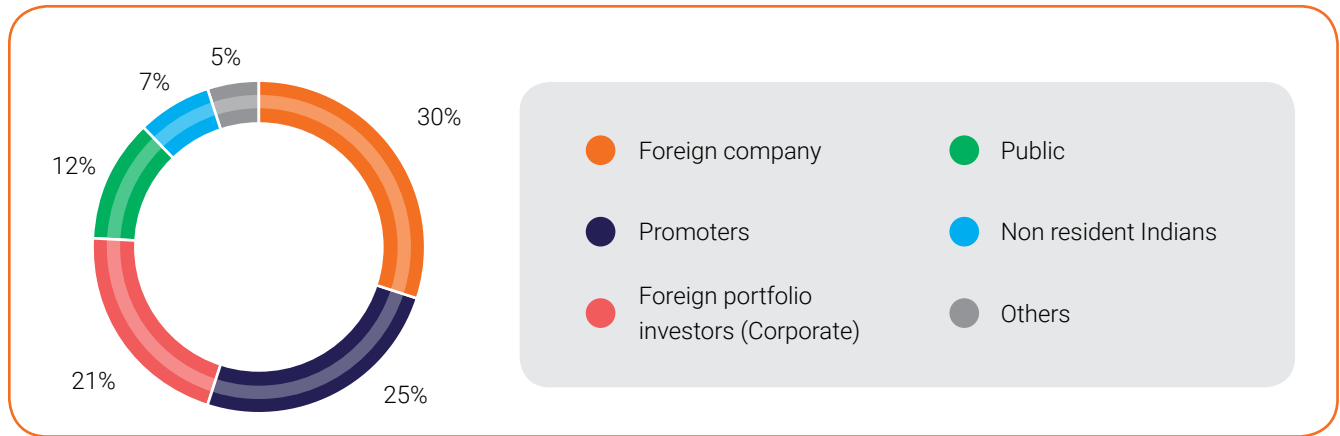
Transparency

Transparency in all our dealings with stakeholders, media, investors, and the public at large

Our subsidiaries







Share-holding pattern

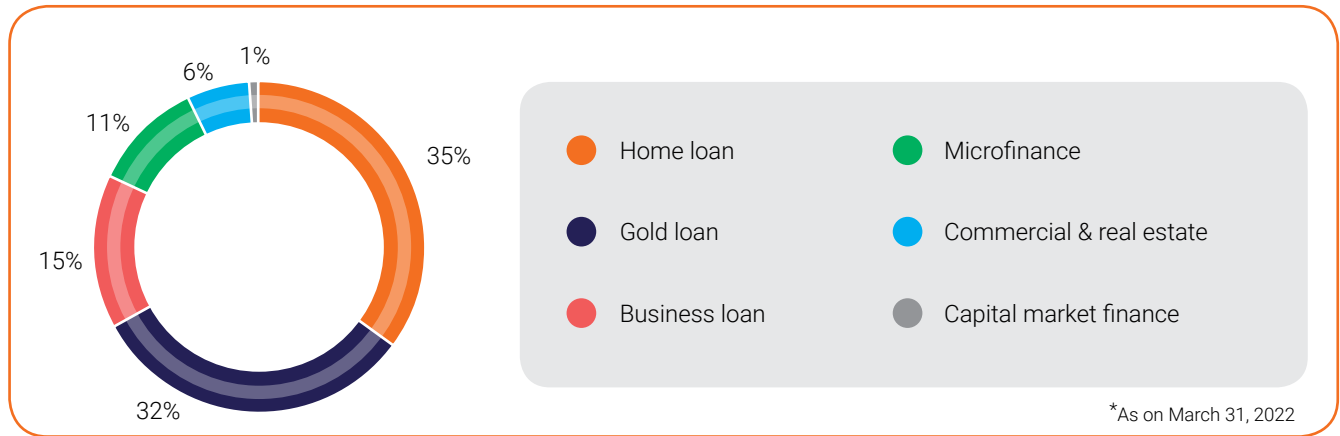


Our product offerings

Over the years, IIFL Finance gained popularity for offering innovative and customized solutions to the needs of the customers. Our core products are described in the table below:

			
<p>Home loan</p>	<p>Gold loan</p>	<p>Business loan</p>	<p>Microfinance</p>
<p>Average ticket size: ₹ 1.7 Million</p>	<p>Average ticket size: ₹ 70,000</p>	<p>Average ticket size: ₹ 1 Million</p>	<p>Average ticket size: ₹ 30,000</p>
<ul style="list-style-type: none"> ➤ To cater housing needs of underserved customers ➤ Small-ticket loans for purchase, renovation, construction, plot purchase ➤ Target audience: First-time house buyers in Tier 1 suburbs, Tier II & Tier III cities (salaried, self-employed, micro business owners) 	<ul style="list-style-type: none"> ➤ Loan against gold jewellery for personal and business needs ➤ Target audience: Small businesses, vendors, traders, farmers, and salaried people, among others 	<ul style="list-style-type: none"> ➤ Secured loans (loan against property) and unsecured loans (cash flow backed) ➤ Target audience: micro, small, and medium enterprises in manufacturing, services, and trade 	<ul style="list-style-type: none"> ➤ Small ticket-sized loans for livelihood activities, based on the Joint Liability Group Model ➤ Micro-loans, credit-linked insurance, group-based savings accounts ➤ Target audience: Self-employed women

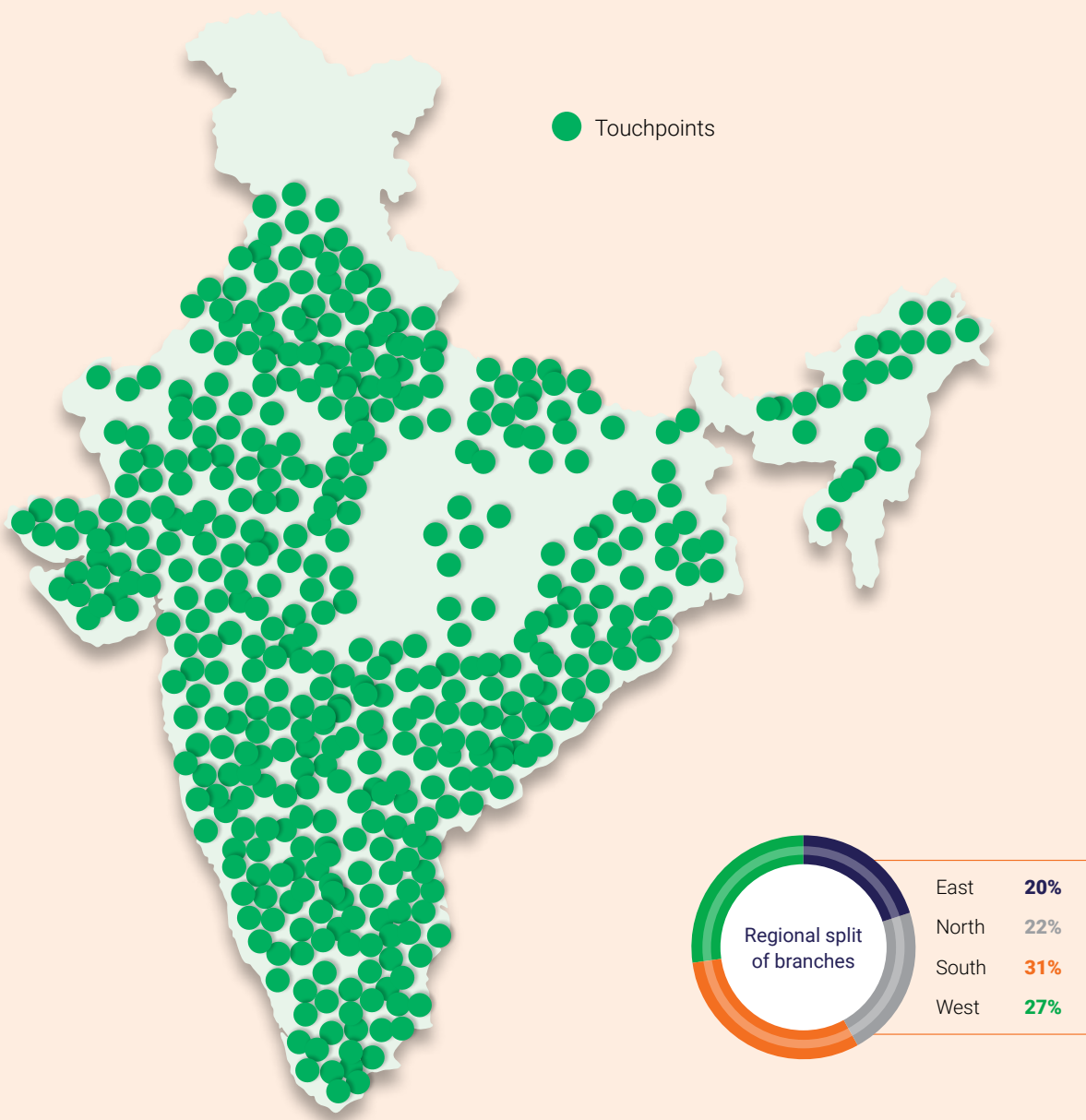
Loan AUM mix





Our reach

As on March 31, 2022, IIFL Finance has a wide network of 3,296 branches across more than 1,260 towns and cities across the country. Our branches aid us in keeping in touch with our customers. Thus, enhancing IIFL's brand promise and customer loyalty. Our robust 'Phygital' capital provides a seamless experience to our customers. We expanded nation-wide, with 731 new branches during FY 2021-22.



Disclaimer: This map is a generalized illustration only for the ease of the reader to understand the locations, and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind of connection to its accuracy or completeness.



2,856

Number of branches in Tier II & III cities



731

New branches added in FY 2021-22



3,296

Total branches across India

Affiliations

We engage with our peers, industry bodies, associations to promote research and development, facilitate knowledge exchange on sustainable financing and other sectoral developments, and contribute to debates on public policy. We have collaborated with following industry bodies and associations:

- Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Finance Industry Development Council (FIDC)
- Microfinance Institutions Network (MFIN)
- Association of Karnataka Microfinance Institutions (AKMI)
- Sa-dhan (The Association of Community Development Finance Institutions)



02

How we
performed



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recognition





Message from the Managing Director



I am delighted to present to you our Sustainability Report for the FY 2021-22. With this Report, we are into the second year of non-financial reporting – and are pleased to share with you our Environmental, Social and Governance (ESG) story.



Dear Stakeholders,

I am delighted to present to you our Sustainability Report for the FY 2021-22. With this Report, we are into the second year of non-financial reporting – and are pleased to share with you our Environmental, Social and Governance (ESG) story. With the incorporation of ESG in our strategy and functioning, our goal is to adopt and develop practices that create long-term, holistic, and sustainable value for all our stakeholders.

The FY 2021-22 started with the devastating second wave of the COVID-19 pandemic which caused a major health crisis, even as vaccines were developed in record time in human history. As the pandemic wave started subsiding, we started seeing signs of economic recovery – the NBFC sector too bounced back on its feet – thanks to a host of liquidity-boosting measures undertaken by the central bank. These included trimming of repo rate, targeted long-term repo operations, special liquidity scheme

and partial credit guarantee scheme, among others. Total credit outstanding from NBFCs is estimated to have grown 6-7% during FY 2021-22, with the outlook remaining strong for the macro-economic indicators and also the NBFC sector.

Globally, there was an increasing demand from companies to be environmentally and socially responsible and the financial sector is no exception. Growing concerns around climate change with

rampant extreme weather events like heatwaves and flooding due to extreme rainfall is pushing companies to take proactive measures in cutting down their emissions. For the financial sector, it means channeling capital in areas and initiating interventions that can tackle climate change and its impact. For IIFL, ESG is an important consideration given the fact that serving vulnerable communities is a core value for us. The theme of this Report encapsulates our consistent efforts to create a sustainable world – by enabling access to financial services, fulfilling our customers’ aspirations, creating jobs and contributing to economic development, while moving towards solving global environmental challenges.

The seven key pillars of ESG that we introduced last year remain our beacon for action this year as well. These are:

- 1) Economic growth
- 2) Sustainable financing
- 3) Governance and ethical behavior
- 4) Serving our customers
- 5) Nurturing our workforce
- 6) Community relationships
- 7) Environmental stewardship

As an NBFC that is committed to financial inclusion, our work is not just restricted to providing small-ticket customized loans. We are also playing a crucial role in creating awareness about financial decision-making among low-income communities. We aim to achieve financial inclusion by making services accessible and understandable to all members of society. We also promote women empowerment through the various product offerings from IIFL Samasta Microfinance. The Company provided microfinance loans to more than 1.5

Million customers, propelling rural development, women empowerment and wealth generation. Financial literacy is a key area of focus for the Company as we believe a financially-literate customer base will make well-informed financial choices, thereby achieving financial stability and freedom. This approach enables us to enhance our customer pool. Through our online financial literacy initiative, we reached out to more than 1,200 women during the year.

Similarly, our home loan portfolio also focuses on being purposeful with a three-pronged approach that looks at building awareness, educating stakeholders on environment-friendly materials & technology as well as monitoring & implementing green building projects.

We are constantly exploring ways to reduce the environmental footprint of our operations. This is done by creating awareness among our people around best ways to consume energy, water and reduce wastes. Simultaneously, we are undertaking initiatives aimed at optimizing consumption of energy, and waste across our locations, while promoting effective waste management/disposal techniques.

Both – our economic performance and our persistent community development initiatives – are the result of a dedicated workforce. In another financial year that was

marred by the pandemic, we kept the health of our people as top priority, taking pro-active steps to ensure the safety and well-being of our employees. We continued to leverage the work-from-home facility, and started opening cautiously, ensuring business continuity. We actively engaged with our people to upskill them and provide benefits that help us in retaining our best talent. The ‘Great Place to Work’ for the fourth year in a row is a testament to our commitment to building an enabling workforce where our employees feel nurtured and cared for. Our ‘physical’ network helped us in ensuring that customers did not have to face any difficulties with our processes.

The financial sector in India, that is continuously modernizing technology platforms and creating an enabling environment for business processes, focuses on providing superior customer satisfaction. We are therefore, confident of delivering consistent high growth and bringing meaningful change in the communities.

With this, I would like to congratulate the top management at the Company for their exemplary performance and for embracing ESG as our new business imperative. We thank our employees for their resilience in the past year. In the end, I would like to extend my gratitude to our customers, communities, investors, business partners, lenders and all stakeholders who have tendered continued support over the years and have been pillars of strength for the Company.

Best regards,
Nirmal Jain



Message from Director, IIFL Foundation



I am delighted to present to you our Sustainability Report for the FY 2021-22. With this Report, we have entered the second year of non-financial reporting – and are pleased to share with you our Environmental, Social and Governance (ESG) story.



Dear Stakeholders,

I hope this message finds you and your loved ones safe. With milder infections and lower fatalities during the third and fourth waves, it would be safe to assume that the worst of the pandemic is behind us. As the world gradually settles into a new order, I would like to acknowledge the resilience of all our stakeholders who have provided us the strength to continue our operations in the

past two years even amidst a raging pandemic that took a considerable toll on our personal and professional lives.

We, at IIFL Foundation, have been serving the marginalized and underprivileged sections across our communities, much before 'ESG' became a buzzword world-wide. In the last decade, climate change emerged as a prominent risk.

At IIFL Foundation, being a responsible organization, we have extended beyond the social or 'S' aspect and are actively forwarding the cause of 'E' that is environmental performance.



