Project Summary Information

	Date of Document Preparation: 11/06/26
Project Name	India Climate Mitigation On-lending Program – AU Small Finance Bank
Project Number	P001211
AIIB member	India
Sector/Subsector	Multi-sector
Alignment with AIIB's thematic priorities	Green infrastructure; Private Capital Mobilization
Status of Financing	Approved
Objective	To support India's transition to a low-carbon economy by increasing the availability of financing for climate mitigation investments.
Project Description	The Project contemplates up to USD100 million in senior debt financing to AU Small Finance Bank Limited (AU SFB) for on-lending to eligible sub-borrowers in India to support climate change mitigation. AU SFB is a scheduled commercial bank regulated by the Reserve Bank of India. Established in 1996 as a vehicle finance non-banking financial company, it transitioned into a small finance bank in 2017. AU SFB provides a broad range of retail and wholesale banking, treasury, and digital financial services to micro-, small-, and medium-sized enterprises, retail customers, small businesses, and underserved segments. Its lending activities support sectors including vehicle finance, affordable housing, financial inclusion, microenterprise financing, and rural livelihoods.
Expected Results	**Project Objective Indicators** • GHG emissions reduced, avoided or removed (tCO_2e/year) • Renewable power generation capacity financed (MW) • Number of electric vehicles financed including two wheelers (Number) **Intermediate Results Indicators**: • Number of sub-loans financed (Number) • Value of sub-loans financed (USDmn)

Environmental and Social Category	FI
Environmental and Social Information	**Applicable Policy and Categorization:** AIIB's Environmental and Social Policy (ESP), Environmental and Social Exclusion List (ESEL) and Environmental and Social Standard (ESS 1) apply to this Project. The Project has been categorized as Category FI, as AIIB financing will be provided through AU SFB, which will be responsible for screening, appraising, financing, and monitoring eligible subprojects in line with AIIB's ESP requirements. AIIB financing will support small-scale solar projects (up to 5 MW AC) and retail electric vehicle (EV) financing. Activities included in AIIB's ESEL, as well as Category A and high-risk Category B projects, will be excluded from financing. AIIB will conduct a prior E&S review of the first three subprojects, excluding retail EV financing, to confirm application of the agreed E&S screening, categorization and due diligence procedures. **Environmental and Social Instruments:** Environmental and Social Management System (ESMS) specifically developed by AU SFB for AIIB financing will serve as the principal Environmental and Social (E&S) instrument for the Project. The ESMS establishes procedures for E&S screening, due diligence, exclusion-list screening, portfolio monitoring, stakeholder engagement, grievance handling, incident management, reporting and regulatory compliance monitoring. The ESMS is aligned with AIIB's ESP and is supported by AU SFB's institutional arrangements for customer protection and fair lending practices. AU SFB implements the ESMS through a multi-tier governance structure comprising the Sustainability Board Committee, Sustainability Steering Committee, and the Sustainability Team. AU SFB staff are trained in ESMS implementation, E&S risk screening, due diligence, and risk categorization. **Environmental and Social Aspects:** The Project is expected to support eligible small-scale solar energy projects and retail EV financing. Environmental risks are expected to be limited and site-specific and may include waste management, water-use impacts, construction-related dust and noise, and operational impacts. End-of-life management of solar photovoltaic modules and associated equipment will comply with applicable national regulatory requirements. Significant environmental impacts are not anticipated, given the exclusion of Category A and high-risk Category B activities. Small solar subprojects are expected to be developed on land owned or leased by participating farmers, avoiding land acquisition. Therefore, social risks are expected to be limited and mainly related to labor and working conditions, occupational and community health and safety, contractor management, stakeholder engagement, and grievance management. AU SFB's due diligence will review land ownership or lease documentation, livelihoods, grazing use and potential impacts on local communities. In addition, AU SFB has established policies and procedures relating to equal opportunity, non-discrimination, prevention of workplace harassment, and employee grievance management. Through its AIIB-aligned ESMS, AU SFB will promote consideration of gender-related risks and opportunities in subprojects and encourage sub-borrowers to maintain gender-responsive grievance mechanisms, including for complaints related to gender-based violence and harassment.

	Occupational Health and Safety (OHS), Labor and Employment Conditions: Eligible subprojects will be required to comply with applicable national labor laws and occupational health and safety requirements. Through its ESMS and due diligence, AU SFB will assess workforce management, employment conditions, worker welfare, contractor compliance, and worker grievance mechanisms. AU SFB will also assess OHS arrangements, including electrical safety, personal protective equipment, incident reporting and emergency preparedness, and monitor the implementation of any required corrective actions. **Stakeholder Engagement, Consultation and Information Disclosure**: AU SFB maintains stakeholder engagement and communication mechanisms at both the institutional and project levels. At the institutional level, stakeholder engagement is supported through AU SFB's sustainability governance arrangements, including Board and management oversight of sustainability matters. At the project level, stakeholder engagement will be undertaken in a manner proportionate to the nature and scale of E&S risks and impacts. As part of its due diligence, AU SFB assesses local livelihoods, stakeholder perceptions and potential impacts on nearby communities, and reviews the adequacy of stakeholder engagement arrangements maintained by sub borrowers. In accordance with AIIB's ESP, AU SFB will disclose an overview of its ESMS in an appropriate manner. **Project Grievance Redress Mechanism (GRM) and Monitoring Arrangement:** AU SFB has established GRMs to receive and address grievances from external stakeholders, including local communities, project workers and clients. AU SFB assesses the adequacy of project-level grievance mechanisms, including grievance channels, complaint recording arrangements and grievance tracking processes, and requires sub-borrowers to maintain appropriate arrangements for receiving and addressing concerns from affected communities and workers. For internal grievances, AU SFB has also established a whistleblower mechanism that provides confidential reporting channels and protection against retaliation for employees and other stakeholders. The information on GRMs and Bank's Project-affected People's Mechanism (PPM) will be disclosed in a timely and appropriate manner. Additionally, AU SFB will monitor E&S performance of subprojects and be required to submit E&S performance reports annually to AIIB for review. AIIB will supervise implementation of ESMS through periodic monitoring. AIIB's E&S monitoring may include site visits to the selected subprojects, in consultation with and, where appropriate, jointly with AU SFB.
Cost and Financing Plan	A senior unsecured loan of up to USD100 million.
Borrower	AU Small Finance Bank Limited

Estimated Date of disbursement	December 2026		
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Date of Single Review Decision	October 16, 2026		
Date of Financing Approval	November 5, 2026		

Independent Accountability Mechanism	AIIB's Project-affected People's Mechanism (PPM) applies to the project. The PPM has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through project-level GRM or the processes of AIIB's management. For information on how to make submissions to the PPM, please visit: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html