

L&T FINANCIAL SERVICES ("LTFS")

Corporate Social Responsibility Policy

Applicable to L&T Finance Holdings Limited and its subsidiaries i.e

L&T Finance Limited (erstwhile Family Credit Limited)
L&T Infrastructure Finance Company Limited
L&T Housing Finance Limited
L&T Infra Debt Fund Limited
L&T Financial Consultants Limited
L&T Infra Investment Partners Advisory Private Limited
L&T Investment Management Limited
L&T Capital Markets Limited

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CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

1. CSR Vision

We aspire for an inclusive social transformation of the rural communities we serve by nurturing and creating opportunities for sustainable livelihoods for them.

2. CSR Mission:

To reach marginalized farmers in the rural communities that we serve and work towards rejuvenating their eco-systems especially conserving and harvesting water thereby developing sustainable agricultural practices and healthy financial habits.

3. LTFS Commitment

LTFS attempts to transform the landscape of the financial services industry with a focus on creating value for indigent communities which desire a secure future. We align our social responsibility theme and commitment with the United Nation's global development agenda of Sustainable Development Goals (SDG) particularly "No Poverty" (SDG -1) and 'Partnership for the goals' (SDG 17). Our key initiatives are woven around **Sustainable Livelihoods of Rural communities** facilitated by two spaces of intervention – Integrated Water Resource Management and Financial Inclusion/ Litreacy.

4. CSR Thrust Areas

a) *Integrated Water Resource Management (IWRM)* - Water being a key enabling resource in determining rural livelihoods, its efficient management becomes crucial. LTFS is committed to chart out long term innovative solutions benefitting water-deprived-communities. IWRM programme engages with the communities to prepare and implement interventions which address their core needs in water, facilitate the rural economy through agriculture and allied activities.

b) *Financial Inclusion*- Our efforts are to create livelihood opportunities for farmers and women and educate them to imbibe nuances of financial literacy leading to enhanced absorption of facilities and schemes granted by the Government and other financial institutions. This also helps to percolate the national agenda of creating a cashless economy by bringing in digital modes of payment into their

daily lives. This will be a timely intervention in the current context with numerous catalysts enabled by the present Govt towards a Digital India

c) **‘Boondein’- Employee Volunteering Programme-** Engaging the key stakeholder i.e employee, into the larger structure of the organisation allows for creation of an environment of participation and builds a participative and aligned culture. LTFS believes that each effort is a ‘*Boond*’ (droplet) which has the potential to create incremental yet impactful changes in the lives of those in need. LTFS through *Boondein* attempts to create a culture of sharing wherein employees directly work towards a social change by building capacities of the lesser privileged communities in our Social Responsibility programmes.

5. List of CSR Projects:

CSR Projects	Sectors	Geographical Footprint	Modalities of Execution	Tenure
Rural development through Integrated Watershed Management-drought relief Project	(x) rural development projects	State: Maharashtra District: Beed	In partnership with Manavlok	Jan 2017 – Mar 2019
Rural Development & women empowerment project through livelihoods generation	iii) Promoting gender equality, empowering women for reducing inequalities faced by socially and economically backward groups x) Rural Development project	State: Madhya Pradesh Districts: Betul & Hoshangabad	In partnership with PRADAN	Nov 2014 – June 2017
Quality Education through supporting best practices in Zila Parishad schools	ii) Promoting Education	State: Maharashtra District: Pune	In partnership with Gyan Prakash Foundation	Nov 2015 to June 2017

CSR Projects	Sectors	Geographical Footprint	Modalities of Execution	Tenure
Promotion of Road Safety among municipal school children & larger eco system; training and deployment of community youth as traffic wardens	ii) Promoting Education ii) Livelihoods enhancement project	State: Maharashtra District: Mumbai	In partnership with Children in Progress (CHIP)	Feb 2017 to Feb 2018
Rural Development Project for Tamilnadu flood relief and rehabilitation	(x) rural development projects	State: Tamilnadu District: Cuddalore	In partnership with Adventist Development & Relief Agency (ADRA)	Mar 2016 to May 2017
Community Development through digital & financial literacy	ii) Promoting education	State: Tamilnadu District: Chennai State: Maharashtra District: Mumbai State: Karnataka District: Bangalore State : Delhi District : Delhi	In partnership with Sambhav Foundation	Mar 2017 to Aug 2017
Rural development through Watershed Management-drought relief Project	(x) rural development projects	State: Maharashtra District: Beed	In partnership with Dilasa Sanstha	Dec 2015 to June 2017
Rural Development Project - para-veterinary services for livestock and enhancing livelihoods for community youth	ii) Livelihoods enhancement project x) Rural Development project	State: Odisha District: Cuttack, Jajpur & Bhadrak	In partnership with J.K. Trust	Aug 2016 to October 2017
Rural development through Watershed	(x) rural development projects	State: Maharashtra District: Beed	In partnership with Dilasa Janvikas Pratishthan	Mar 2017 to Mar 2018