In addition to serving our communities across the focus areas of HELP (Health, Education, Livelihood and Poverty Alleviation), we also contribute towards development of sustainable communities. Installation of solar panels across 50 Government primary school of *Zilla Parishad* at Palghar District is an important step in this direction. We undertake periodic tree plantation drives across our communities, with active participation from our employees, to boost awareness around the challenges posed by climate change. We continue to explore more such opportunities to mitigate climate change risks.

All our programs are closely tied with the existing and emerging needs of our communities, and aim to bring about sustainable development of the marginalized. During the year, our flagship program, *Sakhion Ki Baadi* continued to empower underprivileged, out-of-school girls with basic numeracy and literacy skills.



In addition, our *Seva Kutirs*, provide education to girls belonging to scheduled caste and scheduled tribes. Other initiatives such as bicycle distribution to girl students, shelter home for orphan children and '*Maa Baadi*' - centers for reduction in drop-out rates, continued to open doors of quality education for underprivileged children.

Aimed at addressing the challenges posed by the pandemic, we launched initiatives such as vaccine delivery using drone, donation of oxygen concentrators, COVID-19 vaccination drive for specially-abled individuals during the year.

In FY22, we have extended the scope of *Sakhion Ki Baadi* to include children from vulnerable sections of the society, including children of sex workers, rag pickers, among others. Promoting the spirit of entrepreneurship among women

belonging to the weaker sections of the society is another area of focus for us. We continue to explore possible partnerships with local regulatory bodies and/or NGOs to further their agenda of climate action, education, health, gender equality, among others.

The idea of sustainability is to leave the world a better place for our future generations. We, at IIFL Foundation are committed to this idea and thank all our stakeholders for partnering with us and supporting us through our journey of making the world a better place.

Best regards,
Madhu Jain





Year

in review



Financial

₹ 512.1 Billion

Assets under Management

₹ 62.74 Billion

Consolidated net worth

₹ 40.2 Billion

Income generated

AA Stable

Credit rating

[Read more on page 40](#)





Non-Financial

33

Certified green projects

10,992 Tons p.a. tCO₂e

Emission savings through green affordable financing

1.75 Million

Customers O/S through microfinance products

151,000+

Loan to first-time home buyers

[Read more on page 47](#)

100%

Employees conveyed anti-corruption policies

₹ 127.4 Million

CSR expenditure

55,561

Beneficiaries of our investment in community initiatives

15,319.25 tCO₂e

Scope 1 and 2 GHG emissions*

20.3%

Gender diversity

2.2 lakh

Training hours

[Read more on page 62-80](#)



Awards and recognition

Marketing and branding



'The Economic Times Iconic Brand' award



Recognized as 'The Most Preferred Brand' for Sustained Brilliance in Brand Building at Marksmen Daily Awards



Awarded the 'Best Finance App' for IIFL Finance's MyMoney App at National Awards for Excellence in Digital Marketing



Identified as 'India Most Admired Financial Services Provider' at Asian BFSI Leadership Awards



Appreciated with the Impact Digital Influencer Award for #UmeedwaliSeedhiBaat Initiative



People practices



'Golden Peacock'
Award for Risk
Management



Certified as 'Great Place to Work' for
fourth consecutive year

Community initiatives



Conferred with 'Customer
Services Excellence Award' at
the World BFSI Congress for our
'Gold Loan at Home' initiative



Awarded 'Financial Inclusion
Initiative of the Year' Award
at the World BFSI Congress



Presented with the 'Best Financial
Inclusion Initiative' at National
Awards for Excellence in BFSI

Technology



Received 'Best Use of Mobile
Technology in Financial Services'
Award for our 'WhatsApp Loan'
product at the World BFSI Congress

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How we create value



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Our value-
creation model



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Integrating sustainability
in our business



Our value-creation model

OUR CAPITALS

INPUTS



Financial Capital

We primarily use debt and equity raised from our investors and creditors. Our aim is to efficiently leverage the financial capital at our disposal to create value for all stakeholders.



Physical Capital

We have an extensive network of physical branches along with well-established digital platforms to connect with our customers.



Intellectual Capital

Our processes are backed by strong technology infrastructure to provide loans, manage risks and deliver effective customer service.



Human Capital

Our employees are core to our business. We employ experienced and skilled workforce and focus on their all-round development.



Social and Relationship Capital

We rely on our relationships with our customers, distributors, government, and regulators for sustaining our business activities. We strive to create a lasting change in the lives of the community.



Natural Capital

We promote environmental stewardship by focusing on conserving resources and reducing emissions. We also promote adoption of green buildings.

- Total equity: ₹ 64.7 Billion
- Total debt: ₹ 357.3 Billion
- Total capital employed: ₹ 422 Billion

- Total branches: 3,296
- Towns/cities: 1,260+

- MyMoney app for complete paperless loan disbursements
- Introduced 'Instant Loan on WhatsApp'

- Workforce strength: 28,369
- Reward structure linked with performance and value drivers

- Contribution towards CSR: ₹ 127.4 Million
- Unique bank tie-ups under Co-lending: 10

- Kutumb Green Building Initiative
- Green Value Partner (GVP)
- PURPOSE (Platform for Green Affordable HoUsing & Finance, Through Research, Policy & TechnOlogy, for Sustainable Eco-System)

Business model

Raise

Capital through debt and equity sources along with sell-down of assets

Identify

Eligible borrower pool by leveraging technology

Lend

Credit to the borrowers riding on the back of prudent underwriting processes

Recover

Payments from borrowers with focus on collecting digitally

PRIME PILLARS

Offerings



Gold Loans



Business Loans



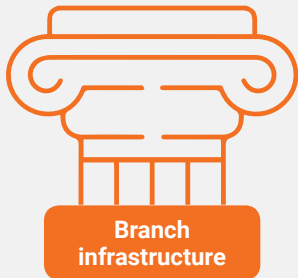
Home Loans



Microfinance

OUTCOME

KEY SDGs IMPACTED



Branch infrastructure

We have an extensive branch network across India backed by our cutting-edge digital infrastructure. This hybrid model gives us our 'Phygital' strength.

Technology

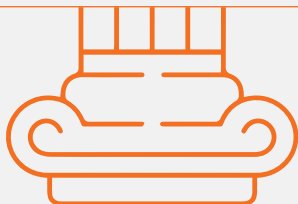
Delivering disruptive products using innovations in technology is what customers expect from us. We take great pride in staying ahead of the curve in discovering the latest trends and implementing them in business.

Our people

We have never underestimated the power of human capital. If anything, we have always emphasized and endorsed the power of building a human connect. People continue to be the strength, support and the backbone of our business.

Ethics and compliance

We adhere to and ensure strict standards of ethics and compliance in all our dealings with our customers. Thus, building and promoting a transparent, fair and unbiased culture involving equality and honesty in all our business transactions.



Financial Capital

- Total income in FY 2021-22: ₹ 40.15 Billion
- Economic value generated: ₹ 70.06 Billion
- Economic value retained: ₹ 10.54 Billion
- ROE: 20.6%
- ROA: 2.7%
- PAT: ₹ 11.9 Billion
- NIM: 7.0%
- Dividend distributed: ₹ 3.5 per share
- EPS: ₹ 31.33 per share

Physical Capital

- Assets under management: ₹ 512.1 Billion
- Loans disbursed for affordable housing: US\$ 68 Million loan with the Asian Development Bank (ADB)
- Total customer base: 8 Million+
- No. of customers added in FY 2021-22: 2 Million+

Intellectual Capital

- Average monthly users of mobile apps: 2.8 lakh+
- Disbursements through digital DIY loans: ₹ 4.17 Billion

Human Capital

- Workforce: 28,369
- Total training hours: 2.2 lakh

Social and Relationship Capital

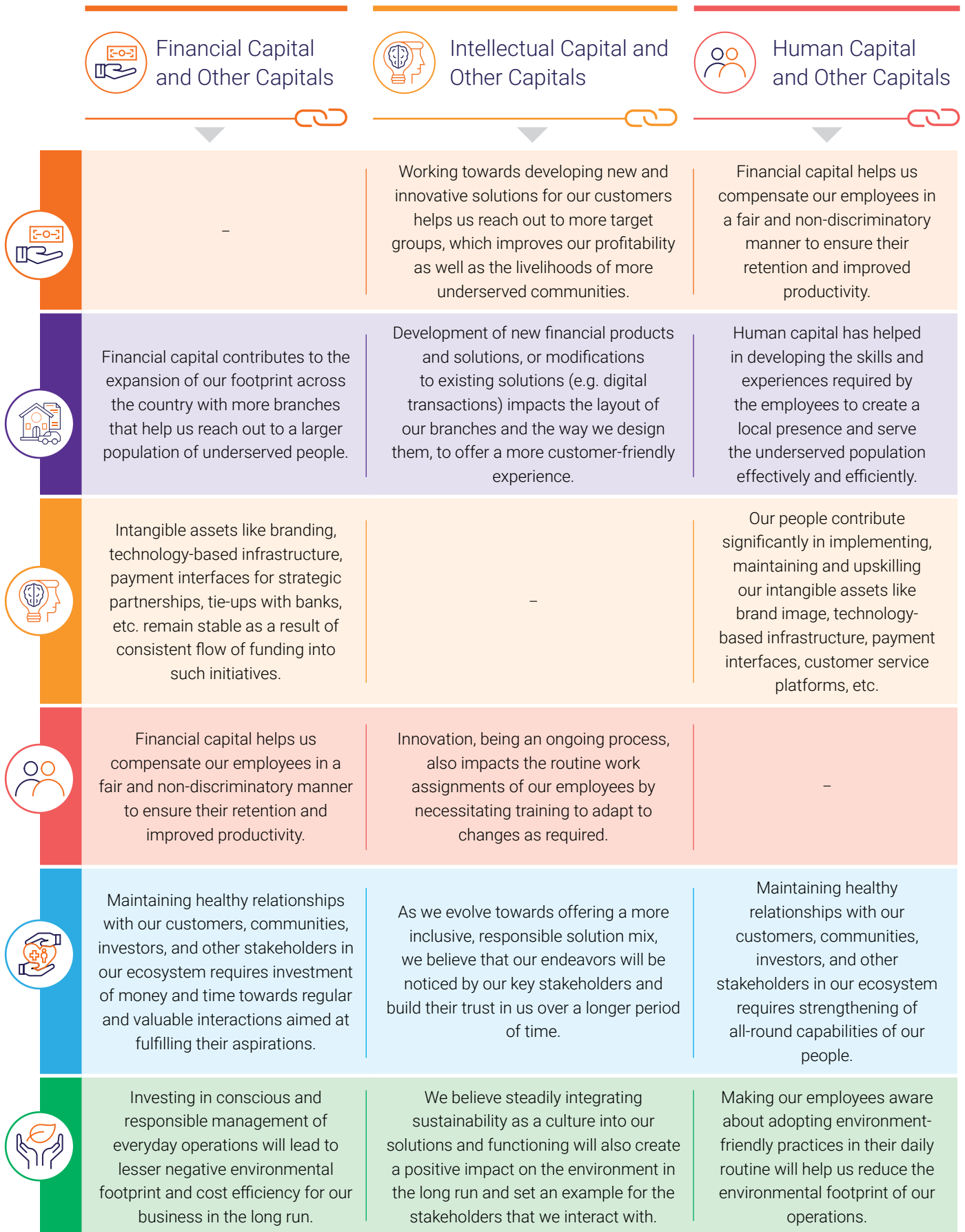
- Co-lending disbursements: ₹ 42 Billion
- Customers benefited by microfinance loans: 1.75 Million+ families, 9.3K+ Dairy farmers
- Loan to first-time home buyers: 151,000+
- Beneficiaries of CSR initiatives: 55,561

Natural Capital

Savings under IGBC preliminary-certified/certified projects under management

- Energy savings due to green construction portfolio: 11,948 MWH
- Water savings due to green construction portfolio: 6,90,087 KL
- Emissions prevented due to green construction portfolio: 10,992 Tons p.a.

Interlinkages between the capitals





Physical Capital and Other Capitals



Natural Capital and Other Capitals



Social & Relationship Capital and Other Capitals

<p>Our physical capital helps us build and sustain profitable business across the country as well as digitally.</p>	<p>By adopting initiatives such as energy savings endeavors, or water recycling, we will also realize some cost rationalization.</p>	<p>Building and maintaining long-lasting, trustworthy relationships with stakeholders helps us strengthen our financial profile.</p>
<p>-</p>	<p>The availability of natural resources is essential for establishing the physical infrastructure necessary for expanding the footprint of our business.</p>	<p>Continuous engagement with all stakeholders helps us strengthen our phygital presence.</p>
<p>Physical capital helps our organization in maintaining the brand name, reputation, technology-based infrastructure, strategic partnerships with third-party payment interfaces, tie-ups with banks for co-lending, manage risks and deliver effective service to underserved population.</p>	<p>The gradual shift towards integrating sustainability into our offerings will also influence our approach to innovation and help us integrate sustainability into our thought processes.</p>	<p>The ever-evolving needs and expectations of all stakeholder groups act as crucial inputs in developing and upgrading our intellectual capital.</p>
<p>When our physical capital generates revenue, it is utilized to rightfully remunerate our human capital.</p>	<p>As we begin integrating environmental conservation as a culture within the organization, it will also impact the work culture and learning as well as development initiatives.</p>	<p>Creation of long-term, sustainable value for all stakeholders will motivate our employees to put their best foot forward and will drive up employee retention.</p>
<p>Physical capital has aided to build a relationship with the local stakeholders and underprivileged community.</p>	<p>The responsible use of resources makes sure that we do our bit towards making common resources available and accessible to everyone in the society.</p>	<p>-</p>
<p>We are working on enhancing optimum utilization of natural resources and reducing wastages with the overarching aim of minimizing our environmental footprint.</p>	<p>-</p>	<p>As our stakeholders become more aware about climate change, they will give more preference to companies having minimal carbon footprint.</p>



Integrating

sustainability in our business

Our ESG framework

Over the past couple of years, we have been fostering a gradual shift in our business strategy, to integrate sustainability as a culture within the organization. This shift accompanies our intent to promote value creation within our ecosystem while considering the welfare of all stakeholders involved.








We have put in place our ESG Framework with seven major pillars, reflecting the linkages between relevant ESG issues. This framework helps us assign targets and goals for our performance pertaining to sustainability, and also measure our progress. Not only have we defined the framework, but we have also secured leadership commitment, established governance framework, and are revisiting our policies in this regard.



