

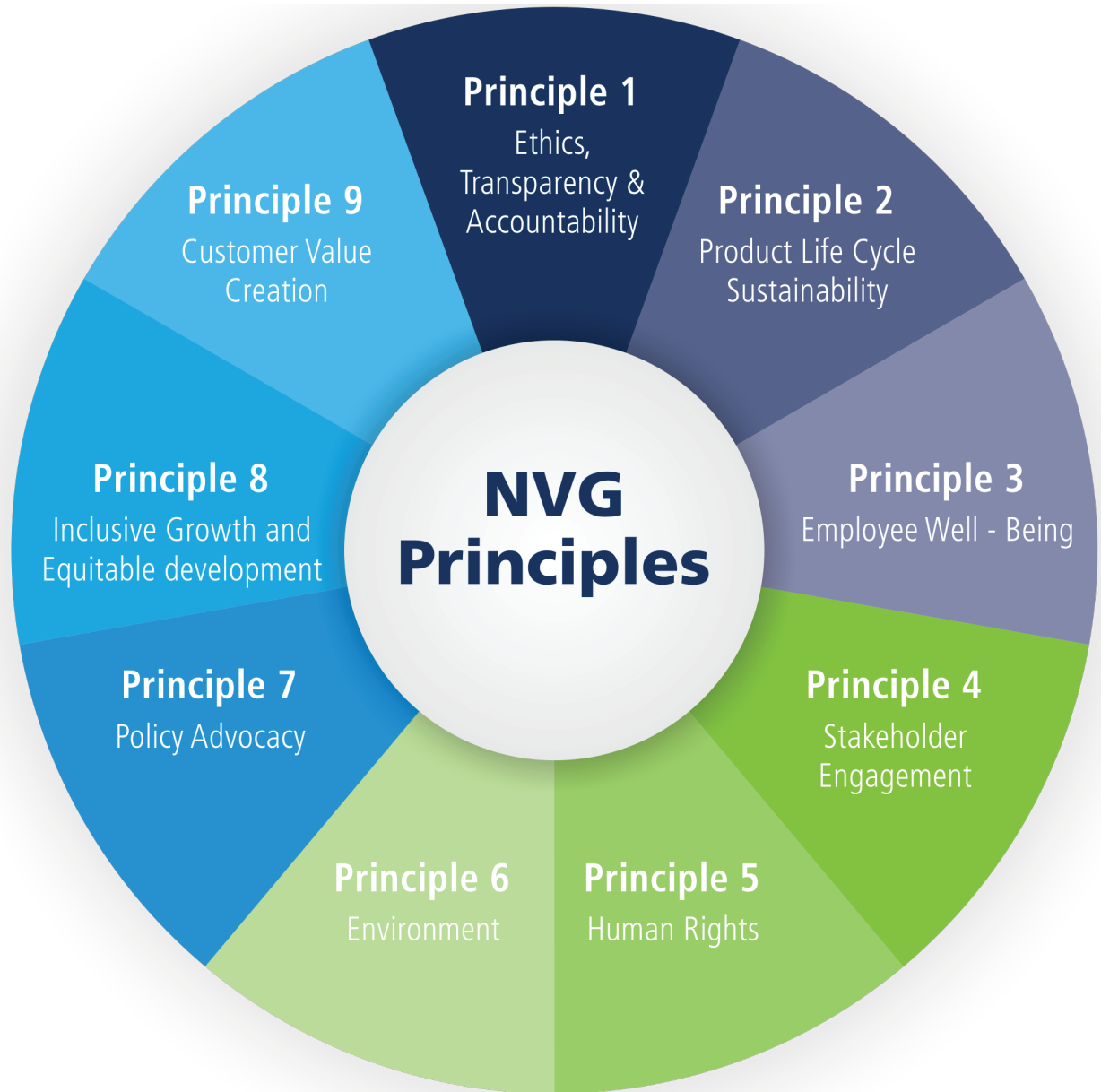
BUSINESS RESPONSIBILITY REPORT

L&T Finance Holdings Limited is the holding company for Larsen & Toubro Group’s financial services business. L&T Finance Holdings referred as ‘Company’) is regarded as one of India’s leading and well-diversified NBFCs. L&T Finance Holdings through its subsidiaries (collectively referred to as ‘LTFH’) has a strong presence across lending and non-lending businesses. As on March 31, 2022, the lending business included Rural Finance (including Farm Equipment Finance, Two-Wheeler Finance, Micro Loans and Consumer Loans), Housing Finance (including Home Loans, Loan Against Property and Real Estate Finance) and Infrastructure Finance; and the non-lending business comprised Investment Management. These businesses offer diverse products and services that help customers secure both financing needs as well as their future, even in the un-served and under-served segments of the society.

Respect and integrity for its people, business and community has been at the core of the Company’s business Responsibility. The Company believes in conducting its business activities in a responsible and sustainable manner and strives to deliver long-term sustainable growth.