CSR Projects	Sectors	Geographical Footprint	Modalities of Execution	Tenure
Management-drought relief Project				
Integrated village Development	ii) Promoting education & employment enhancement skills among women (x) rural development projects	State - Tamilnadu District: Villupuram	In partnership with Aurobindo Society	Mar 2015 to Feb 2018
Promoting education in Municipal schools	ii) Promoting Education	State - Maharashtra District: Mumbai	In partnership with Akanksha Foundation	Mar 2015 to Mar 2018
Art & culture	v) art & culture	State: Tamilnadu District: Chennai State: Maharashtra District: Pune, Mumbai, Nagpur State: Gujarat District: Surat State: West Bengal District: Kolkata State: Rajasthan District: Jaipur	In partnership with Kalasangam Charitable Trust, Sree Guruvayurappan Bhajan Samaj Trust (SGBS), Hridayesh Arts.	Nov 2016 to April 2017
Integrated Rural development through health camps	(i) promoting preventive health care and sanitation and making available safe drinking water: (x) rural development projects	State - Maharashtra District: Amaravati, Akola, Bhandara	In partnership with Action for Food Production (AFPRO) & Dilasa Janvikas Pratishthan	Mar 2017 to August 2018

6. Sustainability-

LTFS conceptualises CSR programmes keeping in the core needs of communities that it seeks to serve as well as areas where it has a business presence. We believe in partnering and collaborating with local government - the Panchayat, public and private organizations, not for profits, social enterprises and communities.

Inputs are taken from each stakeholder at the programme designing phase and a regular feedback mechanism is instilled to monitor the project progress. Our projects are tracked through business like metrics to measure progress. In all our projects we follow a participatory approach where communities are involved from the concept stage and an ownership is created with them.

7. Governance & Administration

The Board of the Company has constituted the CSR Committee in accordance with the CSR legislation under the provisions of Section 135 of the Companies Act, 2013. The Committee will have the responsibility of formulating CSR Policy to be approved by the Board, recommend CSR Programmes, allocate budgets and monitor the implementation and expenditure of funds. The gaps in implementation of the planned CSR Programmes will be reported with necessary corrective actions. The Committee are authorised to take professional support from individuals or organisations having expertise in related fields.

Administration

Roles and Responsibilities

CSR Committee of the Board

Ensuring that the CSR activities included in CSR Policy are related to the activities included in Schedule VII of the Companies Act 2013

Ensuring that in each financial year, the Company spends the approved budget in compliance with the Companies Act 2013 - Section 135 and notified rules

Ensuring that every financial year, funds committed by the Company for CSR activities are utilized effectively and monitored as per a structured process

Approving the CSR activities in line with the larger CSR vision of the organisation

Instituting a transparent monitoring mechanism for implementation of the CSR projects and interventions undertaken by the Company

CSR Team

Ensure structured Planning and effective delivery of CSR interventions

Conceptualise programmes ensuring legal and compliance adherence

Engage and build capacities of the partner organisations, wherever essential

Ensuring meaningful engagement with all stakeholders especially communities

Ascertain financial management and transparency in project funds

Set up effective and structured evaluation and monitoring mechanism for CSR projects and interventions

Document & periodically report to the CSR Committee and other internal and external stakeholders

Understand the key stakeholder to design an effective and efficient CSR programme

8. Resources

For achieving its CSR objectives, the Company would allocate adequate CSR funds, with the approval of the Board.

The Board would ensure that the Company spends, in every financial year, at least two per cent of the average net profits of the Company, calculated in accordance with the provisions of Section 198 the Companies act, 2013, made during the three immediately preceding financial years.

The surplus arising out of the CSR Projects or programmes or activities shall not form part of the business profit of the Company.