Seven pillars of our ESG framework



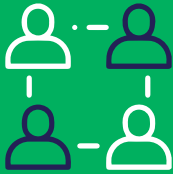


The key objectives that we are working towards under each of these pillars, are encapsulated in the table below:

 Economic growth	 Sustainable financing	 Governance and ethical behavior	 Serving our customers	 Nurturing our workforce	 Community relationships	 Environmental stewardship
Maximize shareholder returns	Integrate material ESG considerations within our lending processes and products	Promote sound corporate governance practices, ethical standards, and comply with applicable laws	Provide affordable, accessible, and customized financial solutions to underserved, underbanked segments	Attract and retain superior talent	Local community development through CSR focus areas of Health, Education, Livelihood and Poverty Alleviation (HELP)	Reduce environmental footprint
Sustain credit ratings, return ratios	Prohibit lending to non-ESG-compliant borrowers/ vendors	Compliance to laws and ethical standards	Financial inclusion and literacy among the vulnerable	Equal opportunities for all	Promoting financial literacy among communities	
Integrate ESG risks into ERM	Continue to serve the underserved segments in the country through our small ticket-sized loans	Public disclosure of ESG strategy and progress	Digitalizing customer interactions	Integrating ESG as a culture		
	Integrate ESG risks into our lending activities	Incorporate ESG aspects in our policies and processes	Transparent communication and branding			

Stakeholder engagement

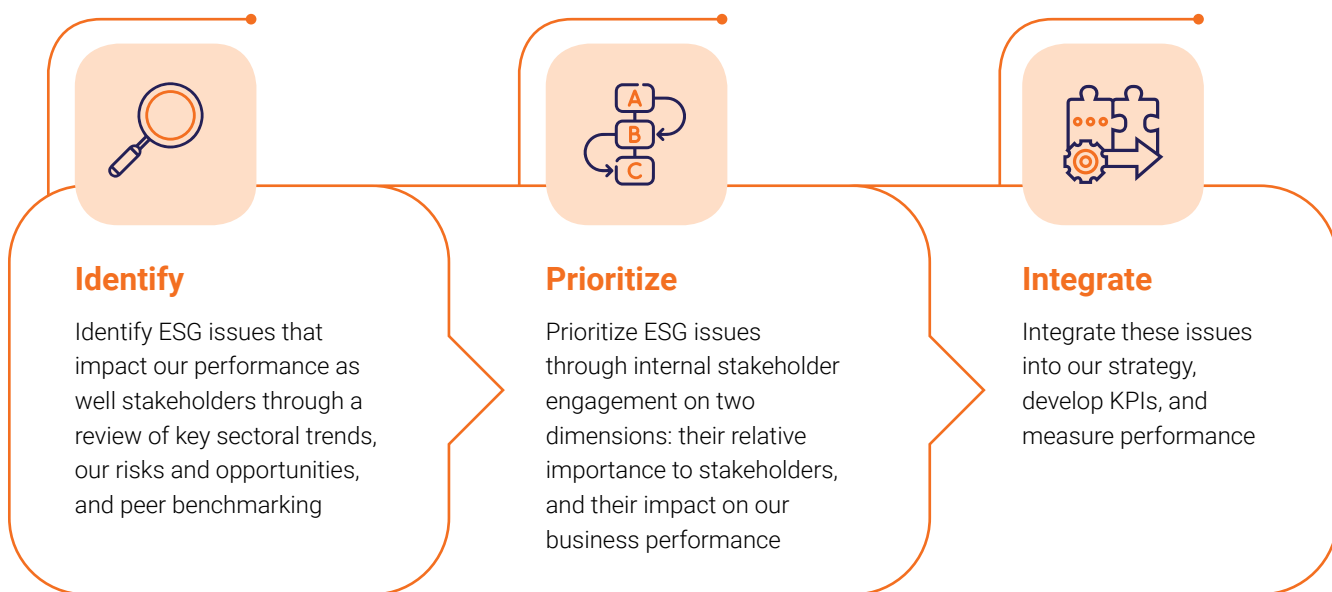
Stakeholder engagement is an important step in identifying our material topics. In this section, we have identified our most important stakeholders based on their influence and impact on our business. They play an important role in helping us determine our goals, aspirations, and in helping us gauge our progress towards these goals.

Stakeholder group	Needs and expectations of our stakeholders	Engagement mode and frequency	KPIs
 <p>Customers</p>	<ul style="list-style-type: none"> ➤ Customized financial products and services ➤ Competitive interest rates ➤ Access to physical and digital channels ➤ Seamless customer service ➤ Secure transactions ➤ Fair and responsive grievance redressal mechanism 	<ul style="list-style-type: none"> ➤ Ongoing and regular engagement through emails, calls, SMS, WhatsApp, branch and relationship managers ➤ Social media communication ➤ Marketing campaigns ➤ Customer satisfaction surveys 	<ul style="list-style-type: none"> ➤ Number of products offered ➤ Number of loans disbursed ➤ Number of families supported ➤ Number of branches ➤ Number of customers ➤ Number of customers added in the year
 <p>Investors/ Shareholders</p>	<ul style="list-style-type: none"> ➤ Ethical business practices and good corporate governance ➤ Regular dividends ➤ Sustainable performance and value creation ➤ ESG integration into strategy and operations ➤ Transparent reporting and disclosure 	<ul style="list-style-type: none"> ➤ Annual and quarterly investor meets/calls ➤ Investor presentations ➤ Annual General Meeting ➤ Investor grievance channels ➤ Annual report ➤ Sustainability report 	<ul style="list-style-type: none"> ➤ Credit rating ➤ Assets under Management ➤ Net profit
 <p>Employees</p>	<ul style="list-style-type: none"> ➤ Training and development ➤ Fair and timely remuneration ➤ Reward, recognition, and appreciation for performance ➤ Diverse, open, non-discriminatory, and safe working environment ➤ Work-life balance 	<ul style="list-style-type: none"> ➤ Town halls ➤ One-on-one meetings ➤ Training and development workshops ➤ Engagement initiatives ➤ Learning through online modules ➤ Digital apps for employees and collection officers ➤ Performance appraisals 	<ul style="list-style-type: none"> ➤ Number of training hours ➤ Awards received ➤ Diversity in workforce ➤ Number of appraisals and reviews conducted

Stakeholder group	Needs and expectations of our stakeholders	Engagement mode and frequency	KPIs
 <p>Communities/ NGOs</p>	<ul style="list-style-type: none"> ➤ Social upliftment ➤ Enhancing financial literacy ➤ Community welfare initiatives 	<ul style="list-style-type: none"> ➤ Financial inclusion and literacy initiatives ➤ Regular CSR initiatives by IIFL Foundation ➤ Focus on health, education, livelihood and poverty alleviation ➤ Employee volunteering 	<ul style="list-style-type: none"> ➤ Number of families supported ➤ Amount spent towards CSR ➤ Current welfare initiatives in operation
 <p>Government/ Regulators</p>	<ul style="list-style-type: none"> ➤ Compliance with laws and regulations ➤ Ethical business ➤ Active participation in industry and regulatory working groups 	<ul style="list-style-type: none"> ➤ Mandatory regulatory filings ➤ Periodical submission of business performance ➤ One-on-one or group meetings ➤ Written communications 	<ul style="list-style-type: none"> ➤ Liquidity ratio ➤ Number of customer grievances addressed ➤ Contribution to ex-chequers
 <p>Business partners/ Suppliers</p>	<ul style="list-style-type: none"> ➤ Fair and ethical procurement & engagement practices 	<ul style="list-style-type: none"> ➤ Regular meetings, seminars, and workshops 	<ul style="list-style-type: none"> ➤ Timely payments ➤ Share of procurements from MSMEs

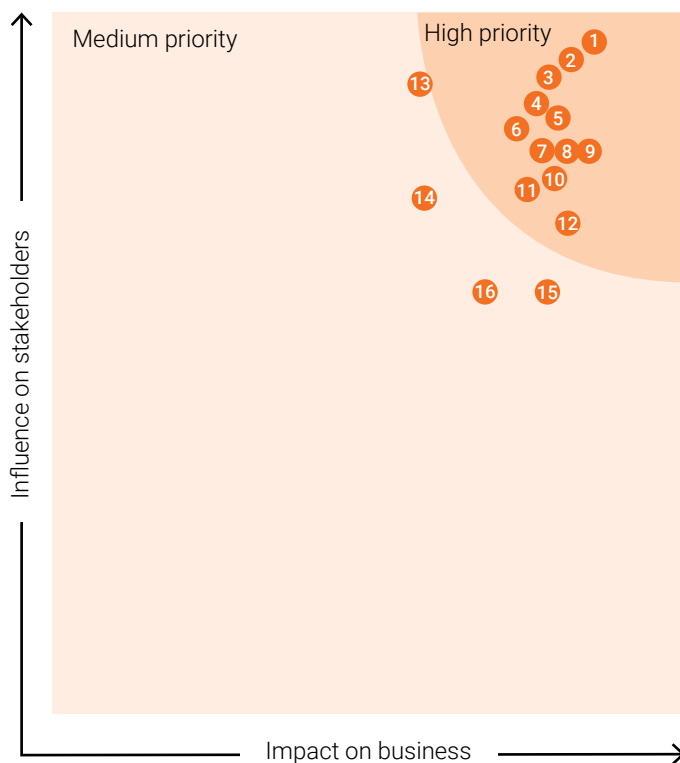
Materiality assessment

Material topics refer to those that reflect our business’s significant economic, environmental, and social impacts, and those that are important to our stakeholders. We conducted a materiality assessment last year and identified a list of 16 material topics. The methodology used for the assessment is represented in the graphic.

























Methodology for materiality assessment








Sr. no.	Material topics
1	Data and customer privacy
2	Economic performance
3	Responsible lending
4	Responsible marketing
5	Risk management
6	Financial inclusion and literacy
7	Corporate governance and ethics
8	Regulatory compliance
9	Customer satisfaction
10	Employment practices
11	Engagement with business partners
12	Digitalization
13	Community development
14	Climate change and GHG emissions
15	Employee health and wellness
16	Resource management

















































Impact boundary and SDG alignment












The 2030 Agenda for Sustainable Development, adopted by United Nations' member states in 2015, provides a blueprint for tackling world's biggest challenges, and achieve peace and prosperity for the people and planet. It is based on a set of 17 interconnected goals and 169 indicators. We, at IIFL Finance, believe that it is important for all stakeholders to work towards realization of the Sustainable Development Goals (SDGs). Our day-to-day operations and initiatives on community development and environmental stewardship are aligned with 11 SDGs.

Material topic	Associated GRI and SASB disclosures	Significance of material topic	Impact boundary	Key stakeholders impacted	Linked SDGs	Key capitals impacted
Data and customer privacy	▶ GRI 418: Customer Privacy	Security and protection of customer data is crucial to avoid data misuse since we handle confidential and sensitive information of our customers	Within and outside the organization	 		  
Economic performance	▶ GRI 201: Economic Performance	Financial performance drives profitability, business survival, and promotes expansion of business. Further, maintaining credit rating and return ratios also enhance goodwill	Within and outside the organization	   		  
Responsible lending	-	Integrating ESG into product offerings helps us expand market access and also reach out to more underserved/vulnerable groups	Within and outside the organization	  		   

Material topic	Associated GRI and SASB disclosures	Significance of material topic	Impact boundary	Key stakeholders impacted	Linked SDGs	Key capitals impacted
Responsible marketing	<ul style="list-style-type: none"> ➤ GRI 417: Marketing and Labelling 	Customer retention is directly dependent on transparent, comprehensive, and clear communication and branding of our services	Within and outside the organization			   
Risk management	<ul style="list-style-type: none"> ➤ GRI 102: General Disclosures 	Optimizing our risk-return equation is possible through responsible risk identification and management processes – of both financial and non-financial risks	Within the organization	 	   	  
Financial inclusion and literacy	<ul style="list-style-type: none"> ➤ SASB FN-CB-240 	We wish to expand access to our financial services for underserved people and groups in need of support such as small business or women; we consider this an important objective of our business	Within and outside the organization	 	 	   
Corporate governance and ethics	<ul style="list-style-type: none"> ➤ GRI 205: Anti-Corruption ➤ GRI 206: Anti-Competitive Behavior 	Maintaining the highest standards of ethics and corporate governance is necessary to gain the trust of our investors and customers	Within the organization	  		     

Material topic	Associated GRI and SASB disclosures	Significance of material topic	Impact boundary	Key stakeholders impacted	Linked SDGs	Key capitals impacted
Regulatory compliance	<ul style="list-style-type: none"> ▶ GRI 307: Environmental Compliance ▶ GRI 419: Socioeconomic Compliance 	Compliance to rules and regulations helps us maintain good relationships with the local and central governments and also sustain our goodwill over the years	Within the organization	 		   
Customer satisfaction	-	Identification and fulfilment of customers' needs and expectations is essential for their retention and loyalty, thereby contributing to increased revenues	Within and outside the organization	 		 
Employment practices	<ul style="list-style-type: none"> ▶ GRI 401: Employment ▶ GRI 404: Training and Education ▶ GRI 405: Diversity and Equal opportunity 	Fair recruitment, hiring processes, and efforts to build a congenial work environment through structured training/ performance appraisal helps us in employee retention	Within the organization		 	 
Engagement with business partners	-	Using an ESG lens to identify and associate with business partners, will help us create sustained value in the long run	Within the organization			 

Material topic	Associated GRI and SASB disclosures	Significance of material topic	Impact boundary	Key stakeholders impacted	Linked SDGs	Key capitals impacted
Digitalization	-	Strategic partnerships with fin-techs have allowed us to expand customer base significantly and serve niche segments, because digitalization drives innovation in traditional offerings	Within and outside the organization	  		   
Community development	<ul style="list-style-type: none"> ➤ GRI 413: Local Communities 	Our contribution to health, education, livelihood and poverty alleviation is critical to maintaining our social license to operate and to creating wider prosperity	Outside the organization		   	 
Climate change	<ul style="list-style-type: none"> ➤ GRI 302: Energy ➤ GRI 305: Emissions 	Mitigating climate risks provides opportunities for efficiency, innovation, and growth; we seek to reduce carbon footprint in our everyday operations towards this end, and hence consider this a material topic	Within and outside the organization	   	 	   

Material topic	Associated GRI and SASB disclosures	Significance of material topic	Impact boundary	Key stakeholders impacted	Linked SDGs	Key capitals impacted
Employee health and wellness	-	Investing in employee health and wellness is essential for enhancing productivity, and also ensures their retention and overall job satisfaction	Within the organization			 
Resource management	<ul style="list-style-type: none"> ▶ GRI 303: Water and Effluents ▶ GRI 306: Waste 	Our focus lies on achieving resource efficiency in terms of energy, water, paper and e-waste, since we do not have any other significant environmental impact	Within and outside the organization	  		  



04

ESG in action at IIFL



48



55



62



70



78

Governance and
ethical behavior

Serving our
customers

Nurturing our
workforce

Community
relationships

Environmental
stewardship





Economic growth



Material topics

- Data and customer privacy
- Digitalization
- Economic performance
- Responsible marketing
- Customer satisfaction
- Engagement with business partners



Linkage with capitals



SDGs impacted





We strive towards being the most respected financial services company with a pursuit of responsible management of our financial capital that leads to maximum returns for our shareholders and value creation for all other stakeholders. Signs of economic recovery after two years of a devastating pandemic ensured that the Company's performance continued in the same pattern as last year. We were also able to maximize revenue generated by a margin. Diversification of our portfolio continued with gold loans, home loans, business loans, microfinance loans, real estate and capital market finance. Our Asset Under Management (AUM) grew by 15% to ₹ 512.10 Billion in the previous year and we recorded a five year CAGR of 18%.

Our financial discipline and prudence are further reflected through the strong credit ratings from CRISIL. Furthermore, our Return on Equity (ROE) increased owing to higher profits driven by increased net interest income and cost optimization.

Economic performance

Particulars	FY 2020-21 (in ₹ Million)	FY 2021-22 (in ₹ Million)
Direct economic value generated: Revenues	59,897	70,063
Economic value distributed	-	59,509
Operating costs	42,492	45,269
Employee wages and benefits	7,231	9,307
Payments to providers of capital (Dividends)	1,135	1,328
Payments to Government by country (Taxes)	2,440	3,477
Community investments (CSR)	126	127
Economic value retained	6,473	10,554

Performance across other financial indicators

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Credit Rating	AA stable	AA stable	AA stable
Return on Equity	11.25%	15.34%	20.60%





Sustainable financing



Material topics

- Responsible lending
- Financial inclusion and literacy
- Climate change



Linkage with capitals



SDGs impacted



Supporting financing of green affordable housing

Through IIFL Home Loans, we are focusing on accelerating the adoption of green affordable housing in the country while supporting the Government's commitment of 'Housing for All'. In support of this objective, three initiatives were launched by our home loans subsidiary – **Kutumb, PURPOSE** (Platform for Green Affordable Housing & Finance, Through Research, Policy & Technology for Sustainable Ecosystem) and Green Value Partner (GVP).