The Business Responsibility Report (BRR) is aligned with National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business, issued by the Ministry of Corporate Affairs (MCA), and is in accordance with Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company’s business performance and impact are disclosed based on the 9 principles as mentioned in the NVGs.



Section A: General Information about the Company

- Corporate Identification Number (CIN) of the Company:**
L67120MH2008PLC181833
- Name of the Company:**
L&T Finance Holdings Limited
- Registered Office:**
Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400098.
- Website:**
www.ltfs.com
- E-mail ID:**
igrcltfs.com
- Financial year reported:**
March 31, 2022
- Sector(s) that the Company is engaged in (industrial activity code-wise):**
Non-Banking Financial Institution – Core Investment Company (NBFC-CIC)
NIC Code – 64200
- List three key products/services that the Company manufactures/provides (as in balance sheet):**
The Company is registered as a Core Investment Company under RBI regulations and it is not carrying out with any business activity other than investment in its subsidiaries.
The business carried out by the subsidiaries as on March 31, 2022 as follows:
 - Rural Finance
 - Housing Finance
 - Infrastructure Finance
 - Mutual Fund
- Total number of locations where business activity is undertaken by the Company:**
 - Number of international locations (provide details of major 5)
Nil
 - Number of national locations
The Company (through its subsidiaries) caters to the business requirements of its growing customer base through a nationwide network of across 1,722 branches (including the corporate office and 1,524 Micro Loans branches)
- Markets served by the Company**
Domestic (India)

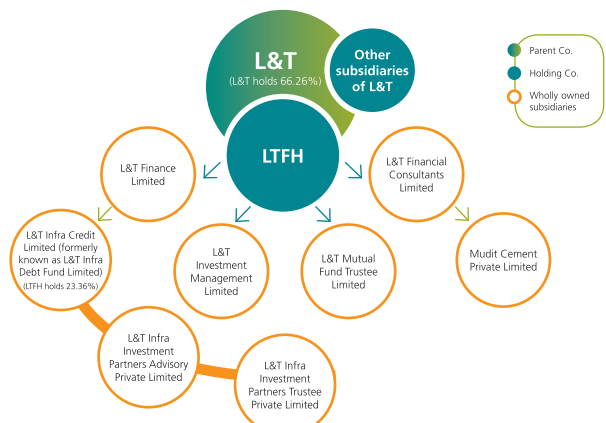
Section B: Financial Details of the Company

- Paid up Capital (₹):**
As at March 31, 2022, the paid-up equity share capital of the Company stood at ₹ 35,96,98,74,030 comprising of 24,72,88,74,03 equity shares of ₹ 10 each amounting to ₹ 24,72,88,74,030 and 11,24,10,000 preference shares of ₹ 10 each amounting to ₹ 11,24,10,00,000.
- Total Turnover (₹ in Cr):**
For the financial year ended March 31, 2022, the total turnover of the Company on a consolidated basis was ₹ 12,323.55 Cr and on a standalone basis was ₹ 350.46 Cr.
- Total profit after taxes (₹ in Cr):**
For the financial year ended March 31, 2022, the net profit of the Company on a consolidated basis was ₹ 1,070.11 Cr and ₹ 218.18 Cr on a standalone basis.
- Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**
The Company was not required to contribute any amount towards CSR activities during FY22 as per the provisions of Section 135 of the Companies Act, 2013 (“the Act”).
Across all its subsidiaries, the overall spend for the CSR activities was ₹ 24.44 Crore for FY22, including additional spend of ₹ 0.07 Crore, which will be offset from FY23 CSR budget.
- List of activities in which expenditure in 4 above has been incurred:**
The subsidiaries of the Company have primarily undertaken CSR activities in areas of Digital Financial Inclusion, Disaster Management and other projects like Road safety and Healthcare.

Section C: Other Details

- Does the Company have any subsidiary company/ companies?**
The Company conducts its business through its subsidiaries. As at March 31, 2022, the Company had 8 subsidiaries (including step-down subsidiaries).

ORGANISATIONAL STRUCTURE



2. Do the Subsidiary Company/Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):

The Company is a holding company and as such carries out its business through its wholly-owned subsidiaries (directly or indirectly). The policies and processes adopted across all the companies within LTFH and subsidiaries are uniform, except as required, basis applicable regulations and / or market practice. Thus, the subsidiary companies participate in the BR initiatives of the parent company.

3. Do any other entity/entities (e.g., suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

The Company endeavors to encourage its suppliers/ distributors (wherever possible) to participate in the initiatives towards business responsibility and to adopt practices which would help them to carry out business in a fair manner.

With an intent to encourage ESG consciousness amongst its value-chain partners, the Company has implemented the Third-Party Code of Conduct and also strengthened the contractual obligations. The Code covers all Third Parties including vendors, borrowers, goods and service providers, persons holding business relationship or an arrangement with the Company, including their directors, officers,

affiliates, associates, sister concerns, successors, agents, representatives and nominees. The clauses promoting adoption of the Code are included in Third Party agreements. The Third-Party Code of Conduct is available on the website of the Company at www.ltfs.com.

