



Project Summary Information

Date of Document Preparation/Updated: 12/22/25	
Project Name	Shriram Sustainable On-Lending Facility II
Project Number	P000937
AIIB member	India
Sector/Subsector	Multi-sector
Alignment with AIIB's thematic priorities	Green infrastructure; Technology-enabled Infrastructure; Private Capital Mobilization
Status of Financing	Under Preparation
Objective	Accelerate India's transition to a low-carbon economy by increasing the penetration of low-carbon vehicles and advancing renewable energy infrastructure.
Project Description	<p>The Shriram Sustainable On-Lending Facility II Project involves AIIB providing a second debt facility (Facility II) of up to USD250 million (equivalent in INR) to Shriram Finance Limited (SFL), including up to USD100 million of private direct mobilization through risk transfer agreements. The Project aims to strengthen SFL's capacity to finance low-emission vehicle ownership and renewable energy infrastructure in India.</p> <p>Facility II supplements the USD100 million disbursed on July 20, 2023, under the previous facility (Facility I) approved in January 2023 (P000561). Facility II is structured to further advance SFL's efforts in promoting sustainable transportation and broader green initiatives in India, incorporating key enhancements to deliver a more integrated e-mobility solution, increase allocations to climate mitigation financing, and scale impact through private direct mobilization to extend results beyond AIIB's own financing.</p> <p>By financing vehicle ownership and small-scale green infrastructure for individuals and small enterprises, the facility addresses both environmental and financial inclusion priorities. It supports the expansion of India's low-emission vehicle fleet, EV charging and battery-swapping infrastructure, and rooftop solar systems – contributing to emissions reduction and national climate targets. At the same time, it broadens access to affordable retail financing for individuals underserved by the banking system, including first-generation entrepreneurs, driver-operators, and small fleet owners, enabling income-</p>

	generating low-emission vehicle purchases. The structured on-lending model demonstrates scalability and promotes climate-aligned retail financing in emerging markets, fostering inclusive growth while advancing environmental objectives.
Expected Results	<p>(i) Direct outcomes: (a) Amount of direct private capital mobilized, (b) Number of EVs financed under the Project, and (c) GHG emissions avoided.</p> <p>(ii) Intermediate outcomes: (a) Contribution to climate finance and (b) Contribution to SFL's new green lending products.</p>
Environmental and Social Category	FI
Environmental and Social Information	<p>Applicable Policy and Categorization: AIIB's Environmental and Social Framework (ESF), including the Environmental and Social Standards (ESS) and Environmental and Social Exclusion List (ESEL) is applicable to this Project. The Project is placed in Category FI and is expected to have limited adverse environmental and social (ES) impacts. Sub-projects classified as Category A or Higher Risk Activities as per AIIB's ESF will be excluded from this Project.</p> <p>Environmental and Social Instruments: To manage ES impacts and in accordance with the applicable national laws and regulations and AIIB's ESF, SFL has established an Environmental and Social Management System (ESMS), which will be enhanced to align with AIIB's ESF. In addition to the ESMS, SFL maintains policy documents such as the Fair Practices Code (FPC), Business Responsibility Policy, Loan Recovery Policy, Whistleblower Policy, and Policy on Prevention of Sexual Harassment at Workplace (POSH), which contain key provisions for E&S risk management relevant to the Project. Natural gas vehicles, EVs, charging infrastructure, or solar rooftop installations exclusively dedicated to enabling coal mining or transportation will be excluded. Subprojects classified as Category A or Higher Risk Activities under AIIB's ESF will also be excluded.</p> <p>Environmental and Social Aspects: The Project is expected to have minimal adverse environmental impacts, as EV operations, charging infrastructure, and rooftop solar are considered environmentally clean. Under national regulations, OEMs (Original Equipment Manufacturers) are responsible for collecting and disposing of waste batteries and e-waste. As per regulations, end-of-life batteries are removed and either refurbished (if feasible) or sent to registered recyclers for recovery of lithium, cobalt, nickel, and other materials. Similarly, e-waste from charging infrastructure and solar panels is recycled through authorized recyclers. SFL informs its borrowers about the rules and regulations and encourages them to hand over e-waste and discarded batteries to authorized recyclers or OEMs. The social risks are expected to be limited to consumer protection and labor and working conditions. SFL's FPC and Loan Recovery Policy are aligned with national regulations and outline processes including responsible lending conduct, debt collection steps, and confidentiality to</p>

	<p>enable consumer protection. For all business loans, SFL commits to verifying lawful ownership or possession of land where sub-loans will be utilized, including confirmation that the land is free of encumbrances or disputes, and avoids any physical or economic displacement. SFL affirms its commitment to addressing gender risks and creating a safe and inclusive workplace through the implementation of its POSH Policy and Equal Opportunity Policy.</p> <p>Occupational Health and Safety (OHS), Labor and Employment Conditions: SFL will require all borrowers under business loans to comply fully with national and local labor laws. OHS risks are expected to be limited to vehicle safety and fire hazards from manufacturing defects or poor maintenance. Customers receive warranty documentation and safety guidance from dealerships. SFL urges customers to ensure regular maintenance of EVs and maintain safe conditions at the charging infrastructure.</p> <p>Stakeholder Engagement, Consultation and Information Disclosure: SFL identifies customers, investors, lenders, employees, society, and government authorities as key stakeholders. Policies such as the Fair Practices Code¹ and Business Responsibility Policy² are disclosed on SFL's website. As a publicly listed company, SFL publishes its annual Business Responsibility and Sustainability Report³ online. SFL has agreed to a timely disclosure of an overview of the enhanced ESMS on its website.</p> <p>Project Grievance Redress Mechanism (GRM) and Monitoring and Reporting Arrangement: SFL as a part of its facility with AIIB has already established an external GRM, which facilitates the receipt and resolution of grievances from stakeholders. GRM information available on https://www.shriramfinance.in/reach-us. The existing GRM is suitably developed and proportionate to the nature of SFL business. SFL will require all commercial sub-borrowers to establish a functional GRM proportionate to nature and scale of E&S risks.</p>
Cost and Financing Plan	Up to USD250 million (equivalent in INR), including up to USD100 million of private direct mobilization through risk transfer agreements.
Borrower	Shriram Finance Limited

¹ https://cdn.shriramfinance.in/uploads/investor/pdf/Fair-Practice-Code_2023_English.pdf

² <https://cdn.shriramfinance.in/uploads/investor/pdf/2.Business%20Responsibility%20Policy.pdf>

³ <https://cdn.shriramfinance.in/sfl-kalam/files/2025-06/SFL-Business-Responsibility-Sustainability-Report-2025.pdf>

Estimated date of last disbursement (NSBF)	2026 Q2	
Contact Points:	AIIB	Borrower
Name	Neeraj Jain	Vedansh Chandak
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Date of Single Review Decision	January 05, 2026	
Estimated Date of Financing Approval	January 28, 2026	

Independent Accountability Mechanism	<p>The Project-affected People's Mechanism (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 ESF in situations when their concerns cannot be addressed satisfactorily through Project-level GRMs or AIIB Management's processes. 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</p>
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