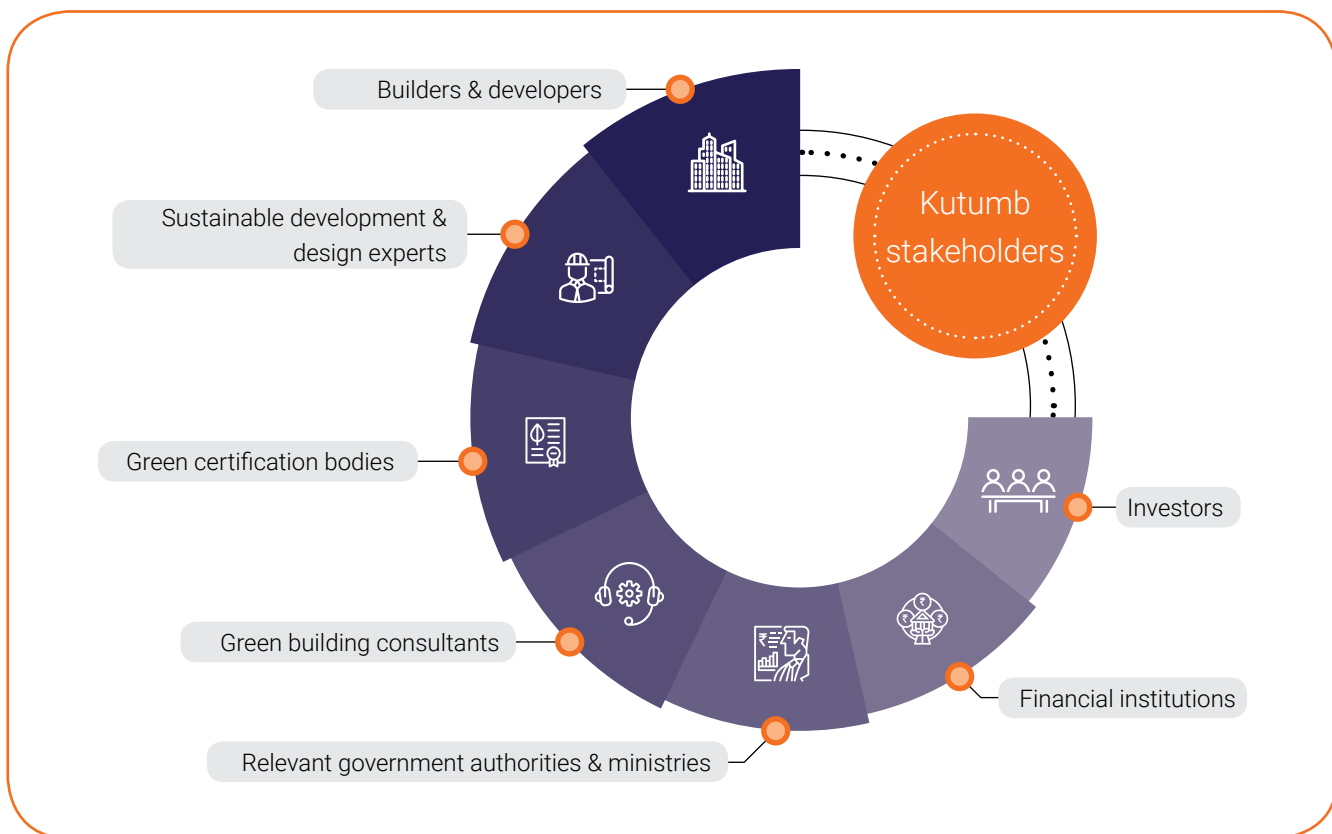


Kutumb

IIFL Home Loans has undertaken several first-in-kind industry initiatives to promote affordable green housing in the country, widely through its knowledge platform Kutumb. With a vision of sustainable living for everyone, through Kutumb, IIFL Home Loans strives to promote sustainable and energy-efficient real estate development in the affordable housing sector. It disseminates information on resources related to financing, technical know-how on green construction, certification and compliance with environmental and social parameters. So far, the Company has organized nine Kutumbs, two of which have been in collaboration with the Asian Development Bank.

IIFL Home Loans believes Kutumb to be a stepping stone for its partner developers to institute green technologies and eventually align with green buildings. The larger objective is to participate in and practice sustainable living.

Total Kutumbs	▶	9	Kutumbs with ADB	▶	2
Participants	▶	2,075	Participants	▶	325
Experts	▶	61	Experts	▶	18



The pillars of Kutumb include:



▶ Building awareness about the need for green housing



▶ Educating stakeholders by demystifying concepts of green buildings and encouraging the use of environment-friendly materials as well as the adoption of relevant technology



▶ Ensuring monitoring and implementation of green building projects

PURPOSE

The platform for Green Affordable Housing & Finance, through Research, Policy & Technology for Sustainable Ecosystem, also known as PURPOSE, is a thought leadership project to establish and support an ecosystem in India for green affordable housing. The advisory board's goal is to have an impact on green affordable housing policy at all stages of implementation. Its advisory board is made up of experts from a variety of sectors, including building design, sustainability, construction and finance.

During FY 2020-21, a guidebook called 'Building Green, IIFL Home Loan's Guide to Sustainable Affordable Housing' was released under this program. It is a handbook that offers instructions for designing and constructing green affordable housing to engineers, architects, developers and homeowners.



GREEN VALUE PARTNER
CONCEPTION TO CERTIFICATION

IIFL Home Loans has established an internal technical team called 'Green Value Partner (GVP)' to assist developers with green construction methods and certification processes throughout the project life cycle. The major goal of this effort is to support developers through certification, documentation and auditing of green building design and construction to encourage a steady supply of green buildings in India.





Step 1



Initial assessment

< 3 WORKING DAYS

GVP team assesses the status of the sustainable measures being followed at the project in discussion. The outcome is shown in terms of the rating level achieved by the project as per the green rating guidelines of IGBC & GRIHA. Additional sustainability strategies/ measures required to move the project towards a GOLD/4-star rating & above is shared with the developer.

Step 2



Signing of MOU

< 4 WORKING DAYS

A project-specific legally binding document: MoU (Memorandum of Understanding), valid for two years, is signed between the project developer & IIFL GVP team.

To maintain quality of work and adequate payment terms, around 15 GBCs have been empaneled under Green Value Partner program

Step 3



Consultant hiring

< 7 WORKING DAYS

A Green Building Consultant (GBC) is hired for the project to further work on the green certification process.

Step 4



Project registration

< 15 WORKING DAYS

The project gets registered with the green building rating agencies such as IGBC, GRIHA or EDGE for certification.



GREEN VALUE PARTNER
CONCEPTION TO CERTIFICATION

After steps 1-4 are completed, the project comes under management of the GVP team




Green value partner journey

Step 7




Final certification

< 45 WORKING DAYS

The project team, with the help of the GBC, applies for the pre-certification rating, declaring their intention to achieve a specific rating level by proposing to implement sustainable design and construction strategies on site.

Step 6



Monitoring

IMPLEMENTATION STAGE

After getting the pre-certification rating, the project is monitored by the green certification agency through periodic compliance reports prepared by the GBC, with assistance of the GVP team.

Step 5



Pre-certification

18-24 MONTHS

When the project construction stage comes near completion, the project starts the final certification process by documenting the implemented sustainable design and construction practices. By achieving the final certification, the project saves water and energy consumption that leads to an overall reduction in GHG emissions.

33

Certified green projects

17,506

Units under management

11,948 MWH p.a.

Energy saved

6,90,087 KL p.a.

Water saved

10,992 (tons per annum)

Emission savings

Driving financial inclusion

Financial inclusion empowered by financial literacy

IIFL Finance is resolute about encouraging financial inclusion throughout the nation. We believe extending financial inclusion is essential for India's future progress, and we are driven and equipped to contribute to that goal.

During the pandemic, IIFL Foundation introduced an online financial literacy initiative for women from rural hamlets of Rajasthan through its flagship program, Sakhiyon Ki Baadi.

IIFL Home Loans planned and conducted sessions on financial literacy for women team members associated with the Sakhiyon ki Baadi initiative. 10 sessions were conducted on an online platform and had more than 200 participants. The topics taught in these sessions included savings management, safe practices for digital transactions, understanding banking services, government

schemes for savings and understanding financial products (mutual funds, insurance, stocks market).

IIFL Samasta has made efforts to promote financial literacy among the nation's poorest areas. To bring about a symbolic shift in saving habits, the inculcation of the banking system and enrolment

in government programs, their current initiative in the district of Saharsa aims to teach Women Self Help Groups, youth, SMEs, and farmers about financial literacy. Since its inception in April 2021, under this initiative, we have conducted 120 training sessions in which 5,048 beneficiaries were trained and 552 beneficiaries attained financial inclusion.





Governance and ethical behavior



Material topics

Corporate governance and ethics

Risk management

Regulatory compliance



Linkage with capitals



SDGs impacted



We adhere to the highest standards of corporate governance, ethics, and integrity. We believe that sound governance practices form the foundation of building sustained relationships with all our stakeholders, which in turn, accelerates our progress towards our vision of 'being the most respected company in the financial services space in India'. The principles of fairness, integrity, and transparency serve as the foundation of our governance ideology.

In accordance with the Act's, Listing Regulations', and RBI Master Directions' regulations, the Company's Board of Directors has the optimum combination of Executive and Non-Executive Directors, including one Independent woman Director. The Board of the Company comprised nine Directors as of March 31, 2022. The Chairman of the Board is a Non-Executive Independent Director and majority of the Board comprised of Non-Executive Independent Directors. None of the Directors of the Company are related to each other.

6 of 9
Independent Directors

2
Executive Directors

7
Non-Executive Directors

The Board's responsibilities include:



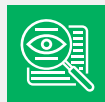
Defining the Company's vision, goals, and values as well as regularly assessing business goals and policies



Monitoring the Company's strategies and plays a vital role in managing activities while fulfilling goals and expectations of stakeholders.



Ensuring legal framework compliance, integrity of the financial accounting and reporting systems, and accurate and timely shareholder disclosures



Overseeing the Company's governance practices which the Committees examine on a regular basis



Governance structure



Sustainability and ESG governance

The ESG Committee at IIFL Finance is responsible for the integration of ESG principles into our everyday operations and monitoring progress in the adoption of such principles. Every year twice, this Committee meets to understand progress of ESG initiatives and their impact on everyday operations.



Business ethics and compliance

A business must have corporate policies to govern its actions. Our policies and guidelines provide as a roadmap for daily operations, instructing our staff members and other stakeholders on how to uphold our commitment to ethics, transparency, and sustainability. The Company is aware of the inherent risks imposed by fraud, bribery, and money laundering upon the financial services industry. We have zero tolerance for such financial crimes and are committed to operating ethically and in compliance with all current laws and regulations. We have successfully outlined our Anti-Corruption Policy, Whistle Blower Policy, Vigilance Policy, and other policies in this stance. As part of our continuous commitment to sustainable corporate growth and environmental impact, we also have an ESG policy in place. A brief description of key policies is provided in the table below:

Anti-Corruption Policy	Code of Conduct	Vigilance Policy/Whistle Blower Policy
<ul style="list-style-type: none"> ➤ Offering/suggesting, payments of, soliciting or accepting bribes are prohibited ➤ The following are banned: unauthorized accessing of confidential information, facilitating payments, processing funds that are suspected/are for bribery purpose, and engaging with suppliers with no acceptable standards on anti-corruption ➤ Anti-Money Laundering Policy for microfinance and retail loans ➤ Policies for prevention of insider training ➤ Guidance to employees on appropriate conduct, e-learning modules, and 100% coverage of training among all employees 	<p>Clauses on</p> <ul style="list-style-type: none"> ➤ Anti-corruption ➤ Anti-bribery ➤ Gifts and entertainment ➤ Insider trading ➤ Conflicts of interest ➤ Political activities and contribution ➤ Protection of assets and information ➤ Behavior at the workplace 	<ul style="list-style-type: none"> ➤ Established necessary vigil mechanism for Directors, employees, and stakeholders of the Company ➤ For reporting genuine concerns about unethical behavior, escalating unfair transactions without fear of retribution, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy ➤ Provides sufficient safeguard against victimization of whistle blower who avails such mechanism ➤ Compliance is monitored internally (by the Board) and by external consultants (lawyers, auditors), in addition to mapping emerging regulations
 More information	 More information	 More information

Below table represents the number of incidents closed in FY 2021-22 under each defined category.

Nature of complaint received	Closed	Pending	Grand total
Code of Conduct	4,940	0	4,940
Corruption Policy	440	0	440
Vigilance Policy	290	0	290
Grand Total	5,670	0	5,670

We have zero pending cases to take action upon.

In continuation to the above table, these incidents are further categorized into Green/Amber/Red-based on the severity of organizational risk.

Risk category	No. of complaints received	No. of complaints pending to be closed	Total
Green	3,960	0	3,960
Amber	1,224	0	1,224
Red	486	0	486
Grand Total	5,670	0	5,670

* Green: Warning letter issued

* Amber: Black Mark

* Red: Termination / Asked to Go

Risk management framework

Risk management is a key component of IIFL Finance's business strategy, and it is seamlessly integrated into all the primary functions of the Company. It is intended to identify, evaluate, and formulate a reaction to threats that affect the achievement of our objectives. Across all our business operations, we work to foster a strong and disciplined risk management culture. Under the Enterprise Risk Management (ERM) Framework, IIFL Finance adopts a comprehensive approach to risk management and implements an enterprise-wide risk management strategy. The framework of the Company is designed to optimize the risk-return

relationship while strictly enforcing compliance with all applicable laws, rules, and regulations that are relevant to all our commercial activities.

We use the 'Three Lines-of-Defence' approach, where the first line of defence is management's control to guarantee adherence to set rules and procedures at the corporate entity-level. The management-instituted risk control and compliance supervision functions are the second line of defence. The internal audit/assurance function is the third and last line.





The Company has in place a Risk Management Committee constituted in accordance with Regulation 21 of the Listing Regulations and RBI Master Directions to monitor and assess risk management plan and also review and make recommendations to the Board the modifications to the Risk Management Policy. IIFL Finance is working to incorporate ESG risks into the Company's enterprise risk management framework.

[Read more](#)

Please refer to Pg 162-163 of our Annual Report FY 2021-22 to know more about our different risk classes – credit risk, liquidity risk, finance risk, fraud risk, business risk and reputational risk.

[Read more](#)

Corporate policies and guidelines

Policies and procedures provide a roadmap for day-to-day operations and guide our employees and other stakeholders to uphold our commitment to ethics, transparency, and sustainability. To enhance transparency, all our policies have been published on our website and disseminated to our employees during their induction and on-boarding. Internal policies have been uploaded on the intranet for easy access.