The Company would engage with the employees as a key resource to drive social change within the organisation

9. Planning

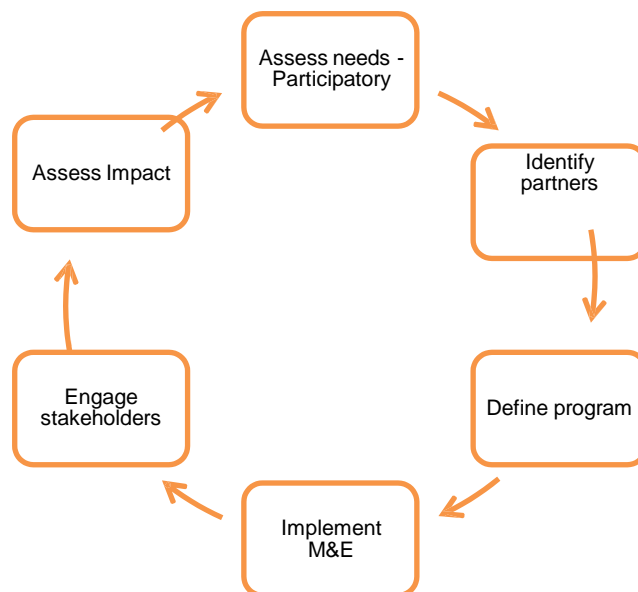
LTFS CSR programs will be identified and implemented according to the Board approved CSR policy. The Company will establish a robust project monitoring and evaluation mechanism so as to ensure every program is in accordance with the

notified rules u/s 135 of the Companies Act 2013. By and large, every project/ programme/ intervention undertaken by the Company will be based on the following premises:

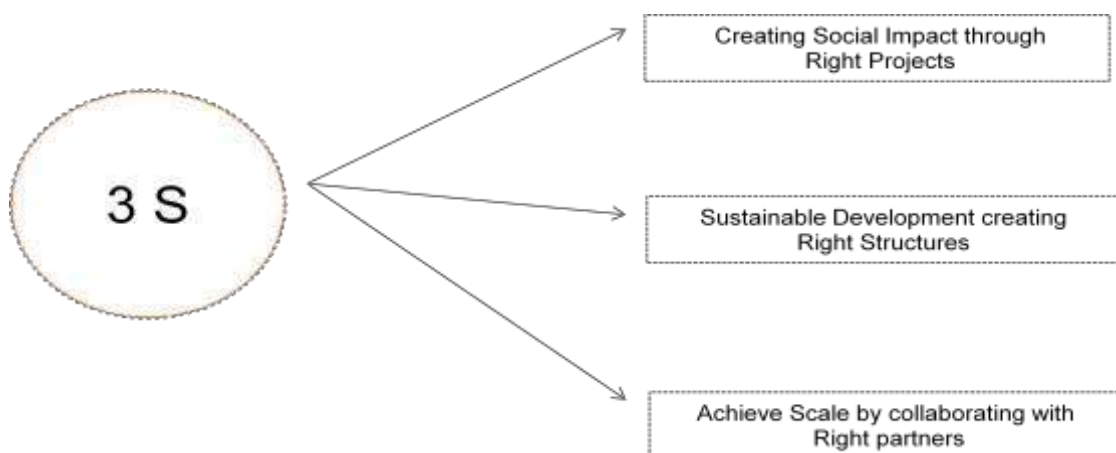
a. Project based approach

LTFS will follow a project based accountability approach to emphasize on the long term sustainability of CSR projects, where its action plan will be distinguished as Mid-Term & Long Term projects. In each project we conduct baseline, midline and end line surveys with clear defined measurable outcomes.

b. CSR Processes



c. CSR Approach – 3S



10. Implementation

a. Process of Implementation

LTFS shall implement the aforementioned (Clause 2.3) CSR projects and programmes as a collaborative effort between LTFS Group Companies, in such a manner, that their individual CSR Committees will be in a position to report separately on such projects or programmes in accordance with Section 135 the Companies Act, 2013 and applicable rules.

CSR delivery channels

LTFS will seek to identify suitable programmes for implementation in line with the CSR vision and thrust areas of the Company. The approved projects will be implemented either directly as a collaborative effort within LTFS companies or through partnerships with:

- Community based organizations whether formal or informal
- Voluntary Agencies (Registered NGOs)
- Social Enterprises
- Credible Corporate bodies
- Institutes/ Academic Organizations
- Government, Semi-Government and autonomous Organizations
- Professional Consultancy Organizations

b. Criterion for identifying Executing partners

In case of program execution by NGOs/Voluntary organizations the following minimum criterion will be adhered to:

- Organization details
- Vision, Mission & Objectives of the Organization
- Background of the Organization
- Track record of last 3 years
- Governance model adopted and practiced
- Best Resource mobilization & utilization practices followed
- Internal & external Audit / Assessment practices followed

Programmatic Details

Planning, execution & field management practices.