Section D: Business Responsibility Information

1. Details of Director responsible for BR:

a. Details of the Director responsible for implementation of the BR policy/policies

The details of CSR and ESG Committee (CSR Committee was renamed as CSR and ESG Committee w.e.f. April 24, 2021) and their roles and responsibilities are elaborated in the CSR Annual Report and Corporate Governance Report forming part of Annual Report.

Sr. No.	Particulars	Details
1	DIN Number (if applicable)	03545900
2	Name	Mr. Dinanath Dubhashi
3	Designation	Managing Director & Chief Executive Officer
4	Telephone no.	022 6212 5000
5	Email id	igrc@ltfs.com

b. Details of the BR head: Ms. Apurva Rathod, Group Head - Secretarial & CSR and Sustainability

2. Principle-wise (as per NVGs) BR Policy/policies:

a. Details of compliance (Reply in Y/N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	All policies have evolved over a period of time through consultation with stakeholders including benchmarking with the industry players and where required, external consultants.								
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The policies adopted by the Company are in conformity with the applicable rules and regulations.								
4.	Has the policy being approved by the Board? * Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Policies wherever stated have been approved by the Board / Committees of the Board / Senior Management of the Company and followed across entities within LTFH. Further, the policies are subject to regular review (at least once a year) by the Board / Committees of the Board / Senior Management.								
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online.	As per regulatory requirements the policies of the Company have been uploaded on the website of the Company i.e., www.ltfs.com/investors.html								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

- b. If answer to the question at serial number 1 against any principle, is 'No', please explain why: Not Applicable

3. Governance related to BR:

- a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year.

Sustainability is at the heart of LTFH's business and operations. The Company has established the practice of focused discussions on ESG performance in every quarterly Board meeting as well as through periodic newsletters. The CSR and ESG Committee reviews the ESG performance on an annual basis. ESG performance is also reviewed on a regular basis by the Company's leadership, including by the Managing Director and CEO.

- b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes a BR Report (BRR) in accordance with the guidelines specified by SEBI. The BRR is reviewed and published on an annual basis.

Additionally, on a voluntary basis, the Company has been publishing Sustainability Report annually since FY19. For the FY22, the Company will be publishing the Integrated Report (IR). This Report has been prepared in accordance with the principles of International Integrated Reporting Council's (IIRC's) Framework. The disclosures have been made in accordance with the Global Reporting Initiative (GRI) Standards: Core option. Additionally, the Integrated Report has also been assured by an external independent firm i.e., Ernst & Young Associates LLP.

The BRR and the Integrated Report can be accessed at <https://www.ltfh.com/csr.html> and the link of the same has been provided in the Annual Report of the Company for easy reference.

Section E: Principle-Wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

LTFH, is a part of the eight-decade plus old L&T Group, where highest level of governance is practiced. LTFH upholds the value systems and integrity that have been the hallmark of L&T. Governance is the foundation driving sustainability, innovation and business performance at

LTFH. The Company has constantly strived to achieve benchmarks of excellence in corporate behaviour by implementing highest standards of systems and processes.

Corporate governance is central to the Company's sustainability performance. Robust corporate governance plays a key role in creating long term stakeholder value. The governance structure effectuates the Company's action-oriented culture of 'Results' not 'Reasons' and is based on the foundation of Assurance. The Company's core values of Pride, Integrity, Discipline and Ambition are an integral part of the Company's governance, culture, policies, practices and relationships with stakeholders.

The Board actively guides and helps reaffirm the values of LTFH. The corporate governance structure at LTFH harmonises the interests and expectations of stakeholder groups such as shareholders, regulators, employees, customers and the broader community, in developing and distributing value. LTFH's corporate governance framework is driven by the sharp focus on implementing best practices and complying with the applicable regulatory requirements.

The Company is committed to highest levels of ethics in its operations and business. LTFH has created an enabling policy environment that promotes ethical conduct. The policies of LTFH clearly lay out the expectations from stakeholders and redressal mechanisms in case of any grievance or breach.

Code of Conduct

LTFH has a publicly available Employee Code of Conduct covering aspects like corruption and bribery, discrimination, confidentiality of information, conflict of interest, antitrust/ anti-competitive practices, money laundering and/or insider trading/dealing, environment, health, and whistle blowing. The Code of Conduct provides guidelines to be followed by employees in identified areas where Conflict of Interest may occur. These include professional engagement, personal relationships and use of company assets to name a few. No cases related to conflict of interest were identified or reported during the year and thus, there were no fines and penalties paid to this effect.

Every employee is required to attest to indicate that s/he has read and signed, either in writing or electronically, a document acknowledging that s/he understands and will comply with the Company's Code of Conduct. Every new joiner goes through a training of the Code of Conduct during their induction programme. The existing employees in non-frontline roles mandatorily go through the Code of Conduct e-learning module every year and undertake an assessment post training.