Our policy framework

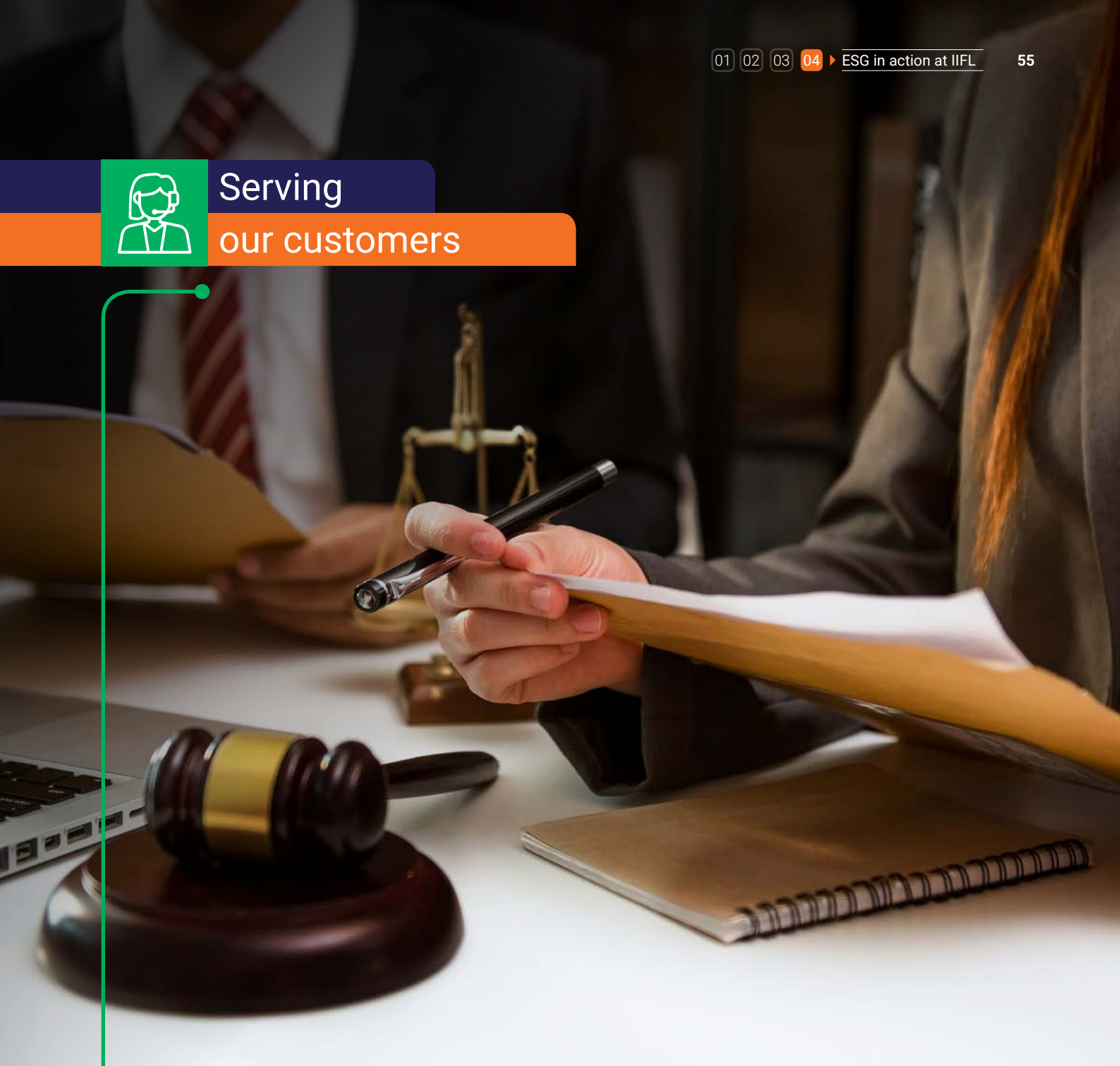


Read more

The Company has developed an ESG Policy with the aim of being the most sought after and esteemed financial services company in India, by displaying unfailing commitment for ethics, conscious environmental impact, and sustainable business growth. The Policy serves as a guiding document for all ESG initiatives and activities undertaken by IIFL Finance.



Serving our customers



Material topics

- Customer satisfaction
- Data and customer privacy
- Responsible lending
- Responsible marketing
- Financial inclusion and literacy
- Engagement with business partners
- Digitalization



Linkage with capitals



SDGs impacted



Our approach

At IIFL Finance, we truly believe in the values of honesty and transparency. Our customers form the center of our universe. This belief is reflected in our approach of adopting 'Seedhi Baat'. Our focus is on keeping our loan products simple, ensuring transparency and displaying unwavering commitment to the customers, because a financial solution makes sense in the most uncomplicated way – the 'Seedhi Baat' way.

Responsible marketing

IIFL Finance works harder to build a trustworthy brand image for both current and potential consumers. Our offline marketing efforts came to a halt during the second lockdown. However, our technological investments enabled us in reaching customers digitally and reinforcing our brand positioning.

Below mentioned are key marketing initiatives:

SEEDHI BAAT

We continued our Seedhi Baat brand TVC throughout the year (FY 2021-2022) with a series of three commercials starring our brand ambassador Rohit Sharma. Each TV ad highlighted a different aspect of Seedhi Baat, such as honesty, commitment and the value of relationships. These commercials were broadcast on prominent national and local news channels.

MYTH VERSUS FACT

To clear up misconceptions concerning loans, especially gold loans, IIFL Finance ran a consumer awareness campaign on social media channels in accordance with our Seedhi Baat program, one of whose main tenets is transparency.

GOLD LOAN at HOME

For the convenience of our customers, we focussed on promoting the recently launched Gold Loan at Home facility.

WINBACK CAMPAIGNS

To help our current customers access credit at affordable interest rates, we promoted Gold loan schemes at attractive rates. We developed awareness communication messages in multiple languages to inform and educate the public as well as our customers about the schemes.

GL MELA CAMPAIGN

Lockdown limitations were relaxed in the third and fourth quarters of the fiscal year and festivities lifted the mood. In exchange for procuring a gold loan from us during this time, IIFL Finance organized regional promotions in which both new and existing customers received guaranteed incentives. Numerous mediums, including radio, print, outdoor, television and the internet, were used to promote these initiatives.

GL REFER & WIN

We ran a referral program from June 2021 to March 2022, for our existing customers, leveraging their goodwill towards the IIFL brand and rewarding them suitably. A total of 2.1 lakh customers joined the referral program.

Customer satisfaction

Our management assesses the customer satisfaction level from time to time. At IIFL, the customer service team puts in the effort to regularly monitor customer satisfaction level in accordance with their systems and methodologies.

We have introduced customer satisfaction surveys or customer satisfaction scores to better comprehend and address customer feedback. A question

is posed by the call center agent to the customer as part of the inbound call script, and the customer's ratings are recorded and a mean score is calculated. Along with calls, a survey was carried out for a total of 2,584 respondents, where 2,230 respondents (86% of total of 2,584 respondents) were satisfied with the services.

For the first time, we measured Net Promoter System (NPS) to understand the satisfaction level of our customers. An online survey was conducted. Out of

the 2,584 respondents, we had 1,527 promoters, culminating in a score of 36. With our customer satisfaction initiatives, we are planning to improve our NPS score.

We have also introduced multiple channels through which customers can communicate their grievances to us, including the website, email ID, complaint boxes and registers at branches. Risk and strategy departments conduct various melas and market studies to identify and describe customer needs and enhance customer relationship.

Some initiatives undertaken to enhance customer satisfaction include:

- ▶ From operations standpoint, loan disbursements and fund transfers are happening within a very short TAT
- ▶ Best-in-industry loan servicing and interest rates are provided to IIFL customers
- ▶ Customer feedback box is placed in all branches for the customer to address any queries or complaints they might have
- ▶ Toll-free number 18001208868 is available for customers to address their queries or concerns



Within the specified time frames, the Company and its subsidiaries address customer complaints in the normal course of business. Less than 6% of the total complaints received as of March 31, 2022, and those complaints have since been addressed or responded to.



Digitalization for greater access

Technology is rapidly changing the traditional models of lending. At IIFL Finance, we have always thought that digital lending has the potential to open a wide range of options for both the common man and businesses. As a result, we have continually sought to make this transition easy by adjusting to the modifications. Our concentration on small-ticket retail loans and integration of cutting-edge technology enables us to reach those who are currently underserved in the financial sector.

As a pioneer in our sector, we work on integrating digital technologies throughout our entire value chain, so our skills go beyond digital platforms. We are committed to offering accessible credit to under-represented groups, supported by our expertise in digital technology. By creating greater chances, this might assist people live better lives, protect our clients' future and provide them with solutions that will enable them to achieve their goals.

We have implemented digital initiatives across the board, starting with loans and credit, customer service, internal operations, and human resources. Businesses that employ a Do-It-Yourself approach and cutting-edge technology can quickly grow, thanks to digitization, requiring little in the way of physical infrastructure and staff. Integration of technology offers advantages such as accessibility, affordability, personalization and flexibility. Besides, it significantly lowers the likelihood of fraud, omissions and errors.

Following are the key technology initiatives undertaken by IIFL Finance and its subsidiaries:

Digital enhancement across segments



Gold Loan

For our gold loan customers, IIFL Finance introduced co-branded Prepaid Cards. We collaborated with financial and digital players to increase our consumer base and generate leads. Additionally, we kept offering our consumers digital gold loans with online top-up and repayment alternatives, all with round-the-clock support.



Home Loan

Nearly all of the home loans disbursed during the year were made through 'Jhatpat Home Loan' – our pan-India offering for rapid home loan disbursement. Because of Jhatpat, our home loans can be disbursed in a day. Additionally, the turnaround time for our non-home loans has been lowered to just two days. Data collection, aided by fintech integration, takes just 25 minutes. Users can fill in fewer fields while still giving our underwriting team data that has been digitally validated.

Under the initiative Jhatpat, we have introduced Loan Against Property (LAP), bringing advantage for Business Rule

Managers (BRM) for LAP cases and also assigned approval leads directly to the customers. Thereby, reducing the cost of lead call center and reducing the hassle of call center calls to the customer. Some more initiatives under Home Loans were:

Hyper local web pages - Google My Business lists each and every IIFL Home Finance branch. We can interact with clients using these regional pages. To apply for a loan, file a complaint, or make a service-related request, a client can go to any local branch.

New analytics-enabled website - We introduced www.iiflhomeloans.com, a website specifically for potential and existing IIFL Home Finance customers, during the year. Six regional languages were added to the website specifically for the convenience of the users. Analytics on website users' demands and behaviors are also available for the portal.

Understanding customer sentiments using technology - Utilizing Brand Watch, a social media listening platform, we can listen to the opinions of our customers and target markets. We monitor the brand's image and create tailored communication campaigns through our social media accounts with the aid of these opinions and audience demographics.



Business Loan

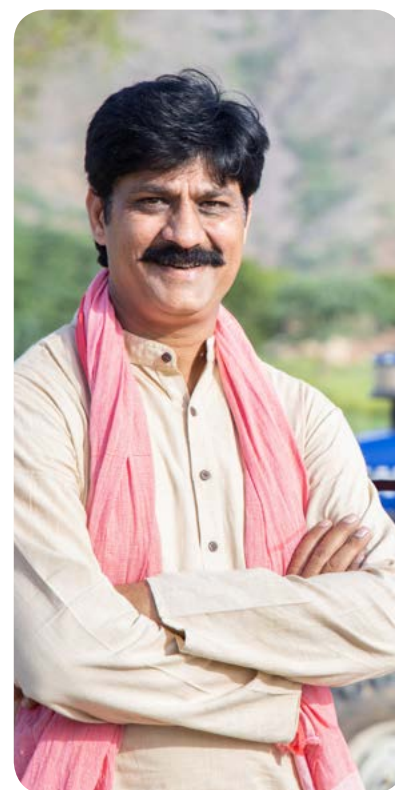
In contrast to our secured loans, which provide digital top-ups to consumers, our unsecured business loans are a

full digital solution. With suitable risk-sharing agreements, we have also partnered with top fintech companies.



Microfinance Loan

Our microfinance lending segment achieved 100% cashless disbursements throughout the year. To reduce the risk of carrying cash in the field, we have also built several digital collection options, including UPI – Fingpay, UPI through our client application – Sakhi, AEPS, UPI collection utilizing WhatsApp, and BBPS. Customers can use these techniques to get real-time, error-free reconciliation and instant payment confirmation.



Enhancing efficiency of people and processes



Cashlite - Over the years, IIFL Samasta has taken a step forward towards the Cashlite journey.

Digilite - Increasing penetration of digital collections platforms such as UPI, WhatsApp Pay, BBPS, AEPS, and Nach was the focus of the year.

Customer deposit - To reduce the cash carrying risk of our CROs, we laid the foundation to the 'Customer Direct Cash Drop Model' through an intermittent step called 'Transit BC points' where the BC network was given a boost of 50X as compared to the previous year. Customer cash drop was enabled through an auto reconciled API-based methodology.

Zoho and MAVRC - Several inter-departmental workflows were implemented on Zoho to reduce TAT, errors, and people dependency and enhance the efficiency of processes. The quality of work done on the field by employees of various departments can be monitored and controlled through accurate results captured by questionnaire administration in MAVRC- several departmental modules were introduced during the period.

Improving customer engagement



To improve customer engagement, we have introduced a customer application – Sakhi. Our exclusive customer app, Sakhi, is enriched with several new features, such as 'Pay EMI online', and 'Notifications and Alerts', among others, to make the app more user-friendly and frequently used.

Channelized business growth and paperless disbursement process



Many enhancements and customization were done to support guided business decision, channelize growth, and error-free reconciliation with the least human intervention. Some of these are listed below:

Pre-approved loans - For fast-track loan processing

Route optimization and geo analytics - New rules, machine learning algorithms modified to suit latest field scenario and sustainability

Paperless customer on-boarding - e-Sign integration

Data and customer privacy

As highlighted in the material topics section, data security and customer privacy are of critical importance to IIFL Finance and the Company's subsidiaries.

