

Muthoot Microfin Limited – Financial Literacy & Awareness Policy

Purpose

Financial literacy is a key enabler of responsible borrowing, informed financial decision-making, and long-term socio-economic well-being. In the context of microfinance, particularly for first-time and low-income borrowers, awareness of basic financial concepts, loan obligations, and customer rights is essential.

The purpose of this Policy is to provide a structured framework for promoting financial literacy and awareness among Muthoot Microfin Limited's ("MML" or "the Company") customers and communities, in alignment with the Company's commitment to responsible finance and financial inclusion.

Preamble

Muthoot Microfin Limited, the microfinance arm of the Muthoot Pappachan Group, is committed to advancing financial inclusion through responsible lending practices and customer-centric engagement. The Company recognizes that access to financial services should be accompanied by appropriate financial awareness to enable customers to use such services prudently and sustainably.

This Financial Literacy & Awareness Policy is aligned with MML's Fair Practices Code, Grievance Redressal Mechanism, ESG framework, and applicable regulatory and industry guidelines. The Policy seeks to embed financial literacy as a supportive element of customer engagement, undertaken in a practical and implementable manner.

Scope

This Policy applies to:

- Customers and prospective customers of MML
- Financial literacy and awareness initiatives undertaken at branches, centres, or community locations
- Employees and field staff involved in customer interaction, training, and loan-related processes

The Policy is applicable across all geographies where the Company operates.

Policy Statement

MML shall endeavour to promote financial literacy and awareness **whenever any financial literacy or customer engagement programme is undertaken**, in a simple, transparent, and culturally appropriate manner, with the objective of helping customers:

- Understand financial products and services offered by the Company
- Borrow responsibly and adhere to agreed repayment schedules

- Be aware of their rights, responsibilities, and available grievance redressal mechanisms
- Improve basic household financial planning and financial resilience

Financial literacy activities shall, **wherever feasible**, be integrated into existing customer interactions and outreach programmes and shall not create any additional mandatory obligations.

Key Principles

MML's financial literacy and awareness initiatives shall be guided by the following principles:

- **Simplicity:** Information shall be practical, easy to understand, and communicated in local languages
- **Accessibility:** Awareness shall be shared through regular and existing customer touchpoints
- **Transparency:** Loan terms, pricing, and obligations shall be communicated clearly
- **Responsibility:** Emphasis shall be placed on prudent borrowing and avoidance of over-indebtedness
- **Flexibility:** Financial literacy efforts shall be undertaken as part of routine engagement programmes, wherever appropriate

Target Beneficiaries

Financial literacy and awareness initiatives may primarily cover:

- Women borrowers and Joint Liability Group (JLG) members
- First-time and newly onboarded customers
- Rural and semi-urban households
- Micro-entrepreneurs and livelihood borrowers

Core Areas of Financial Literacy

Financial literacy and awareness initiatives may include, but are not limited to, the following areas:

- 1. Basic Financial Awareness**
 - Importance of savings
 - Household income and expense management
 - Need for basic financial planning
- 2. Loan Awareness & Responsible Borrowing**
 - Understanding loan amount, tenure, interest, and repayment schedule
 - Importance of timely repayments
 - Risks associated with multiple borrowings and over-indebtedness
- 3. Product & Service Awareness**
 - Overview of financial products offered by MML
 - Insurance coverage linked to loans, including natural calamity insurance where applicable

- Digital and cashless payment options

4. Customer Rights & Protection

- Customer rights and responsibilities
- Fair Practices Code
- Grievance redressal process and escalation mechanisms

5. Digital & Financial Safety

- Safe use of digital financial services
- Awareness of frauds, mis-selling, and unauthorized transactions

Modes of Delivery

Financial literacy and awareness, **wherever undertaken**, may be delivered through:

- Centre meetings and group interactions
- Pre-disbursement and post-disbursement customer engagements
- Printed posters, leaflets, and charts in local languages
- Audio-visual or digital tools, where feasible
- Community awareness programmes or special campaigns, as and when organised

Linkage with Fair Practices Code and Grievance Redressal Mechanism

This Policy shall be read in conjunction with the Company's **Fair Practices Code** and **Grievance Redressal Policy**. Whenever financial literacy or customer awareness programmes are undertaken, MML may, as appropriate, reinforce information relating to fair lending practices, transparency in pricing and loan terms, customer rights and responsibilities, and the available grievance redressal mechanisms. Such communication is intended to enhance customer awareness and confidence and does not create any additional obligations beyond those already provided under the Company's existing policies and regulatory framework.

Roles & Responsibilities

- **Board of Directors:** Overall oversight of the Policy
- **Senior Management:** Ensuring effective implementation and alignment with business objectives
- **Operations & Training Teams:** Execution of financial literacy initiatives at branch and field levels, wherever undertaken. Maintain basic records of financial literacy and awareness activities undertaken
- **Compliance/ESG Function:** Monitoring alignment with regulatory, customer protection, and ESG expectations

Review of Policy

The Board will review this Policy periodically or as required to ensure that it remains consistent with the Board's objectives and responsibilities.

Amendment of this Policy

The Board of Directors of the Company has the right to amend or modify this Policy.

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