At LTFH, employees are expected to diligently adhere to the guidelines and principles as stated in the Code of Conduct. In the event of any breach, the immediate supervisor or branch head that an employee reports to is expected to undertake employee counselling for initiating corrective action. Penalty, depending upon the nature and seriousness of breach or violation, may range from

censure to termination of employment. Employees have to report any instances of breach/ violations to the Code via email at code@ltfs.com. LTFH has constituted a CoC Committee to administer the compliance of the Code of Conduct.

During FY22, there were no instances of breaches to the Code of Conduct. The Company did not incur any fines or settlements related to anticompetitive or anti-trust practices.

Vigil Mechanism and Whistle-Blower Policy

The Company has a structured whistle blowing mechanism, which enables employees to report without fear, any misconduct or unethical practice, that may adversely impact the Company's reputation or its financials. The Vigil Mechanism Framework is approved by the Board of LTFH and is applicable to all employees, directors and service providers of the Company. Also, as part of this policy, any incidents can be reported by sending an email to whistleblower@ltfs.com.

Anti-Corruption Policy

LTFH has a publicly available Anti-Corruption Policy, which highlights the Company's commitment to applicable laws, rules and regulations pertaining to interactions with government officials related to the LTFH's business. The Policy is applicable to all directors, officers and employees, as well as outside parties acting on behalf of LTFH and its subsidiaries.

The Policy helps the Company identify and avoid situations that could potentially violate anti-bribery and anti-corruption laws or create any appearance of impropriety.

While the Anti-Corruption policy has provisions for charitable donations, it clearly states that political contributions should necessarily follow applicable laws. LTFH imposes fines and penalties on employees who are in contravention of the Anti-Corruption Policy. During FY22, LTFH reported no cases of bribery or corruption.

Tax Regulations

LTFH is committed to comply with the tax laws and regulations in the countries in which the Company operates. LTFH endeavours to undertake all applicable statutory tax compliances within stipulated timelines and make adequate disclosures related to the same. LTFH may legitimately use tax incentives and exemptions offered by governments. LTFH is not in contravention of any regulations, the non-compliance to which could adversely impact the continuity of its operations.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Sustainability is at the core of LTFH's business and operations. The Company is committed to integrating ESG considerations in its lending processes across the credit lifecycle (i.e., screening, due diligence, loan sanction, monitoring), and in-turn enabling investments

into sustainable economic activities and projects. The ESG Policy of LTFH has set the considerations to be taken into account while lending. These considerations cut across key businesses of the Company including Infrastructure, Real Estate, SME and retail businesses.

In line with the key considerations for Infrastructure Finance segment, the Company focuses primarily on financing long term sustainable projects in renewable energy, roads, transmission, airports, and city gas. For all its financing activities funded through proceeds from AIB and IFC, LTFH conducts due diligence for the investment/project to ensure compliance with applicable environmental, health, safety and social laws, regulations and standards as well as ratified international conventions. During FY22, the Company financed 2,909 MW of wind and 3,024 MW of solar projects, which resulted in over 2 million tCO₂e emissions being avoided.

The Company provides Micro Loans to women who run agriculture and allied activities, manufacturing, trading or services related microenterprises. Based on the customer profile, the average ticket size is approximately ₹ 45,000. These loans enable women to significantly increase their contribution to household income and achieve better dignity of life. The Company further supports the customers with repeat loans based on need and repayment capacity, thereby driving enhanced livelihood. Farm Equipment Finance has helped in mechanisation of agriculture, promotion of entrepreneurship, higher convenience and greater income generating capabilities for its customers.

LTFH has also been promoting equitable development through its retail financing strategy. 50% of the Company's loan book was from low-income states as on March 31, 2022. In order to promote sustainable transportation, the Company has started funding EV two-wheelers under its Two-Wheeler financing business. In FY22, LTFH financed 5,450 EV two-wheelers.

The Company proactively undertakes education initiatives for customers so as to empower and enable them to take right financial decisions. The Company has developed a customer awareness training module and made the same available publicly on its website (www.ltfs.com) for the benefit of its customers. During the year, LTFH carried out a number of social media campaigns for customer awareness and sensitisation. These include posts on financial literacy, road safety, health, environment conservation etc. The Mutual Fund business also carries out several investor awareness programmes so as to enable informed choices in financial services.

During FY22, LTFH adopted Third- Party Code of Conduct covering all vendors, borrowers, goods and service providers and persons holding business relationship with the Company. The Code sets expectations from its value chain partners with respect to Responsible business conduct, Environmental stewardship and Socially Sustainable Practices. LTFH will strive to sensitise its value chain partners on the Code of Conduct and ESG related best practices.