Some of our initiatives for safeguarding data are mentioned below:

- ▶ Adopted a defence-in-depth approach to mitigate security risks and secure customer information
- ▶ Adopted ISO 27001:2013 Risk Assessment methodology to identify and mitigate security risks
- ▶ Organization is ISO 27001:2013-certified
- ▶ Implemented adequate security controls to safeguard data
- ▶ Periodic reporting of risk is done to the Top Management, IT Strategy Committee and Board

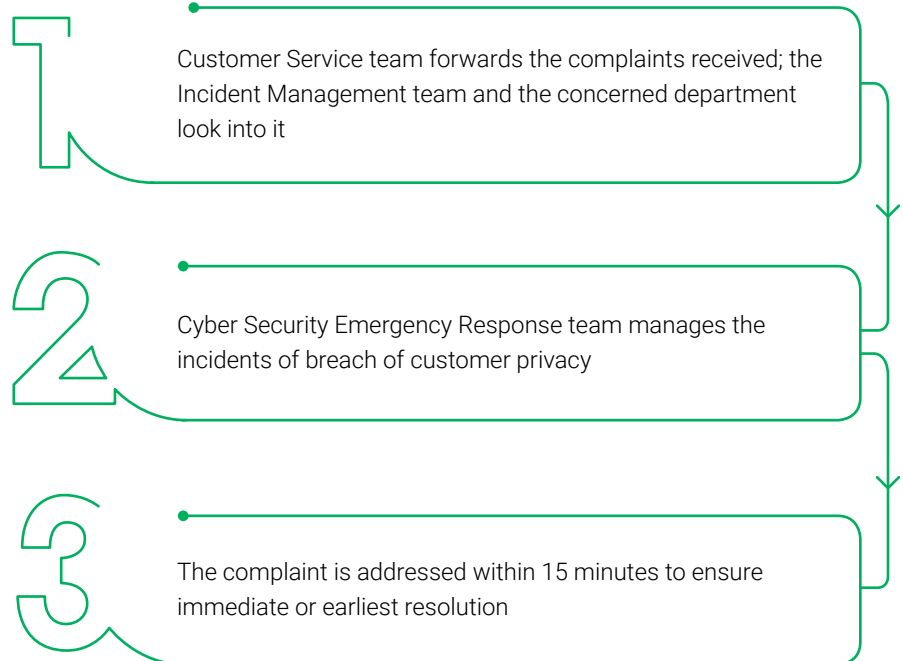


To prevent data theft, leakage or malicious content that could impair an organization's ability to function, information security awareness and data privacy training are periodically given to the employees. Accordingly, we frequently educate our clients about the organization's data privacy policies. For instance, we let them know that we are largely in-charge of their private information

and that we only store it in trusted data centers and cloud services. In addition, we seek permission before utilizing customer data and take the following precautions to protect it:

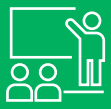
- Data Center Perimeter and Cloud Services are secured with a firewall from the internet
- Endpoint security controls such as Next-Generation Endpoint Antivirus, USB Access and Admin Access on desktops and laptops are controlled and implemented
- Security patching is conducted regularly for servers
- Regular security awareness is carried out through mailers, Learning Management System (LMS), classroom training and periodic email phishing simulation exercise is also conducted
- VAPT assessments are conducted regularly
- Cyber insurance cover is taken to protect the organization from financial loss in case of a cyberattack or data breach
- Periodic IT and security audits are conducted by internal and external auditors
- Public-facing web applications are protected by the Web Application Firewall
- Privileged Access is controlled via Privileged Identity Management
- User Access review is conducted at least on a half-yearly basis
- Brand Protection and Dark Web Monitoring Services regularly undertaken to protect the brand and information
- Secure VPN Solution is implemented for remote access

In the event of a potential breach, we adhere to a strict procedure to ensure an effective approach, which includes –



We received no complaints concerning breaches of privacy from outside parties and regulatory bodies. During the reporting period, no account holder was affected due to data breaches involving Personally Identifiable Information (PII).





Nurturing our workforce



Material topics

- Employment practices
- Employee health & wellness

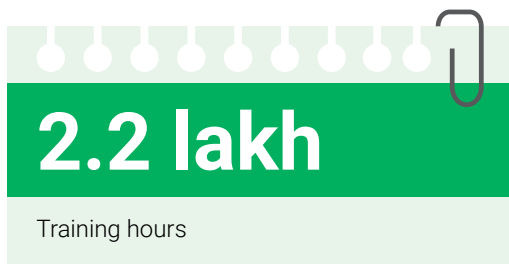
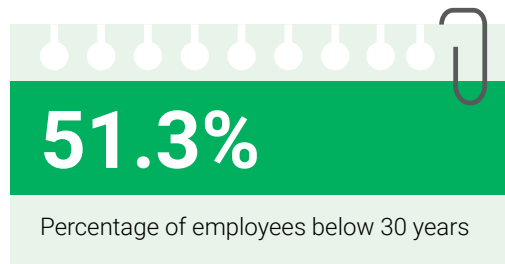
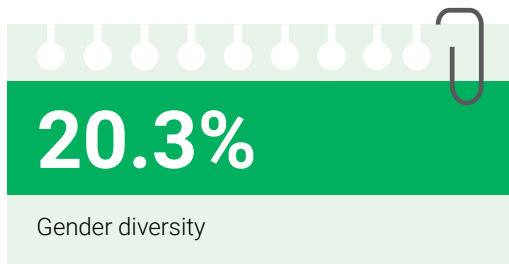


Linkage with capitals



SDGs impacted

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 10 REDUCED INEQUALITIES



Our human resource strategy

At IIFL Finance, we believe our people are our most valuable resource, and we go above and beyond to support each employee's personal development as well as their adherence to the values we uphold. We also ensure that we hire the best talent in the industry with requisite technical expertise so that they can contribute productively and efficiently to overall organizational advancement. The Company prioritizes implementing the best HR policy practices and places a priority on policies and practices that are beneficial to people.

In addition to our onboarding program following recruitment, we continuously monitor the everyday work environment to create a congenial atmosphere while encouraging the implementation of our core values as a culture. We believe that employee productivity is driven largely by a healthy work environment, and that this, in turn, will contribute to holistic development.

Diversity and inclusion

As a group, we are very particular about our stand against discrimination in any form, at any stage of our engagement with employees, including recruitment, hiring, performance appraisal, training, or career advancement. Our only basis for the selection and recognition of employees is merit.

To sustain a satisfied and talented workforce, we offer a range of benefits to employees, including life insurance, healthcare, disability and invalidity coverage, parental leave, retirement provision, and stock ownership. We also look at safety as a key enabler of inclusion. In this regard, we have a comprehensive policy on the Prevention of Sexual Harassment at the workplace and ensure that this is understood by employees through mandatory and annual refresher training for follow up. The following complaints were reported pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, for the FY 2021-22:

Number of complaints received in the year: **3**

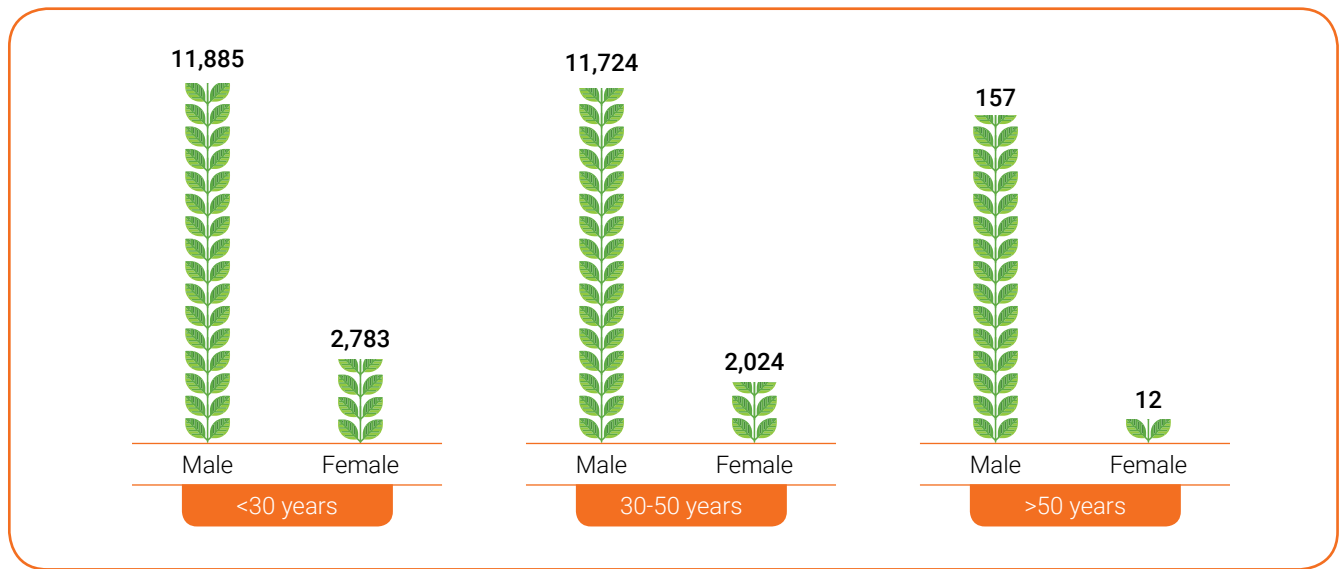
Number of complaints disposed of during the year: **3**

Number of cases pending as of the end of the year: **0**

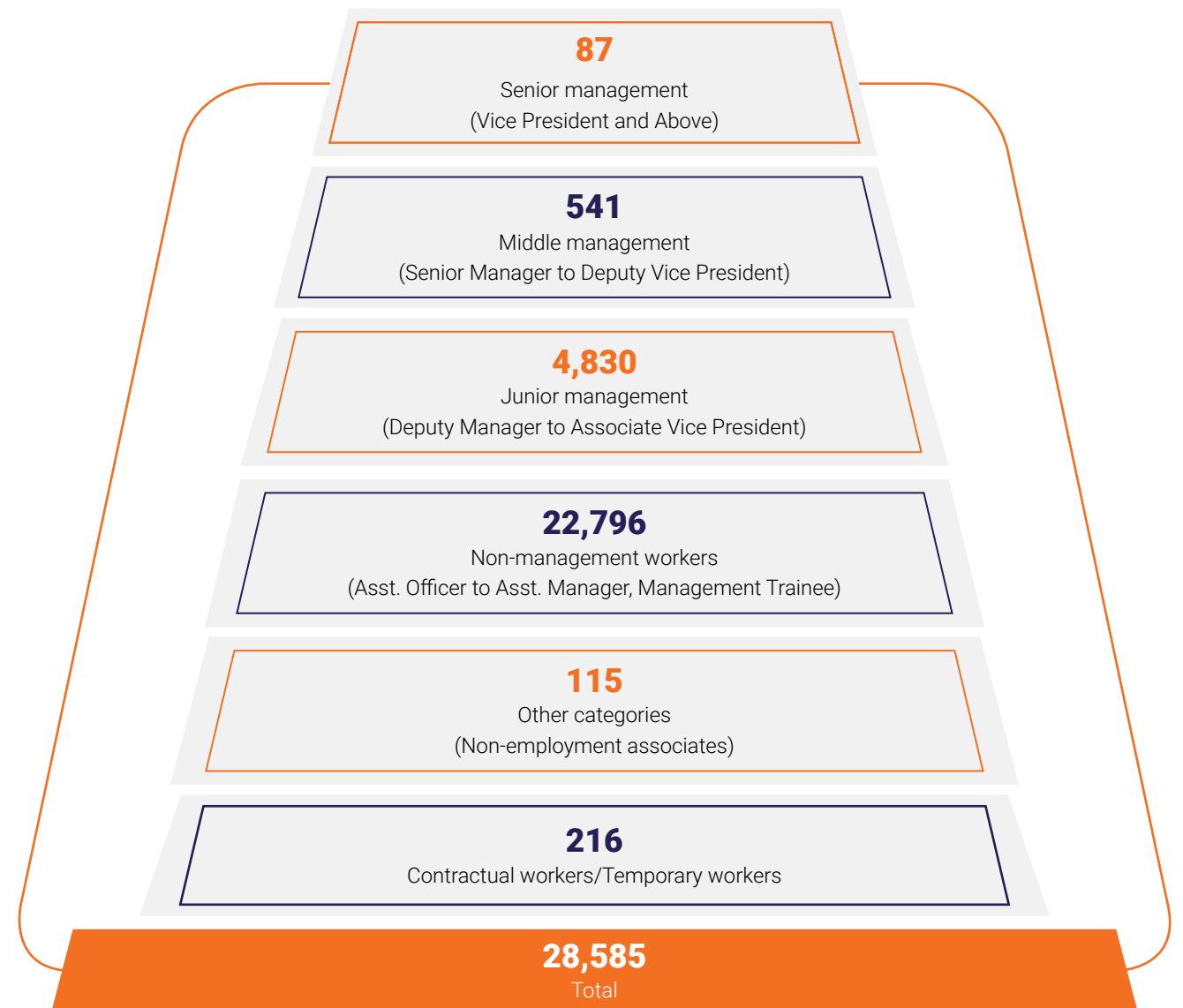
Number of workshops or awareness programs against sexual harassment:

The Company conducts regular training for creating awareness against sexual harassment against women in workplace.

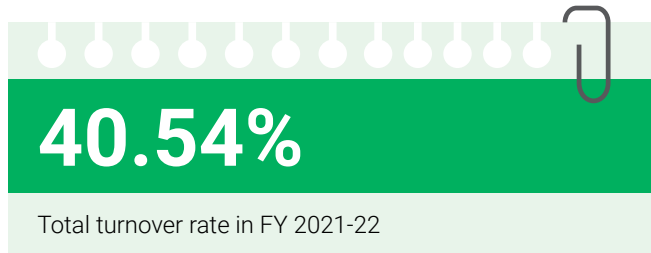
The graph below shows the distribution of our employees by age and gender:



The table below shows the distribution of employees by seniority level:



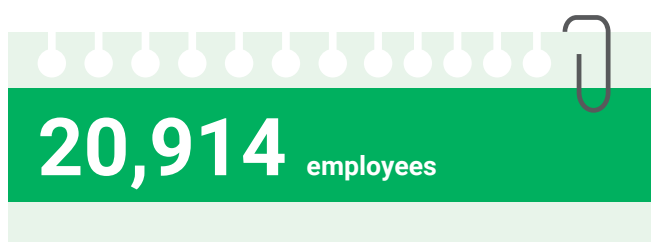
Employee turnover



The details of the turnover according to management levels, gender and age for IIFL Finance (consolidated) is mentioned in the table:

Sr. No.	Category	Unit	<30 years		30-50 years		>50 years	
			Male	Female	Male	Female	Male	Female
1	Senior management	67	1	-	52	7	7	-
2	Middle management	902	38	12	749	94	8	1
3	Junior management	5,907	1,783	1,216	2,240	667	1	-
4	Non-management workers	30	10	3	3	1	12	1

New employee hire



The details are provided in the table:

Sr. No.	Category	Unit	<30 years		30-50 years		>50 years	
			Male	Female	Male	Female	Male	Female
1	Senior management	96	2	-	80	11	2	1
2	Middle management	1,311	110	35	1,013	149	4	-
3	Junior management	11,457	4,300	2,258	4,056	839	4	-
4	Non-management workers	98	29	15	16	2	34	2

Learning and development

Learning and development are ingrained in the culture at IIFL Finance and are seen as a key pathway to more resilient business growth. As a people-centric company, we understand that the knowledge growth of a single individual adds to the collective.

Learning and development are essential for enhancing employees' knowledge and skill base in areas relevant to their work, and for their individual career advancement. We utilize a structured learning program model through curated and customized training. A dual approach allows the inclusion of every employee and at their own

selective pace and determination. As a part of our training toolkit, we offer several programs across functional, product design, process management, leadership, behavioral, and cross-skill training aspects to build competency and confidence.

Not everyone learns in one way, with this understanding, our goal has been to provide a plethora of learning opportunities to our workforce to accommodate their preferences and ensure a comfortable and safe learning environment. With respect to different learning media, we use a combination of media for training,

such as in-person (classroom); 'MoneyVersity' an on-the-go AI platform; and other online platforms (virtual instructor-led training, e-learning). To provide the best for our employees, we have partnered with external training partners for various technical training programs that require in-depth expertise to be facilitated.

To accommodate linguistic preferences, we have also developed means for the integration of learning modules in nine different regional languages for employee training, so that our new employees feel welcomed and ready.

MoneyVersity

Our Artificial Intelligence-enabled learning experience platform, 'MoneyVersity', is designed to transform the traditional classroom experience into a digital platform. It provides our people with over 20 learning routes (channels) that are continually updated to ensure users have access to the most up-to-date material. This has helped our employees to nurture their knowledge and skills on-the-go, anywhere, anytime. In addition to purely technical and functional content, it includes information on health and wellness, leadership insights, motivational videos, personality development, financial literacy, technology, and more.

Development also takes place through boosted interpersonal interactions, wherein the leadership coaches one of the programs in middle management. Sculpting leaders is an arduous task that we approach with meticulous crafting wherein future leaders are provided training to get equipped with emotional intelligence.

We also provide training to employees who could perform better and cannot meet their targets, using methods such as practical case scenarios, role plays, and assessments.



