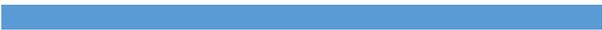


Sustainability Policy

L&T Finance Holdings Limited &
its Subsidiaries

Version 1.0 April 2019



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1. Introduction

a. About LTFH

L&T Finance Holdings Ltd (LTFH) is one of India's most valued and fastest growing non-banking financial companies (NBFC) and offers a diverse range of financial products and services in the rural, housing and wholesale finance sectors. It also offers investment management and wealth management services. All the products and services are offered through its subsidiaries. The company is promoted by Larsen & Toubro Ltd, one of the country's largest conglomerates, that has business interests in engineering, construction financial services and technology.

b. Policy principles and purpose

LTFH has clearly articulated its intent of being an Admirable, Inspirational & Sustainable institution. Through its governance practices, the Company aims to conduct business in an ethical manner integrating its growth with the overall economic development of the country. The core values of Pride, Integrity, Discipline and Ambition are embedded into the Company's working culture. These values guide its decision making process at all times, thus, enabling all the employees to take ownership and responsibility for their individual actions.

Sustainability has always been an integral part of the Larsen & Toubro (L&T) Group's legacy, paving the path for our endeavor to contribute to an inclusive future. Our sustainability initiatives and business models are not silos but co-exist and seamlessly blend into each other's realms. We have ensured that basic principle of utilization of various forms of capital, like Financial, Intellectual, Human, Social and Natural, are reflected in the policies and frameworks adopted.

For LTFH, long-term sustainable growth hinges on its alignment with sectors that are the growth engines of the Indian economy and actively contribute to the GDP. This philosophy is embodied in the core business model of LTFH's lending and non-lending businesses. The Company's focus lies in optimizing its performance on a continuous basis in order to contribute to the achievement of national objectives, as well as globally recognized Sustainable Development Goals (SDGs).

As a financial institution, risks are inherently present in most of LTFH's business activities. These risks are related to its reputation, products and services, IT security, operations, credit and lending practices etc. The Company believes that investing in sustainable businesses and practices can act as a robust tool to effectively manage these risks.

2. Extending Sustainability across the Value Chain

LTFH strongly believes that engaging with stakeholders is a continuous process that helps in fostering long term relationships with them. It has developed a stakeholder engagement process that allows it to identify stakeholders which are significantly impacted by its activities and vice versa. Through its periodic engagement process, LTFH interacts with the stakeholder groups to discuss their key areas of concern and incorporates their feedback into new products and services that the organization offers.

The Company's stakeholder engagement approach is as follows:

- a. *Stakeholder Identification:* Key Stakeholders are identified as per their impact on business and vice versa
- b. *Stakeholder Prioritisation:* Prioritisation of stakeholders is based on the extent of their influence on Company's business activities as well as the extent of impact of Company's activities on them.

- c. *Stakeholder Engagement*: The engagement process is carried out through various forums and discussion platforms which are tailor-made to suit the requirements of each stakeholder group.

3. Applicability and objectives of the policy

This policy has been developed by LTFH and is applicable to all of its operations and its subsidiaries.

Objectives:

- 1 Adopt a relevant sustainability strategy and develop goals, targets and risk mitigation measures to achieve its stated sustainability objectives
- 2 Promote the development of business practices that are inclusive in nature
- 3 Provide products and services that contribute to the sustainable development of the Indian economy while ensuring application of environmentally friendly practices and propagating financial inclusion
- 4 Uphold ethical business practices and comply with all the applicable legal requirements.
- 5 Establish a working environment that aids in nurturing employees and contributes to their overall professional development
- 6 Reduce adverse impact of climate change, promote energy efficiency and environmentally friendly operations
- 7 Promote respect for Human Rights
- 8 Work towards enhancing customer satisfaction
- 9 Foster the development of in-house learning, management capacity and leadership on sustainability topics
- 10 Develop partnerships that foster sustainable development with all stakeholders.

4. Governance Mechanism

The responsibility of governing sustainability rests with the Board of Directors. However, specific activities have been delegated to committees as deemed appropriate. The Sustainability Committee is responsible for formulating and executing the strategy for sustainability, which is reviewed and discussed with senior management annually.