Principle 3: Businesses should promote the wellbeing of all employees

An engaged, empowered, and motivated workforce is the bedrock of an organisation's success. LTFH attributes its achievements largely to its well-equipped and motivated workforce. The Company has adopted a multi-pronged approach to ensure wellbeing of its employees.

The Company's strong policy framework has been a key driver in ensuring employee wellbeing. LTFH is an equal opportunity employer with respect to recruitment, promotion and pay. The Equal Employment Opportunity Policy elucidates the Company's commitment to promote equality and carry out business in accordance with principles of social justice.

In order to ensure an ethical and dignified working environment, the Company has implemented the Human Rights Policy. The Policy demonstrates LTFH's commitment to human rights and strict compliance with all applicable local laws pertaining to human rights. The Company is committed to creating a safe working environment for employees and maintains zero tolerance towards any kind of workplace harassment. In line with this, LTFH has adopted a policy for prevention, prohibition and redressal of sexual harassment at workplace.

The Company continues to be committed to promote diversity and inclusion. In line with this, the Company has adopted the Diversity, Inclusion and Equity Policy. The Company has a diverse workforce in terms of gender, place of origin, language, age, religion, experience, and expertise. This has helped LTFH not only engage with customers from varied backgrounds, but also serve them in the best possible manner. Over 25% of the Group Executive Council (GEC), which oversees key strategic and operational activities of the Company, are women.

The Company has a philosophy of betting on internal talent and nurturing them. The Company ensures that it fosters a culture of meritocracy and ensures that high potential talent is retained and has a long fulfilling career at LTFH. LTFH has internal policies and processes to facilitate retention of employees. 100% of the eligible employees received regular performance and career development reviews during FY22. LTFH believes in the overall development of the employees in functional, behavioural, and leadership aspects for which it provides various training programmes. These trainings are provided based on the requirements of the employees shared during the annual performance review. LTFH also has a sound career succession strategy that has helped build a pipeline of prospective leaders. Deserving employees have moved from support functions and are today leading business roles successfully.

LTFH offers a wide range of benefits to full-time employees such as gratuity, healthcare coverage, insurance (medical, accident, and life), parental leave, leave encashment, Employee Stock Ownership Plan (ESOPs), Matching Grants Scheme and provident fund. Through an empaneled third

party, the Company also offers Group Medclaim for all employees. In order to take care of employees' and their family's health and wellbeing, the Company has partnered with 'Practo' – a leading health tech company to make available online doctor consultation facility. LTFH employees are entitled to parental leaves as per the Company policy.

Employee engagement forms a critical part of an organisation's culture. LTFH uses various modes of engagement to communicate the Company's objectives to employees, encourage its employees to perform and resolve their concerns and grievances. The Company has always promoted an open two-way communication to build a strong feedback culture. Employees undergo an annual performance review where they receive feedback on their performance and are guided by their managers for further improvement. The performance management system at LTFH ensures clarity between efforts, performance and consequent rewards. Upskilling and capability-building is also a key employee engagement mechanism with employees since the programmes focus on both soft and technical skills. A module on ESG was included as part of employee induction and rolled-out in eight regional languages, covering 6,764 new employees.

The Company has also been undertaking a number of focussed initiatives on health and safety. The Company has adopted a Health and Safety policy, which is applicable across all operational offices and branches of LTFH. The Policy acts as a guiding framework for continuous improvement on Health & Safety. In response to COVID-19 pandemic, the LTFH team had tied-up with leading healthcare providers to vaccinate all employees free of cost. Employees in offices were rostered to operate for a few select days a week depending on requirements of their roles. The employees were seated keeping social distancing norms in mind. Thermal scanning of each employee upon entry to office and sanitisation of office premises daily after operating hours were the steps taken to ensure safety of employees. The Company also ensures that all its workplaces are designed keeping in mind the health and safety priorities of employees.

Total number of employees:

As of March 31, 2022, LTFH had 24,643 permanent employees (across all its businesses / subsidiaries) and 60 contractual basis employees during FY22.

Number of permanent female employees:

As of March 31, 2022, LTFH had 954 permanent women employees.

Number of permanent employees with disabilities:

There were 7 employees with permanent disabilities.

Employee associations recognised by the management:

LTFH does not have any employee associations. The Company, however, recognises the right to freedom of association and does not discourage collective bargaining.

Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:

LTFH did not receive any complaint relating to child labour, forced labour, in voluntary labour or discriminatory employment in FY22. One complaint of sexual harassment of women at workplace was received, investigated and resolved by one of its subsidiaries during FY22.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

Stakeholder engagement is key to business success and viability. As one of the leading NBFCs in India, LTFH recognises the need to be a committed player, partnering with all its stakeholders to stay focussed on building a better tomorrow for people, businesses as well as communities.

The Company's stakeholders include both individuals and organisations, within and outside the Company, who are significantly impacted by its business operations. The key stakeholders of the Company include employees, investors, regulators, customers, vendors, CSR implementing partners and community.

