

**L&T FINANCIAL SERVICES (“LTFS”)**

THIRD PARTY CODE OF CONDUCT

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**1. APPLICABILITY**

This Third Party Code of Conduct (“the Code”) is applicable to L&T Finance Holdings Limited and its subsidiaries collectively LTFS (referred hereinafter as “the Company”). The subsidiaries currently are as follows:

| <b>Sr. no.</b> | <b>Name of the entity</b>   |
|----------------|---|
| 1              | L&T Finance Holdings Limited  |
| 2              | L&T Finance Limited   |
| 3              | L&T Infra Credit Limited (erstwhile known as L&T Infra Debt Fund Limited) |
| 4              | L&T Infra Investment Partners Advisory Private Limited                    |
| 5              | L&T Infra Investment Partners Trustee Private Limited                     |
| 6              | L&T Investment Management Limited   |
| 7              | L&T Mutual Fund Trustee Limited   |
| 8              | L&T Financial Consultants Limited   |
| 9              | Mudit Cement Private Limited  |

The Code will become applicable to any new subsidiary that may be incorporated.

## 2. BACKGROUND:

- 2.1. The Company's governance philosophy is built on a rich legacy of fair and transparent business practices and disclosures of its parent, Larsen & Toubro Limited. This includes respecting human values, individual dignity and adhering to honest, ethical and professional conduct and following highest standards of environmental, social and governance practices. In furtherance to this philosophy, the Company is committed to all its stakeholders – shareholders, employees, customers, borrowers, lenders, communities, etc. to adopt such high standards especially across the following areas:
- Responsible business conduct
  - Environmental stewardship
  - Socially Sustainable Practices
- 2.2. In line with the above, the Code outlines the compliance obligations of the Third Parties, at all times, in the manner as provided herein, upon entering into any arrangement or business relationship with the Company. For the purpose of this Code, 'Third Parties' shall mean vendors, borrowers, goods and service providers, persons holding business relationship or an arrangement with the Company and shall include their directors, officers, affiliates, associates, sister concerns, successors, agents, representatives and nominees.
- 2.3. The Code is applicable to all agreements / arrangements entered into between the Company and the Third Party. Such agreements / arrangements, may also contain specific requirements which address issues not identified in this Code. Such contractual provisions shall be construed to be read in addition to and with this Code for the purpose of compliance obligations. In the event of a conflict or inconsistency between this Code and agreement/arrangement between the Company and the Third Party, agreement/arrangement shall govern and prevail.

## 3. REQUIREMENTS UNDER THE CODE:

The Third Party should comply with requirements of the Code and it acknowledges that the Code prohibits any communication or action that violates any of the laws directly or indirectly applicable to the Third Party.

### 3.1. Responsible Business Conduct

#### 3.1.1. Compliance with Laws

The Third Party should ensure that it conducts its business activities in compliance with all laws, rules, and regulations as applicable in the jurisdictions in which it operates and have necessary policies in place to ensure the aforesaid and adopt prudent corporate governance practices.

#### 3.1.2. Conflicts of Interest

The Third Party should exercise reasonable care and diligence to prevent any situation in which a conflict-of-interest may occur in its dealings with the Company.

#### 3.1.3. Gifts and Entertainment

The nature of gifts or entertainment provided by the Third Party to the Company or its directors or employees, must not, by their quality, quantity or timing, attempt to gain advantage or preferential treatment or with an intent to influence procurement from and / or business activities with the Company involving the Third Party. Any

gift or entertainment offered should comply with the rules established in the Company's Code of Conduct and should be of modest value, infrequent, reasonable in scope, legal and consistent with generally understood ethical standards. The Company urges the Third Party to follow similar practices regarding Gifts and Entertainment while dealing with its value chain.

#### 3.1.4. Anti-Bribery and Anti-Corruption

- 3.1.4.1. The Company has zero tolerance to bribery and corruption and will refrain from doing business with a Third Party which engages in such conduct. Such behavior may be grounds for termination, suspension, disregard or declination of any existing or potential business relationships.
- 3.1.4.2. The Third Party should adopt policies / practices for preventing bribery and corruption and implementing controls to mitigate such risks. The Third Party should not engage in any conduct that would put the Company at risk of violating applicable bribery and corruption laws and regulations including offering, promising, giving, authorizing, soliciting, demanding, or accepting anything of value, directly or indirectly, to/from anyone in order to obtain or retain a business advantage or any other favorable consideration. The Third Party should notify the Company if they become aware of any actions or investigations by any government or regulatory agency which may be initiated, ongoing or threatened against the Third Party in relation to a breach of such laws and regulations.

