

Annex B – Public Information Summary

Host Countries	India
Name of Borrower	Shriram Transport Finance Company (the “Borrower”)
Project Description	The Borrower will use the proceeds of the DFC loan to finance the expansion of its vehicle finance program for micro, small and medium enterprises (“MSME”) in India in alignment with its social finance framework (together, the “Project”).
Proposed DFC Loan	Up to \$250,000,000. Tenor of no more than 10 years from first disbursement.
All-Source Funding Total	\$312,500,000
Policy Review	
Developmental Objectives	The Project is expected to have a highly developmental impact in India through support for the Borrower’s expansion of credit for commercial vehicle purchases by MSMEs, often owner operators. Prior to the Covid-19 pandemic, the IFC found the MSME finance gap in India to be equivalent to 11 percent of GDP by value. Despite the pandemic crisis, the Borrower’s credit outstanding to existing and new borrowers continues to grow, providing significant support to the recovery of the Indian economy. The Project is also expected to have a significant rural impact in India and to facilitate greater transport sector efficiency in the country.
Environment and Social Assessment	<p>SCREENING: The Project has been reviewed against DFC’s categorical prohibitions and has been determined to be categorically eligible. Loans to financial institutions for the purposes of on-lending to SMEs for the purchase of vehicles are screened as Category C projects under DFC’s environmental and social guidelines. Environmental, health, and safety impact concerns are considered minimal. However, in order to ensure that the Borrower’s loans are consistent with DFC’s statutory and policy requirements the loans will be subject to conditions regarding use of proceeds. The Project’s activities are not expected to be vulnerable to climate change and therefore a climate change resilience assessment is not required.</p> <p>APPLICABLE STANDARDS</p> <p>Under DFC’s ESPP, the Borrower is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International</p>

Finance Corporation's Performance Standard ("PS") 1 and 2. For Category C projects, applicable provisions are:

- The requirement to maintain an Environmental and Social Assessment Management System. This includes the environmental and social principles that will be used to guide the Borrower and its downstream investments to implement measures that will eliminate risks, ameliorate damage, and enhance positive effects. (PS 1, Paragraph 5).
- The requirement to establish a stakeholder grievance mechanism to receive and facilitate the resolution of concerns and grievances about the Project's environmental and social performance (PS 1, Paragraph 35).
- The requirement to treat its workers fairly; to clearly communicate terms and conditions of employment to its workers; to provide a worker grievance mechanism to receive and facilitate the resolution of concerns and grievances by workers (PS 2 Paragraphs 10-20).
- The requirement to provide a healthy and safe work environment for employees (PS 2, Paragraph 23).

A desktop due diligence assessment indicates that because the Project involves on-lending to micro, small and medium enterprises ("MSMEs") to purchase commercial vehicles, significant adverse impacts with respect to community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated. Therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.

Environmental and Social Issues and Mitigation:

The Borrower screens for E&S risks by tracking the vehicles that it funds by type, end use and geographic location. The Framework allows the Borrower to exclude vehicles that are used for the transportation of fossil fuel, coal, etc. and restricts financing of vehicles older than 10 years, which aims to encourage the owner of the vehicle to sell the existing old vehicle and upgrade to a new, more emission efficient vehicles. The Borrower checks for safety certificates, fitness, and emission of the vehicle. Due diligence involves conducting an initial evaluation to assess the customer's loan requirement, creditworthiness, and guarantor. The Borrower also applies an exclusions list, describing the projects/activities ineligible for the use of proceeds, in alignment with those described in the IFC Performance Standards.

The Borrower has in place an ESG Working Group responsible for recommending the Company's overall general strategy with respect to environmental, social and governance (ESG) matters. The Working

	<p>Group oversees all policies, practices, reporting and performance and reports directly to the Borrower's Board of Directors.</p> <p>The Borrower's Social Finance Framework guides its environmental and social performance and describes the terms under which the Borrower identifies and manage environmental and social risks and impacts. The Fund has dedicated policies for internal and external grievance mechanisms, conflicts of interest, non-discrimination, human resource policies, employee contracts and handbooks, standardized E&S compliance clauses for investment agreements, and a formal ESG Committee dedicated solely to the oversight and management of E&S risks, impacts, compliance, and performance indicators.</p>
--	---