LTFH's ongoing engagements aim to identify stakeholder needs and priorities; communicate the Company's efforts in meeting their expectations; and ensure speedy redressal of grievance. LTFH uses multiple engagement channels to gain insights into these views and concerns.

The Company has a Stakeholders' Relationship Committee in place, which includes 2 Independent Directors and 1 Non-Executive Director. The Committee addresses the grievances of the stakeholders of the Company and approves policies and procedures to ensure speedy redressal of grievances. The Committee also reviews the measures taken for effective exercise of voting rights by shareholders and provides an overview of the activities undertaken by the Registrar & Share Transfer Agent.

The Company engages with employees through a number of channels. These include periodic interactions, planned trainings, yearly award and recognition programme, annual performance management, continuous dialogues with senior management, regular volunteering programmes, recreation activities through festive seasons etc.

LTFH engages with external stakeholders through Annual General Meetings, regular interactions, feedback surveys, capacity building workshops, press releases, regular media interactions, Ad campaigns, analyst/ investor meets, client events, participation in events etc.

The Company has identified marginalized and vulnerable sections of community members in rural areas as a key stakeholder for its CSR projects, to create sustainable livelihoods and enable financial inclusion. During FY22, the Company reached out to nearly 20.8 Lakh beneficiaries,

of which around 64% belonged to marginalized and vulnerable communities such as women, Scheduled Castes, Scheduled Tribes, PwDs, migrants etc. The CSR projects are also operational in aspirational districts identified by the Government of India such as Balangir (Odisha), Barwani (Madhya Pradesh) and Osmanabad (Maharashtra). LTFH is working for their upliftment through various initiatives which are covered in detail in Principle 8.

Principle 5: Businesses should respect and promote human rights

Human rights are universal, and every individual in the world deserves to be treated with dignity and equality. In line with the guidance laid down by the UN Guiding Principles for Business and Human Rights, LTFH recognizes its legal and moral responsibility to respect human rights of all its stakeholders. In line with this, the Company has adopted the Human Rights Policy. The Policy defines the commitment of LTFH to uphold human rights, shows its conscious commitment and ensures protection of human rights.

During FY22, LTFH adopted Third-Party Code of Conduct covering all vendors, borrowers, goods and service providers and persons holding business relationship with the Company. The Code encourages the Third Parties to respect human rights and conduct business and adopt policies/practices that are consistent with the Company's Human Rights Policy. The Code also encourages the Third Parties to adopt a culture and practice of intolerance towards harassment, discrimination, violence and other illegal or inappropriate activities and take prompt action on violation of the aforesaid.

Stakeholder complaints received in the past financial year and percentage of complaints satisfactorily resolved by the management:

LTFH did not receive any complaint relating to child labour, forced labour, in voluntary labour or discriminatory employment in FY22.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment

Environment related issues have emerged to be one of the biggest crises that the world is facing today. LTFH understands the seriousness of the global crisis and is strongly committed to protecting the planet and ensuring a healthy future for the coming generations. In line with this, the Company has taken a number of measures to minimise the adverse environmental impacts of its operations and businesses.

The Company's policy framework guides the environment-friendly practices in its operations. The Environment policy sets the Company's vision and approach towards the environment. The policy covers a number of aspects including resource and energy efficiency, monitoring of environmental performance, waste disposal, emission reduction etc.

LTFH acknowledges that environmentally sound management of e-waste is indispensable as it is increasingly

posing a threat to the environment due to the presence of harmful substances like cadmium, lead and mercury etc. In line with this, LTFH has an e-waste policy, which provides a framework for the collection and disposal of electrical and IT appliances.

LTFH has been actively working to bridge India's funding gap for climate action. During FY22, the Company financed 2,909 MW of wind and 3,024 MW of solar projects, which resulted in 22.62 Lakh tCO₂e emissions being avoided.

In line with India's commitment to climate change, LTFH started financing EVs under its Two-Wheeler Finance business and financed its first ever EV in February 2021. The Company has stepped up its EV financing by funding a total of 5,450 EVs in FY22.

Simultaneously, achieving energy efficiency is at the heart of the Company's decarbonisation strategy. LTFH constantly identifies and assesses avenues to reduce its energy consumption. During FY22, a detailed exercise was carried out to optimise branch office space and accordingly, 24 branches were relocated, thereby achieving better energy efficiency. The Company has also deployed several technological solutions to save electricity and increase efficiency.

In FY22, LTFH switched to a clean energy alternative to meet its energy demands at its corporate office in Mumbai. The Company has entered into an agreement to replace fossil fuel-based electricity to green power from a leading electricity utility company. This shift has helped LTFH avoid 228.44 tCO₂e emissions. The corporate office has also been certified as a LEED Gold-certified building.