#### 3.1.5. Anti-Money Laundering, Anti-Terrorism Financing and Sanctions

- 3.1.5.1. The Third Party should not directly or indirectly engage in any money laundering activities or conduct any business activities or otherwise operate in any manner that violates anti-money laundering laws. The Third Party shall at all times institute, maintain and comply with appropriate internal procedures and controls for anti-money laundering and anti-terrorism financing policies consistent with its business and customer profile, in compliance with applicable laws and regulations and in furtherance of applicable international best practices.
- 3.1.5.2. The Third Party should commit to complying with all applicable sanctions, laws and regulations. The Third Party should not pay or receive, directly or indirectly, in monies or in kind, from or to any restricted party or be the subject of any international sanctions as published from time to time under UN laws.

#### 3.1.6. Compliance with Antitrust Laws

The Company is committed to fostering open competition in the markets and complying with the applicable anti-trust laws. The Third Party should act in a manner which does not violate any antitrust law and regulations applicable to it in the jurisdictions they operate in. The Third Party should notify the Company if it becomes aware of any actions or investigations by any government or regulatory agency which may be initiated, ongoing or threatened in relation to a breach of such laws and regulations.

#### 3.1.7. Data Protection and Data Privacy

- 3.1.7.1. The Third Party should protect the Company's Confidential Information as defined below.

“Confidential Information” shall mean and include all information, know-how, ideas, designs, documents, data, concepts, marketing, technology and commercial knowledge, stakeholders data, trade secrets, know-how, intellectual property, price sensitive data, any other proprietary and privileged data, regardless of form including those communicated or obtained and not available in the public domain.

3.1.7.2. The Third Party should protect the Company’s customer and employee personal information in compliance with applicable laws. Unauthorized use or disclosure of Confidential Information is not permitted and if such unauthorized use / access occurs, it must be reported to the Company promptly after the Third Party becomes aware of it. The Third Party should institute relevant controls, checks and procedures to ensure confidentiality of Confidential Information including executing and entering into required agreements with third parties, if required.

3.1.8. Business Continuity

The Third Party is expected to have business continuity and disaster recovery plans developed, maintained and tested in accordance with applicable laws, regulatory or government directions, guidelines, notifications and contractual requirements without limitation for natural calamities such as earthquakes or fire or contagion outbreaks, etc.

3.1.9. Subcontracting

The Third Party should ensure that the subcontracting arrangement complies with its contractual obligations with the Company’s Code.

3.1.10. Insider Information

3.1.10.1. The Third Party may, by virtue of their dealings with the Company, come in contact with material non-public information (“Insider Information”) concerning the Company, its affiliates, subsidiaries, holding company or clients / customers. The Third Party should not purchase or sell, whether themselves or whether on behalf of another party, securities issued by the Company or any other publicly traded company as applicable while in the possession of Inside Information concerning the issuer in accordance with the applicable laws.

3.1.10.2. The Third Party should comply with legal and other restrictions with respect to trading in the securities of the Company and other publicly traded companies as applicable.

3.1.10.3. The Third Party should have appropriate policies and procedures in place to comply with applicable laws and regulatory requirements regarding the management of Insider Information (such as information barriers or “ethical walls”) and should prevent inappropriate access or disclosure of Insider Information.

3.1.11. Publicity

The Third Party should not make any public statement (whether on company websites, via social media or otherwise), issue any media release or distribute any marketing material referencing the Company, its trademarks or logos or use the Company brand name, photos, documents or any of the intellectual property unless the Company has approved each proposed use in advance or such use is expressly permitted in an existing agreement with the Company.

#### 3.1.12. Record Keeping

The Third Party should maintain accurate, detailed and complete books, accounts and records in order to verify compliance with applicable laws, this Code and their contractual obligations with the Company.

### 3.2. **Environmental Stewardship Efforts**

3.2.1. The Third Party should seek to conduct its businesses in an environmentally responsible way, using environmentally responsible products and services and implementing energy efficiency measures to the extent available and feasible, with the goal of assisting in the reduction of any negative impact on the environment.

3.2.2. The Third Parties should comply with all applicable environmental laws and regulations in the jurisdictions where they operate. Where not covered by applicable laws and regulations, the Third Party should have a system in place to minimize the discharge of hazardous materials, wastewater, solid waste, and impacts on air quality, etc.

#### 3.2.3. Greenhouse Gas Emissions:

The Third Party is encouraged to track and mitigate its greenhouse gas (“GHG”) emissions, which may include establishing GHG emissions reduction targets, undertaking projects focused on operational efficiencies and technological improvements, and offering low-carbon products and services.