Employee well-being

Along with promoting employee engagement, IIFL Finance and its subsidiaries are also dedicated to preserving their well-being. We believe employees that are happy and healthy are more productive. We developed 'GoFit', a health and wellness project in partnership with 'Healthify', with the intention

of becoming the healthiest and fittest organization. The digital app incorporates 'HealthifySmart; Plan and an AI health coach named 'RIA' from the 'Healthify Me' app, which are premium features that can assist users in locating free customized diet plans. In cooperation with Dr. Batra, we

also provide our staff with crucial mental and emotional well-being support as well as complimentary health counselling services. The organization held a range of health lectures and camps throughout the year, including work-life balance programs, yoga sessions, nutrition classes, and health exams.

Some other initiatives under employee well-being



IIFL Cares

The pandemic has had a devastating impact on all our lives. To support our employees through these hard times, IIFL Finance established a COVID-19 assistance policy under the 'IIFL Cares'. This policy guarantees continual support and ensures families' independence and dignity by covering their health, education, and living expenditures. To further assist our employees, we provided paid leaves for self-care and recovery if the employee or an immediate family member tested positive for COVID-19. Additionally, other financial supports such as educational support for the family members or one year salary to the nominee in case of an employee succumbing to COVID-19 were provided.



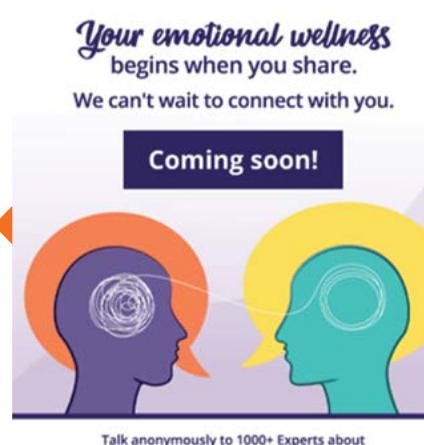
COVID-19 Vaccination Drive

We supported and encouraged our people through the extensive COVID-19 vaccination drive, offering vaccine shots to our employees free of cost. Dedicated vaccination drives encompassing a wider workforce base were undertaken in major cities.



Your Dost

IIFL partnered with the health app 'Your Dost' to offer anonymous counselling to all employees. Our employees can log into the application and speak to a therapist they are most comfortable with to help them deal with the stresses of their personal and professional lives, free of cost. 'Your Dost' is India's first and largest online mental health and emotional wellness coach. This initiative provides employees with expert advice from 1,000+ experts, with complete privacy, confidentiality, and anonymity on a range of subjects, including – stress, time management, confidence building, career coaching, relationships, sexual wellness and much more.



Employee engagement

Our employees assist our customers and represent our brand in all forums. To increase customer service efficiency and guarantee customer satisfaction, it is crucial to have high employee engagement.

The Company strives to develop and motivate staff so they can become tomorrow's leaders. This year again we were awarded the 'Great Place to Work' (GPTW)

certification for our enabling work culture. At IIFL, we put conscious efforts into building a workplace that encourages a culture of high trust and good performance. In line with GPTW's principles, we are committed to creating a place where there is an atmosphere of trust, pride, and camaraderie. IIFL Finance organized a tree-planting drive in Mumbai as part

of its employee engagement activities to raise awareness of the hazards posed by climate change and encourage people to act. For this initiative, the IIFL Foundation collaborated with the Brihanmumbai Municipal Corporation (BMC) and received well-coordinated assistance from the BMC team.

Case studies highlighting important employee engagement initiatives

Photography contest 2021

The photography contest is a once-a-year online program wherein three themes are given, and employees are invited to post their photos in each theme. This year's themes were under the categories of food, humanity, and vintage. Over 300 employees participated in the program.



Women's self-defence workshop

A women's self-defence online workshop was organized pan India where the participants were taught escape techniques, simple situational awareness, and using the body as a natural weapon. We saw a turnout of 207 women employees who had tuned in to this workshop from various locations.



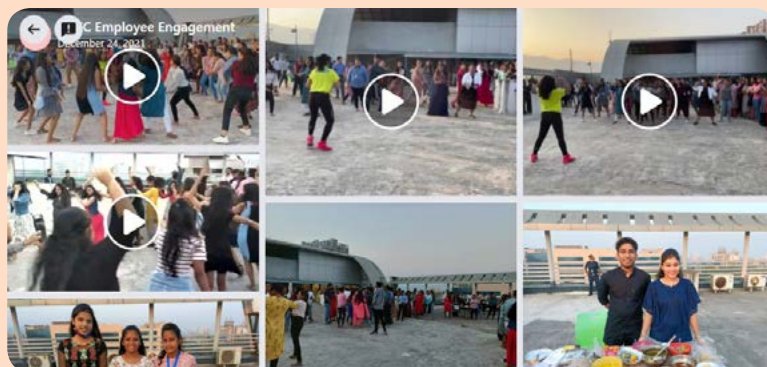
Tree plantation drive

A tree plantation drive was conducted by IIFL Foundation & engagement team in association with SAAD foundation to spread awareness about the environmental footprint at Bhandup Complex, Mumbai. 32 volunteers had come ahead for this social cause. Employees found this drive engaging and meaningful. Many even recommended to keep such drives periodically.



Christmas carnival

Christmas Carnival 2021 was conducted on the eve of Christmas and New Year combined, which saw a turnout of about 500+ people at Thane IIFL House.



Despite the restrictions on travel and gatherings in COVID-19, we were able to regularly interact with our workforce to raise their morale. We continued our yearly staff gatherings and virtual family gatherings by planning award ceremonies, talent shows, and celebrations of numerous holidays. Our Reward & Recognition event and Diwali virtual get-together were attended by close to 3,000 employees and their family throughout the year.

Diwali virtual and onsite get-together

Diwali virtual get-together event was conducted both onsite and online, where approximately 200+ employees participated in the Traditional Attire, Branch/ Bay Decoration contest. This was conducted in the month of November 2021. Employees were happy celebrating the festivity at their respective locations pan India.





Community relationships



Material topics

Community development

Financial inclusion and literacy



Linkage with capitals



SDGs impacted

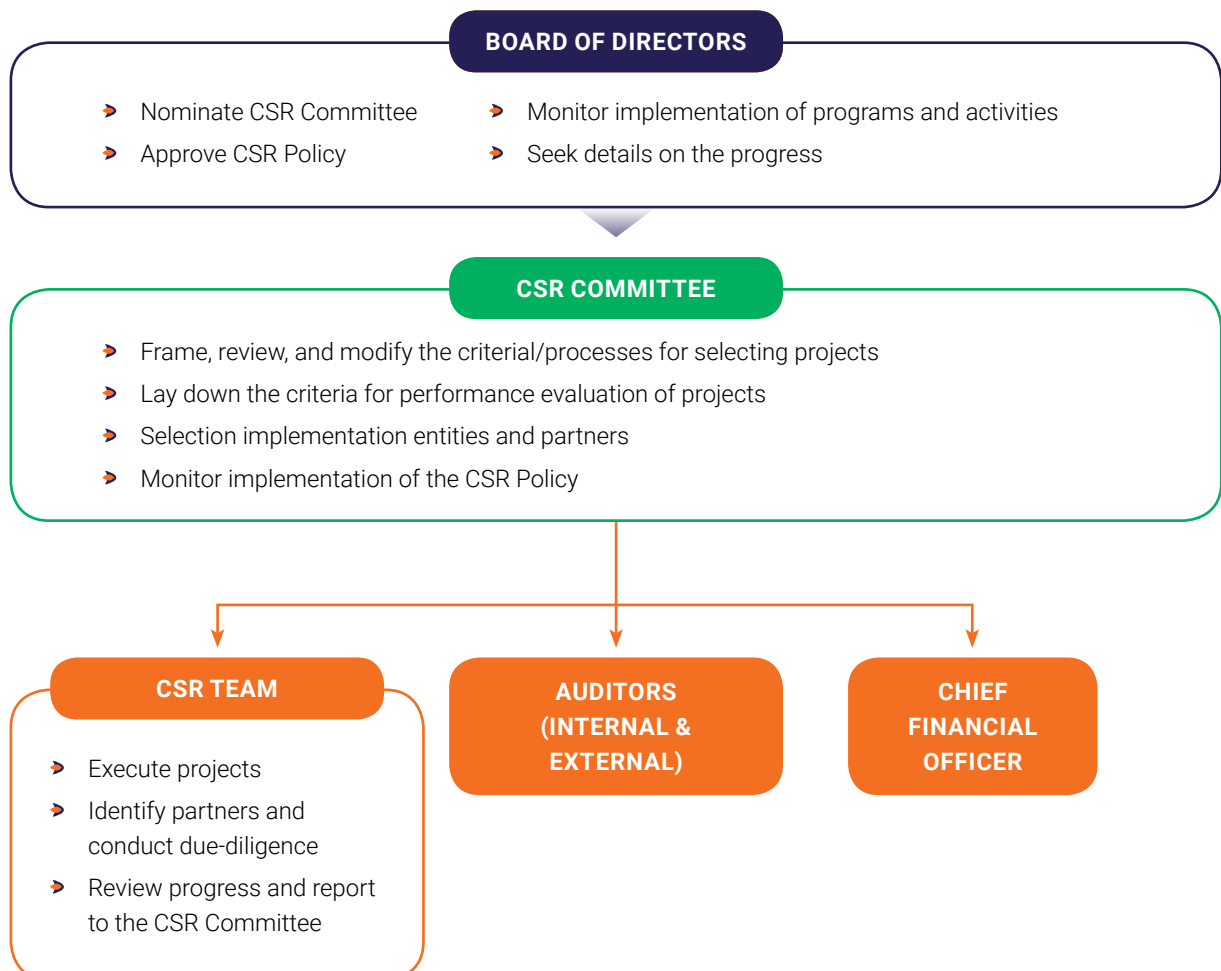





We, at IIFL Finance, firmly believe that it is the duty of businesses to give back to the community that they draw customers, employees, and resources from. In line with this, the Company, as part of the CSR Policy and through India Infoline foundation (IIFL Foundation) has devised a strategy – HELP, focusing on four thematic areas – Health, Education, Livelihood and Poverty Alleviation.


Our approach to community development has always been aligned with the needs of local communities and national priorities. We analyze the community requirements vis-à-vis our capability through need assessment surveys. In line with the Companies Act, 2013, we shall conduct impact assessments of projects with an average budget of ₹ 10 Crore or more, in the three immediately preceding financial years. Along with the outcomes of the assessment, feedback from the community is also used to identify areas of improvement and redefine our CSR strategy. The projects are implemented in collaboration with agencies that best fit our values and priorities.



CSR governance structure



Below mentioned are the initiatives under each thematic area:

Thematic areas	Name of the project	Beneficiaries	Description of the project
 <p>Health</p> <p>IIFL Finance and its subsidiaries' healthcare initiatives aim to improve healthcare access, particularly for the underprivileged and underserved, by promoting preventive healthcare, launching healthcare projects, and supporting medical research organizations.</p>	Vaccine delivery using drone	1,000	IIFL Foundation partnered with Central and State Governments to start Maharashtra's first COVID-19 vaccine delivery through drones to reach the inaccessible terrains in Jawhar taluka of Palghar district. This drone-based vaccine delivery is one of the country's first vaccine delivery operations with a 5 kg payload capacity and range of covering 25 kms in 9 minutes, which otherwise takes over 70 minutes to cover by road (due to hilly regions and poor road conditions).
	Ambulance	500	Donated an ambulance (Tamil Nadu) to offer free-of-cost service to marginalized population dwelling in rural settlements.
	Development of ophthalmic ward	2,000	IIFL Foundation helped to setup an Ophthalmic Ward at the Primary Health Center ('PHC') at Khamnor (rural), Rajasthan. This is the first and only facility of such kind in the Khamnore village, that shall be beneficial to people residing in the rural hamlets within a radius of 30 kms from PHC. In next phase, IIFL Foundation is planning to setup Ophthalmic Surgery ward.
	Mission conquer COVID – Oxygen concentrators	5,000	IIFL Foundation donated oxygen concentrators at Maharashtra to Primary Health Care Centers (PHCs) and government hospitals. The machines were handed to the local authorities – District Collector (IAS) and Chief Medical & Health Officer (CMHO) of the respective blocks. The oxygen concentrators were installed at the PHCs and panchayat offices at village level to save lives of people that tested positive for COVID-19.

Thematic areas	Name of the project	Beneficiaries	Description of the project
 <p>Health</p>	<p>COVID-19 vaccination drive for individuals with special needs</p>	<p>1,000</p>	<p>As part of its Mission Conquer COVID, IIFL Foundation initiated 'Kindness on Wheels' vaccination drive in Mumbai. This initiative was aimed at vaccinating the specially-abled individuals who had no means or assistance to visit the vaccination center. A safe and sanitized auto rickshaw service was provided at the doorstep of the specially-abled individual, along with a driver trained to support the individuals with special needs. Individuals affected by blindness, low vision, hearing impairment, locomotor disability, autism spectrum disorder, cerebral palsy, muscular dystrophy, multiple sclerosis and multiple disabilities (including deaf-blindness), people cured from leprosy were covered in this drive.</p>
	<p>Development at Government hospital</p>	<p>5,000</p>	<p>Developing the dormant wards at the Maharana Bhupal Government Hospital, Udaipur (Rajasthan), setting up Operation Theatres (OT), Intensive Care Units (ICU), Outpatient Department (OPD), Cabins for Senior Doctors & Resident doctors and waiting area for family members of the patients.</p>

 <p>Education</p> <p>IIFL Finance and its subsidiaries promote education in rural regions through CSR activities. We work with the goal of enhancing girls' literacy by offering education to out-of-school girls, establishing and upgrading educational facilities, and supporting higher educational institutions.</p>	<p>Sakhion Ki Baadi</p>	<p>32,264+ girls</p>	<p>IIFL Foundation's flagship program is committed to giving out-of-school girls in Rajasthan a basic education before enrolling them in public schools. Through this program, over 1,000 women from indigenous tribal groups are given jobs. Academic training in English, Hindi and Mathematics is given to the teachers, along with introductions to digital literacy and fundamental financial literacy. In Rajasthan, the program is spread across 13 districts.</p> <p>In September 2022, the program was covered by Rajdeep Sardesai, Consulting Editor, India Today.</p> <p> Watch the video here</p>
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Thematic areas	Name of the project	Beneficiaries	Description of the project
 <p>Education</p>	Phulwari (Maa Baadi)	957	<p>This project aims to provide formal education to children from indigenous tribal communities. These children reside in Rajasthan's most rural areas with no access to Government schools. The Tribal Area Development (TAD) Department and IIFL Foundation worked together to renovate these 'Maa Baadi' centers. We have provided necessary infrastructure, sanitation, and eradicated illiteracy. We have established libraries, developed play areas, and installed digital learning tools in 30 'Maa Baadi' centers. This initiative's main goal also includes regular teacher training sessions led by subject-matter specialists. We have also repaired restroom facilities, installed solar-powered water pumps, ceiling fans, and installed solar panels to make electricity more accessible.</p>
	Education for underprivileged	353	<p>Since 2018, the IIFL Foundation has been supporting children's education belonging to the underprivileged population in Kandivali, Mumbai. Almost 90% of these children's parents work in low-wage jobs and struggle to fulfil the financial obligations of providing education for their children. Through IIFL Foundation, we provide these children with education without charging any fees.</p>
	Chauras	200+	<p>Chauras is a learning center-cum-crèche for children of migrant workers. It aims at delivering fundamental and functional education. The thematic areas covered under this initiative are sanitation, cleanliness, personal hygiene, and health, as well as enrollment and continuing education for children. Through a group of learning centers and crèche, 'Chauras' provides children with a safe and educational environment. These centers are currently operational in Greater Noida, Uttar Pradesh, with a plan to open more such centers in the future.</p>

Thematic areas

Name of the project



Beneficiaries



Description of the project



Education

Seva Kutir	1,000	The project's primary aim is to elevate the education levels of children from the Scheduled Castes and Scheduled Tribes. Due to the lockdown, Government schools have not been operational. So, in these rural pockets of Madhya Pradesh, these community learning centers were the only space that sustained teaching and learning. Along with the educational activity, children engage in physical sessions and outdoor sports.
Android-based tabs for learning	200 tablets distributed among 5 Government schools in the first phase	The pandemic shifted classroom-based learning to online platforms. However, children from rural areas lack access to digital equipment. IIFL Foundation supported students at Government schools by providing them with an Android-based tablet for continuing learning online. Along with this, the device also lets them access the Diksha learning app developed by NCERT, Ministry of Education.
Support to educational research programs	-	The Company and its subsidiaries have extended financial support to the Ashoka University towards its Research and Fellowship Program.
Government school – Science laboratory	500	To improve infrastructure at Government schools (rural) and promote better facilities for students, we are constructing Science Laboratories, Computer room and Sanitation Facility at government girls senior secondary school (up to 12 th Grade), GP – Khamnore, Rajasthan. Each year, over 500 girls will be benefited from this facility, pursue higher education and subsequently careers in the science stream.