The Company has taken steps to offset its carbon footprint by sequestering carbon through tree plantation. As part of its integrated water resource management initiative 'Jal Vaibhav', LTFH had planted 7,294 saplings in 2017-18. The plantation was carried out in 20 villages of Beed district. An independent assessment by an expert agency has confirmed a total sequestration of 559 tCO₂e till the end of FY22, which was also reviewed by EY. These initiatives helped in the ~20% reduction in carbon emissions on estimated footprint. In line with its commitment to Carbon Neutrality by FY35, the Company will continue identifying and evaluating various avenues to sequester carbon and reduce its carbon footprint.

The Company also manages all its IT assets in a manner that conforms to applicable environmental norms and regulations. A central policy on e-waste management applicable to all LTFH offices/branches helps the Company to collect and dispose e-waste responsibly. The Company carries out regular drives at corporate/zonal levels, to collect e-waste and dispose it off with a registered recycler. This ensures that 100% of the Company's e-waste is recycled and that no e-waste goes to the landfill.

The issue of water stress is an increasing environmental concern worldwide. As a responsible corporate citizen, LTFH has recognised the urgent need to save and replenish

water. In line with this, the Company committed to Water Neutrality by FY22 and achieved the same.

During FY22, the Company has complied with all environmental and social regulations. The Company has not paid any material penalties to the respective regulators.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

As a leading retail financial services NBFC, LTFH engages in public and regulatory policy development process through providing suggestions on the draft notifications / circulars issued by various regulators from time to time and also making representations to various bodies / regulators on matters affecting the industry or society at large. LTFH also provides valuable suggestions to various regulators keeping in mind the larger interests of the industry.

During the year, the Company has presented its views on various important matters including the Union Budget, Economic Survey, Monetary Policy etc. The Company also provided a detailed response to Securities and Exchange Board of India's (SEBI) Consultation Paper on ESG Rating Providers and other working papers issued from time to time.

LTFH's Managing Director and Chief Executive Officer co-chairs the Federation of Indian Chambers of Commerce and Industry (FICCI) Committee on NBFCs and is also on the Board of the Finance Industry Development Council (FIDC). The members of the Company's leadership team are also part of key bodies including the Academic Advisory Council of Reserve Bank of India, the Lead Economist Group of NITI Aayog, as well as on the Editorial Advisory Board for Bank Quest Journal of Indian Institute of Banking & Finance, an Honorary fellow of Indian School of Political Economy, Pune, member of the CII Western Region's CEO-Economists Forum FY22 and CII Western Region's Corporate Governance sub-committee FY23, through which valuable suggestions for the betterment of the industry at large is provided.

During the year, members of LTFH's leadership team contributed to discussions in key summits and round-tables on inclusive finance, enabling financial inclusion through digital platforms etc.

Principle 8: Businesses should support inclusive growth and equitable development

Corporate Social Responsibility at LTFH forms an integral part of the organisation's philosophy. The governance of social footprint is administered through a Board-level CSR & ESG Committee. The CSR & ESG Committee formulates the guiding CSR policy and stipulates a framework according to which it functions. The policy outlines the activities to be undertaken by the Company for creating sustainable value for communities.

There is clear alignment with United Nation's global development agenda of Sustainable Development Goals (SDG) particularly 'No Poverty' (SDG 1), 'Gender

equality' (SDG 5), 'Sustainable Cities and Communities' (SDG11) 'Climate Action' (SDG 13) and 'Partnership for the Goals' (SDG 17). The Company follows a project-based accountability approach, emphasizing on three aspects, namely, Social Impact, Scale and Sustainability, to create shared value. The CSR projects are conceptualized and planned taking into account the core needs of the communities that the Company seeks to serve. Each project is deliberated in detail during CSR & ESG Committee meetings.

Specified programmes/initiatives/ projects by the Company in pursuit of the policy related to Principle 8

LTFH aspires for an inclusive social transformation of the rural communities and serves by nurturing and creating opportunities for sustainable livelihoods for them.

LTFH's mission is to reach marginalized farmers and women micro entrepreneurs in the rural communities and work towards rejuvenating their eco-systems thereby creating sustainable livelihoods and enabling financial inclusion.

The projects covered under the thrust areas are as follows:

Thrust Area	Project/s
Digital Financial Inclusion	Digital Sakhi
Disaster Management	Disaster Relief Projects; Capacity Building of Water User Groups; and Tree Plantation
Other Initiatives	Road Safety; Healthcare

The Digital Sakhi project, which was initiated in 2017, has consistently expanded its geographical footprint. The project, in FY22 stretched across five states - Maharashtra, Madhya Pradesh, Tamil Nadu, Odisha and West Bengal, serving 473 villages and creating a cadre of 960 Digital Sakhis and 5,500 Women Entrepreneurs.

The Company also continued to provide critical interventions to aid communities during the aftermath of disasters. LTFH supported immediate relief during the Yaas cyclone in West Bengal and Odisha and the floods in Maharashtra. Through provision of humanitarian aid kits, the Company reached out to over 22,500 beneficiaries from marginalised and vulnerable communities.