#### 3.2.4. Water Consumption and Waste Reduction

The Third Party is encouraged to undertake initiatives such as implementing policies and programs relating to reducing wastewater, ensuring conservation and preservation of the environment by encouraging reduced use of natural resources and following the waste management hierarchy. The Third Party should maintain procedures for segregation, handling and efficient disposal of waste materials which are, at a minimum, compliant to the respective regulations.

#### 3.2.5. Climate Change Risk

The Third Party is encouraged to incorporate climate change risk assessment into their risk management procedures, to the extent applicable and feasible. This may include establishing ongoing monitoring of physical climate risks (e.g. flooding, storm events, drought, extreme heat or cold) and transition climate risks (e.g. policy or regulatory changes, increased fuel costs, changing market conditions) and maintaining appropriate governance and oversight structures to identify and manage climate risks

#### 3.2.6. Environmental Performance Reporting

The Third Party is encouraged to measure, assess and report its climate change risk and environmental performance, to the extent applicable.

### 3.3. **Socially Sustainable Practices**

#### 3.3.1. Human Rights

The Company is committed to respecting human rights and Third Parties should conduct its business and adopt policies/practices that are consistent with the Company’s Human Rights Policy. The Third Party should adopt culture and practice of intolerance towards harassment, discrimination, violence and other

illegal or inappropriate activities and take prompt action on violation of the aforesaid. The Third Parties are also encouraged to extend this to their respective value chains.

### 3.3.2. Diversity and Equity

The Company promotes diversity, inclusion and equity at its workplace and across its value chain providing equal opportunity of employment, participation and contribution in business. The Third Party is also encouraged to create and maintain a diverse, inclusive and equitable workplace.

### 3.3.3. Employment Practices

The Company urges the Third Party to formulate and maintain policies aligned with the Company practices and to adhere to the following:

- 3.3.3.1. Wages & Working Hours – The Third Party should comply with applicable employment/labour standards laws, and shall provide wages and entitlements that meet or exceed the requirements of local law.
- 3.3.3.2. No Forced Labour - The Third Party should not use any forced, involuntary, compulsory or indentured labour in any of their business activities or operations. The Third Party should comply with applicable modern slavery, forced labour and human trafficking laws and should not engage in practices associated with forced labour, withholding of wages, retention of identity documents or restriction of an individual's movement.
- 3.3.3.3. No Child Labour – The Third Party should not employ any individual under the legal age of employment in the jurisdiction in which they operate or conduct business. The Third Party should operate in compliance with local laws and abide to the extent applicable by the core International Labour Organization (“ILO”) standards regarding child labour, such as ILO Convention No. 182 on the worst forms of child labour.
- 3.3.3.4. Discrimination, Harassment and Violence – The Third Party should adopt policies/procedures/ action framework to ensure prohibition and to address discrimination, any form of harassment and violence in the workplace. The Third Party should ensure safe working environment for women and have a mechanism in place to redress any sexual harassment related case at workplace in accordance with the laws applicable to them.
- 3.3.3.5. Occupational Health and Safety – The Third Party should ensure that its offices and facilities are compliant with applicable occupational health and safety laws, as applicable. The Third Party should implement and maintain appropriate safety procedures, provide employees with required training, as deemed necessary, and supply any necessary protective equipment required for a safe and healthy work environment.
- 3.3.3.6. Resolution of employment concerns – The Third Party should maintain a process for its employees to raise concerns without fear of reprisal and ensure the confidentiality and protection of individuals who may raise concerns.

### 3.3.4. Sustainable Sourcing and preference to marginalised section



The Third Party is encouraged to source goods and services sustainably and to work with marginalized groups to the extent possible and feasible.

#### **4. COMPLIANCE WITH THE CODE:**

- The Third Party should comply with the Code and take reasonable steps to put in place a mechanism for monitoring the compliance of this Code.
- In the event of any non-compliance with this Code, corrective actions should be taken and The Third Party should do the needful to remedy any insufficiency/ inadequacy.
- Any material non-compliance with this Code may result in the termination of the relationship with the Company and / or any action to be taken at the discretion of the Company.
- For any query / assistance / reporting any instances of breach / violations to the Code, an email can be sent at [code@lfs.com](mailto:code@lfs.com).

#### **5. REVIEW / REVISION OF CODE:**

If at any point a conflict of interpretation / information between the Code and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities (“Regulatory Provisions”) arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Code shall stand amended accordingly from the effective date specified as per the Regulatory Provisions. The Board and/or its Committee reserve(s) the right to alter, modify, add, delete or amend any of the provisions of the Code.