Reporting & Monitoring practices

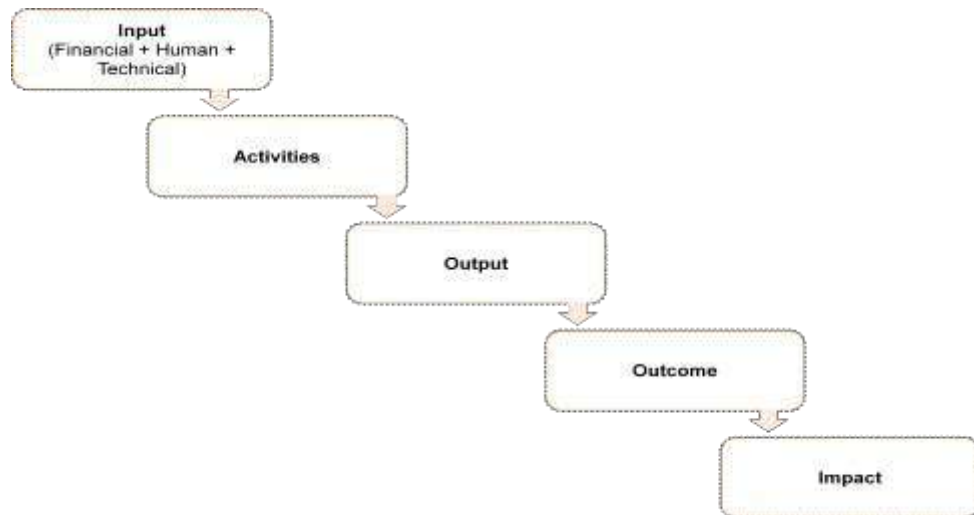
Measurable & achievable goals for 3 to 5 years & its action plan

Qualitative & Quantitative impact.

Ownership of the community

Scalability and Sustainability of the projects

c. Social Impact Framework



d. Agreement between LTFS & Executing partner

The approved long-term CSR projects will require entering into a legal Memorandum of Understanding (MoU) with each of the executing / implementing partner organizations.

11. Monitoring & Reporting

a. Periodic Monitoring & Reporting

Parameters of progress reporting will be agreed upon with the respective implementation partners. The partners will be advised to submit reports at regular intervals, which will also be made available to authorised representatives of LTFS. The purpose of these being to record and report the short and medium term results of CSR activities. The implementation partners will also facilitate field visits of such individuals as mutually agreed upon. The CSR Committees shall oversee the implementation of the CSR Policy through periodic reviews of the CSR activities.

To ensure effective implementation of the LTFS CSR interventions, a structured monitoring mechanism is put in place by the CSR Team.

In order to closely monitor and manage the field action projects, the CSR team will conduct periodic field visits, impact studies and social audits on an annual basis, through independent professional third party institutions, especially on the strategic and high value programmes.

Regional LTFS nominated CSR representatives will also visit the projects periodically and review the progress of the project.

Appropriate documentation of the CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis CSR initiatives will also be reported in Annual Report.

b. Annual Review

The CSR Team will prepare reports on all CSR projects and/or interventions, with or without external support. Such reports will be presented to the CSR Committee, if required.

12. Documentation & Dissemination

Written documents, films and web-based materials will be created and archived for future reference. Multiple communication methods would be utilised to effectively channelize the CSR interventions to the Stakeholders.

The CSR Team will also arrange training sessions or similar events to disseminate such information among the Members of LTFS or outside. Scope of such activities may also include supporting events organised by other agencies in which these information would be shared among the Indian and global citizen. This information will be available in the public domain or will be accessible to interested citizens for research or similar knowledge dissemination. The CSR Committee is authorised to allocate budget to support such CSR capacity building activities.

13. General

In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to Group CSR Department

Any or all provisions of the CSR Policy would be subject to revision/amendment as may be issued from Government or internally, from time to time.

In case of change in regulatory changes / guiding principles governing the CSR policy, the Group CSR Head can carry out changes in the policy to align the same with existing regulations. Such changes will be presented to the Committee and the Board for their noting.