Focusing on the need to create sustainable development and the urgency to restore our planet's imperiled ecosystems, the Company planted more than 68,000 saplings in drought prone regions of Marathwada, adopting the Miyawaki technique of plantation.

Subsequently, to supplement the efforts of the integrated water resource management project conducted in the past, the Company made investments to ensure sustainability and that the benefits of the project continued to accrue to the marginalised communities. During the year, the Company focussed on enhancing the capacities of the Water User Groups (WUGs), by educating them to effectively maintain the water structures and

promote efficient water management. The WUGs have been involved in crop planning, raising user charges for operations and maintenance and resolving conflicts. As part of this effort, capacity building sessions were conducted for 170 WUGs, reaching out to more than 1,600 members, including small and marginalised farmers, to create climate resilient communities and attenuate migration of rural communities.

The Company also partnered with the Mumbai Traffic Police to support and strengthen the existing road traffic management and facilitate seamless traffic in Mumbai by supporting the livelihood of 20 traffic wardens. The Company also created awareness on road safety amongst 14,000+ school children from local municipal schools in Mumbai.

In FY22, through the CSR interventions, the Company reached out to nearly 20.80 Lakh beneficiaries, which reflected an increase of 50% over the previous year.

Besides the CSR initiatives of the organization, certain businesses such as micro loans are geared towards financial inclusion of the rural communities and encourage enterprise development within them

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

Customer focus is the key to success for any business. LTFH has adopted a holistic approach to customer engagement across all its businesses based on its philosophy of Right Businesses, Right Structure and Right People. This has helped in identifying customer needs, providing right services and products, and putting in place systems that enhance customer experience.

LTFH's commitment to customer centricity has been integral to its key business considerations regarding product development and engagement channels. The number of repeat customers in businesses like Micro Loans and Farm Equipment Finance, is a testimony to the Company's customer centricity.

The pursuit to customer satisfaction starts right at the inception and LTFH has taken care to ensure that customer needs are at the heart of its product design. For example, the Company has developed products aimed at livelihood enhancement and Micro Loans are provided to individual women who conduct agriculture and allied activities, manufacturing, trading or services related to microenterprises.

Farm Equipment loans contribute directly to the income of farmers and entrepreneurs. The repayment schedules take into consideration the seasonality of customers' income, thus augmenting the ability of the customer to pay. For example, the customers of Farm Equipment finance have half yearly repayment schedules that align with harvest cycles.

The Two-Wheeler business caters to customers in low and middle-income groups across rural, semi-urban and urban areas who would like to purchase a motorcycle or

scooter. Enhanced mobility plays a key role in livelihood enhancement.

The Company encourages its customers to repay through digital modes, leading to higher convenience and seamless experience. Due to its customer centric products and practices, LTFH has become one of the leading players in Farm Equipment, Two-Wheeler and Micro Loans businesses.

LTFH recognises that customer satisfaction can be achieved when the right products are complemented with right channels. In order to ensure that the customers have an easy access to products, LTFH has invested in extensive physical and digital infrastructure. The Micro Loans business engages with its customers through a nationwide network of 1,524 branches. In the case of Farm Equipment and Two-Wheeler Finance, the Company's extensive network of Original Equipment Manufacturers (OEM) and dealers, has been instrumental in driving extensive customer reach. The LTFH's employees remain in touch with the customers and engage with them throughout their loan cycle. In addition to the physical channels, the Company has established a strong digital footprint to engage with customers. The Company, apart from its call centres, also uses various digital platforms like website, chatbot, WhatsApp and Planet application for customer interaction. The seamless multichannel experience has resulted in high quality customer service.

More importantly, the investments into digital and data analytics, vast network of 16,000+ partner touchpoints, 16,500+ employee touchpoints, relationship with Original

Equipment Manufacturers (OEMs), improved customer service and shorter TAT will continue to help the Company to continuously gain and maintain market share in each of the products.

The Company proactively undertakes education initiatives for customers so as to empower and enable them to take right financial decisions. The Company has developed a customer awareness training module and made the same available publicly on its website (www.ltfs.com) for the benefit of its customers. During the year, LTFH carried out a number of social media campaigns for customer awareness and sensitisation. These include posts on financial literacy, road safety, health, environment conservation etc. The Mutual Fund business also carries out several investor awareness programmes so as to enable informed choices in financial services.

The customer centric approach adopted by LTFH in product design, choice of engagement channels, ensuring data privacy and educating customers, have contributed to higher levels of customer trust, retention and satisfaction. The Company has put in place a robust mechanism to assess customer satisfaction.

The Grievance Redressal Policy of LTFH outlines its robust and holistic approach to customer grievance redressal. Customers can register their grievances through multiple channels, the details of which are publicised on the corporate website and across all offices. The information pertaining to call centre numbers and website address that provide self-help options are also included in welcome kits, emailers and letters sent to customers.