Thematic areas	Name of the project	Beneficiaries	Description of the project
 <p>Education</p>	<p>Solar installation at Government school</p> <hr/> <p>Shiksha Ki Udaan</p> <hr/> <p>Bicycle distribution</p> <hr/> <p>Shelter home</p>	<p>5,000</p> <hr/> <p>1,214</p> <hr/> <p>100</p> <hr/> <p>150</p>	<p>With this initiative, IIFL Foundation intends to provide decentralized energy system to 50 primary schools (Government) of Zilla Parishad at Palghar District (From Vikramgad, Jawahar, Mokhada and Wada) not only to fulfil their need for electricity but also to help them use digital learning systems (Computers and Android Tablets). The initiative helps to reduce carbon footprint and promotes SDG 7 – Affordable and Clean Energy.</p> <hr/> <p>This project aims to provide scholarship to young girls who belong to the weaker section of society to continue their education.</p> <hr/> <p>Bicycles were distributed to girls from lower income group, studying at Government schools, enabling them to save time and energy exerted by walking to school over long distance and utilize this time optimally for studies. This incentive shall also ensure their retention at the school and lower drop-out rate.</p> <hr/> <p>Shelter for orphan children, facilitating them to pursue education and holistic development.</p>
 <p>Livelihood</p> <p>IIFL Finance and the subsidiaries supports livelihood development by promoting animal husbandry, women employment, and local art & craft.</p>	<p>Daan utsav</p> <hr/> <p>Animal husbandry</p>	<p>-</p> <hr/> <p>5,150 + livestock treated</p>	<p>The COVID-19 pandemic had a catastrophic effect on artisans, craftsmen, and small-scale producers. So to support these disadvantaged people, IIFL Foundation developed daanutsav.iifl.com – an online platform to link non-profit organizations, self-help groups, and community-based groups with customers around the country. The participants were provided ‘free’ access to the platform’s services.</p> <hr/> <p>This project aims to support low-income farmers in diversifying their revenue streams by encouraging them to enter the dairy production sector. Our cattle breed enhancement center offers door-to-door services to enable cattle owners to keep their herd and add dairy production as a secondary source of income. This initiative is operational in three states across India – Rajasthan, Karnataka and Tamil Nadu, with a total of seven centers.</p>

Thematic areas	Name of the project	Beneficiaries	Description of the project
 <p>Livelihood</p>	<p>Livestock development program</p> <hr/> <p>Promotion of fodder cultivation</p> <hr/> <p>Preventive health care measures</p>	<p>6,704 AI performed</p> <hr/> <p>-</p> <hr/> <p>-</p>	<p>12 livestock development centers across Karnataka, Rajasthan, Tamil Nadu, and Bihar have been set up. These centers are equipped with all the safe practices related to cattle well-being and animal husbandry-related activities. The centers' primary activities include upgradation of local indigenous low milk-yielding cows and buffaloes through artificial insemination, with the use of high pedigree frozen semen of indigenous/exotic breeds and educating the farmers on cattle rearing.</p> <hr/> <p>This project was started with the support of BAIF NGO to establish improved fodder plots in the irrigated areas and tree-based fodder species for the dryland areas. We provided BNH 10 variety strips and Lucerne fodder seeds to 625 farmers with field-level inputs on cropping methods. The result of these demonstrations has been encouraging in terms of an increase in milk yield.</p> <hr/> <p>This project aims to enhance the knowledge and information on cattle health management to take preventive measures for animals before cattle fall into serious illness among the farmer community.</p>
 <p>Poverty alleviation</p> <p>IIFL Finance and its subsidiaries focus on promoting financial literacy among communities and fulfilling the aspirations of borrowers belonging to all sections of the society.</p>	<p>CFX Certification</p> <hr/> <p>Gulabi Gaon</p>	<p>53</p> <hr/> <p>793</p>	<p>In collaboration with the FinX, CFX was provided to female applicants to prepare for a successful career in the Banking, Financial Services, and Insurance industry. This certification course provides a complete picture of the BFSI sector – Savings, Protection, Investment, and Lending. This certification is supported by leading industry educational institutions like the National Institute of Securities Markets, L. N. Welingkar Institute of Management Development and Research and Center for Investment Education & Learning. After the completion of the course, the Company also offered placement assistance with BFSI corporates.</p> <hr/> <p>This project focuses on developing a marketplace to enable the women to grow as entrepreneurs. It also promotes livelihood options for the locals.</p>



Environmental stewardship



Material topics

Climate change and GHG emissions

Resource management



Linkage with capitals



SDGs impacted





Energy and emissions

At IIFL Finance, we are using both direct and indirect energy sources, including LPG for canteens, fuel for DG sets and electricity for our operations.

We have adopted a two-pronged approach to reduce our energy footprint:



Replacing energy-intensive lighting with energy-efficient one to reduce our indirect energy consumption



Implementing initiatives to introduce behavioral changes among our employees to engage in conscious management of day-to-day environmental footprint

Energy-efficient lighting is the main component of our strategy to lower our energy usage at our branches. To achieve this, we installed 3,356 Light-Emitting Diode (LED) panels across 511 branches.

We are creating awareness at the fundamental level in addition to using LED tube lights. Through discussions on behavioral change and the influence that conscientious participation may have, our crew has received training to conserve energy and other resources mindfully. The utilization of equipment like pedestal fans is emphasized over AC units. In four large offices, we have installed sensor-based lights in place of analogue switches.

For this year, we have calculated scope 1 emissions (from diesel and LPG consumption) and scope 2 emissions (from electricity purchase).

Source ¹	Units consumed (in GJ)
Diesel	1,718.91
Electricity	69,210.29
LPG	43.20

Particulars	FY 2021-22 GHG Emissions (in tCO ₂ e)
Scope 1	131.43
Scope 2	15,187.81

The data captured primarily for Scope 1 emissions is only partial. We have improved our data collection processes starting this year to gradually increase the coverage to all significant locations of operations to make it representative.

¹In this section all the three entities are covered in the calculation.

Total no. of branches covered for diesel: IIFL Finance + IIFL HFC = 4.

Total no. of branches covered for electricity: IIFL Finance + IIFL HFC = 2,889.

The LPG data is for Samasta only.



Water

Our water consumption is mainly for day-to-day operations and used for drinking, cleaning, washing and sanitation. The amount of water used in our office space as a financial services company adds up to our overall water footprint.

Uncontrolled use of water and other climatic factors are primarily to blame for the severe water deficit that plagues the majority of India. Consequently, it becomes imperative for us to limit our water usage and establish water-saving processes.

Our main sources of water include municipal water, bottled water and groundwater (to an extent). The bottled water is sourced from an authorized third party for our office. We implement the following initiatives towards saving water in our branches:



Sensors in taps to regulate water consumption in restrooms



Recycling excess water from our reverse osmosis system for use in toilets and urinals in our Thane facility

Currently, we do not record water discharge from our units but plan to do so in the future.

Particulars ^{*2}	Unit	FY 2021-22
Third-party water	Kl	34,869.07
Ground water	Kl	38,991.49



Waste generated

As per the nature of our business, office waste such as paper, plastic and e-waste make up the majority of our waste output. Our E-waste comprises of desktop sets, laptops, monitors, printers, scanners and tablets.

Local municipal organizations collect both dry and wet waste. Paper and electronic garbage are delivered to approved vendors for recycling. Even though we do not have any internal initiatives on waste management, we work to improve our waste management and are studying our operations to introduce waste management interventions in the future.

Waste generated ³	FY 2021-22
E-waste	9,725.90
Paper	24,367
Plastic	101
Wooden/Plywood scrap	568
Iron/Aluminum scrap	828

All Units in KG

²In this section all the three entities are covered in the calculation.

For both the type of water sources, total no. of branches covered are 2,889, this includes IIFL Finance & IIFL HFC. For IIFL Samasta, data pertains to Head Office, Zonal Offices and Regional Offices.

³In the waste section, all the three entities are included but data for plastic, wooden/plywood scrap and iron/aluminum scrap has come only from IIFL Samasta. Data from IIFL Finance is not added for these three types of waste.

Total no. of branches covered for E-waste = 13



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INDEPENDENT ASSURANCE STATEMENT FOR SUSTAINABILITY REPORT 2021-22 OF IIFL FINANCE

To
The Management of IIFL Finance Ltd.
802, 8th Floor, Hubtown Solaris
N. S. Phadke Marg, Vijay Nagar
Andheri East, Mumbai - 400 069

Introduction and objective of engagement

IIFL Finance Limited (the 'Company' or 'IIFL') has developed its Sustainability Report 2021-22 titled 'Fulfilling Aspirations, Sustainably and Responsibly' (the 'Report') in accordance with GRI Standards: Core Option. BDO India LLP was engaged by the Company to provide an independent assurance to the Report covering the Company's sustainability performance during the period 1st April 2021 to 31st March 2022.

Intended users of this Assurance Statement

This Assurance Statement is intended to be a part of IIFL Finance's Sustainability Report for the financial year 2021-22.

Respective responsibilities

The Report content and its presentation are the sole responsibility of the management of IIFL. The Company management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement, whether due to fraud or error.

BDO's responsibility, as agreed with the management of the Company, is to provide assurance on the Report content as described in the 'Assurance scope' and 'Methodology' sections below. We do not accept or assume any responsibility for any other purpose or to any other person or organization.

Assurance scope

The assurance has been provided for sustainability performance disclosures presented by IIFL in the Report. The reporting boundary included data and information for the period 1st April 2021 to 31st March 2022 in accordance with GRI Standards: Core Option. Our scope of assurance included verification of data and information on material topics reported.

Assurance criteria

The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard v3 (2020). We applied Type 2 moderate level of assurance.

Methodology

Our assurance processes involved performing procedures to obtain evidence about the reliability of sustainability performance information. The nature, timing, and extent of procedures selected were based on our professional judgement, including the assessment of the risks of material misstatement of the performance indicators. The steps we followed are outlined below:

- Assessment of IIFL's sustainability reporting procedures for consistency with the adopted reporting criteria.
- Verification of systems and procedures used for quantification, collation, and analysis of sustainability performance data that are included in the Report.
- Understanding the appropriateness of various assumptions and methodologies for estimations used by IIFL for data analysis.
- Discussion with key personnel responsible for data compilation.
- Discussions with the key personnel to understand the risk and opportunities from the sustainability context and the strategy IIFL is implementing to manage the same.
- Review of data trail, on sample basis, to assess accuracy of select reported data/ information.

Appropriate documentary evidence was obtained to support our conclusions on the information and data verified. Where such documentary evidence was shown to us but could not be retained by us on account of confidentiality, or other reason, we recorded our observations appropriately after review of such evidence.

Limitations

We conducted our review to express a moderate assurance conclusion. A moderate level assurance engagement relies on a risk based chosen sample of the selected information and the associated limitations that this entails. Our work was limited to evidence gathered on sample basis; therefore, this assurance statement is not liable to detect all errors, omissions or misstatements.



As agreed with the Company, data assurance was done through remote assessments using appropriate web-enabled tools. We did not conduct physical verification at locations or offices of the Company. Audit trails and review were conducted through remote discussion with officials of the Company, and gathering of evidence on sample basis.

The assurance scope excludes:

- Aspects of the Report, including data/information, other than those mentioned in assurance scope;
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim, or future intentions;
- Data and information outside the defined reporting period, i.e., 1st April 2021 to 31st March 2022;
- IIFL's disclosure on financial and operational performance, and loan disbursements.

Observations

While the sustainability disclosures of the Company are fairly reliable, the Company has an opportunity to augment the robustness of its data management systems, especially standardization of data collection protocols and enhancement of data governance and review mechanisms, to further enhance the accuracy of reporting. The system should appropriately cover the KPIs linked to material topics.

Nothing has come to our attention that would lead us to believe that the Report is not aligned with the requirements of GRI Standards: Core Option.

Conclusions

Based on the scope of our review, our conclusions are outlined below:

- **Inclusiveness:**
We are not aware of any matter that would lead us to conclude that the Company has not applied the principle of inclusivity in engaging with key stakeholder groups. The company transparently disclosed its stakeholder engagement approach and activities in the Report.
- **Materiality:**
We noted that the Company has listed the material topics in the Report. Nothing has come to our attention that causes us to believe that any material topic has been excluded from the Report of the Company.
- **Responsiveness:**
We are not aware of any matter that would lead us to believe that the Company has not applied the responsiveness principle for dealing with stakeholders (such as customers and local communities) on material topics covering its sustainability performance.
- **Impact:**
Nothing has come to our attention that causes us not to believe that the data has been presented fairly, in material respects, in accordance with GRI Standards: Core Option and the Company's reporting principles and criteria.

Independence and competencies

BDO India LLP is a professional services firm providing services in Advisory, Assurance, Tax and Business Services, to both domestic and international organisations across industry sectors. Our non-financial assurance practitioners for this engagement are drawn from a dedicated Sustainability and ESG Team in the organisation. This team comprises of multidisciplinary professionals, with expertise across the domains of sustainability, global sustainability reporting standards and principles, and related assurance standards. This team has extensive experience in conducting independent assurance of sustainability data, systems and processes across sectors and geographies. As an assurance provider, BDO India LLP is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. Our independence policies and procedures ensure compliance with the Code.

For BDO India LLP

Dipankar Ghosh, Partner
New Delhi
04 January 2023



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IIFL Finance Limited
(formerly IIFL Holdings Limited)
CIN: L67100MH1995PLC093797

Registered office:

IIFL House, Sun Infotech Park,
Road No. 16,
Plot No. B-23, MIDC,
Thane Industrial Estate,
Wagle Estate, Thane - 400 604

Corporate office:

802, 8th Floor, Hubtown Solaris,
N. S. Phadke Marg, Vijay Nagar,
Andheri East, Mumbai - 400 069

Tel: +91 22 6788 1000

Email: shareholders@iifl.com
ir@iifl.com

Website: www.iifl.com



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 /IIFLCorporate

 IIFL (India Infoline Group)