

**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
L&T Infra Debt Fund Limited
L&T Investment Management Limited
L&T Financial Consultants Limited
L&T Infra Investment Partners Advisory Private Limited

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VERSION CONTROL

| Version | Date of adoption | Change Reference | Owner | Approving Authority |
|----------------|-------------------------|---|--------------|----------------------------|
| 1 | October 2014 | - | CSR Team | Board of Directors |
| 2 | May 2017 | Revised CSR strategy to include focus on the revised thrust areas i.e. integrated water resource management and financial inclusion. | CSR Team | Board of Directors |
| 3 | April 2019 | Additional thrust areas i.e. Disaster Relief and Road Safety. Linkage to SDGs added for thrust areas and added SDG- ‘Sustainable Cities and Communities’ (SDG 11) ‘Climate Action’ (SDG 13) Removed list of projects for previous financial year | CSR Team | Board of Directors |
| 4 | October 2020 | <ul style="list-style-type: none"> Rearranged thematic areas. ‘Project direct expenses, Project overheads and General administration cost are submitted to the Board on an annual basis, explicit reference of the same is being included.’ in Governance and Administration section. | CSR Team | Board of Directors |

| | | | | |
|---|---------------|---|-------------|-----------------------|
| 5 | April 2021 | <ul style="list-style-type: none">• Revision in Thrust Areas based on company strategy• Amendments as a result of CSR Act Amendment 2021 | CSR Team | Board of Directors |
|---|---------------|---|-------------|-----------------------|

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:

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

3. LTFS Commitment

Our focus is 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), 'Gender equality' (SDG -5), 'Sustainable Cities and Communities' (SDG 11) 'Climate Action' (SDG 13) and 'Partnership for the goals' (SDG 17).

Our key initiatives are woven around Sustainable Livelihoods of Rural communities facilitated by focused areas of intervention – Digital Financial Inclusion, Disaster Management and other programmes.

4. CSR Thrust Areas

a) Digital Financial Inclusion - Our efforts are to create livelihood opportunities for rural women entrepreneurs 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.

b) Disaster Management – Climate Change is leading to increasing incidents of natural disasters in India. We support the efforts towards disaster management through a number of practical methods. These include prompt area assessments and provision for immediate relief

c) Other Initiatives – *Further, the company may take up all or any projects, programs or activities falling under any of the activities in the following fields*

as approved by the board on the recommendation of the CSR committee.

i. Road Safety - We have partnered with Mumbai Traffic Police to support and strengthen the existing road traffic management and facilitate seamless traffic in Mumbai. Besides spreading awareness on road safety, we provided various equipment and supported through traffic wardens. Furthermore, in order to reach out to larger community, we create awareness on road safety amongst school going children;

ii. Healthcare – We have partnered with local organization to provide basic healthcare services to needy and under-privileged community;

iii. Education – Supporting the students from under-privileged community to undertake formal and professional education

5. Sustainability-

LTFS conceptualizes CSR programmes keeping in the core needs of communities that it seeks to serve. 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.

6. Definitions

6.1 “Administrative Overheads” will mean the expenses incurred by the company for ‘general management and administration’ of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme

6.2 “Ongoing Project” means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall

include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification *CSR governance structures for meeting regulatory compliance* will be submitted to Board.

6.3 “Project Direct Expenses” will mean the expenses that are attributable to a specific project and shows visible impact on project’s beneficiaries

6.4 “Project Overheads” will mean the expenses that are attributable to a specific project and are incurred to improve implementation of the given project

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

7.1 Board of Directors

- Approval of CSR Policy, taking into account the recommendations of its CSR Committee, includes guiding principles for selection, implementation and monitoring of CSR programmes
- Ensuring the implementation of CSR programmes are undertaken by the company itself or through a company established or a registered public trust or a registered society as per Section 4 (CSR Implementation) of Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.
- Satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it.
- Monitor the implementation of the CSR programmes with reference to the

approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

- Approve an annual action plan in pursuance of its CSR Policy
- Approve the impact assessment reports and an annual report on CSR.
- Approve the excess amount spent in any financial year which is required to be set off.

7.2 CSR Committee of the Board

- Ensuring that the CSR programmes 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 programme are utilized effectively and monitored as per a structured process
- Approving the CSR programme in line with the larger CSR vision of the organisation
- Instituting a transparent monitoring mechanism for implementation of the CSR programmes and interventions undertaken by the Company

7.3 CSR Team

- Understand the key stakeholder to design an effective and efficient CSR programme
- Conceptualise programmes ensuring legal and compliance adherence
- Engage and build capacities of the partner organisations
- Ensure structured Planning and effective delivery of CSR interventions
- 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 programmes and interventions
- Document & periodically report to the CSR Committee and other internal and external stakeholders

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 programmes 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 organization

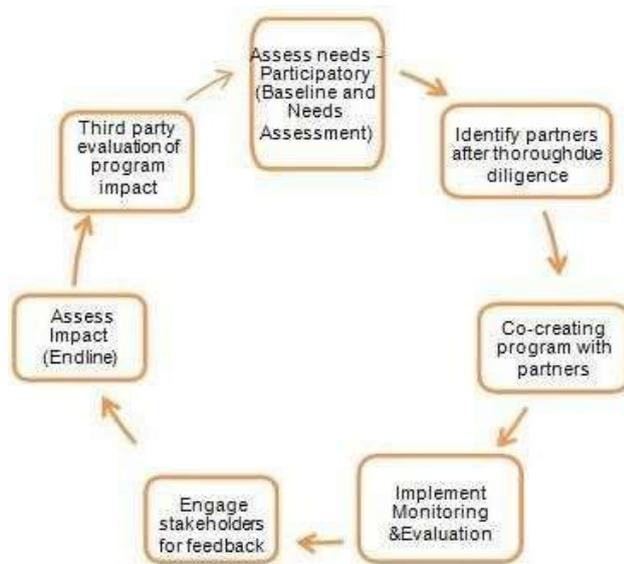
9. Planning

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

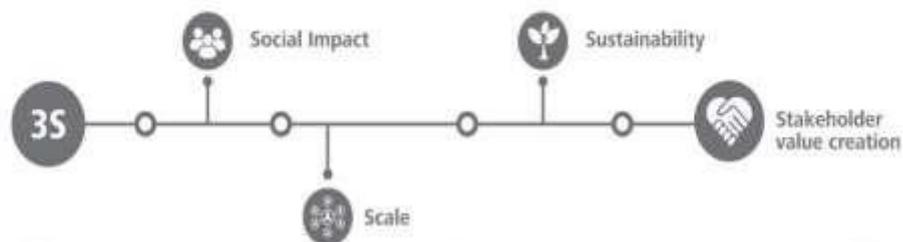
LTFS will follow a project-based accountability approach to emphasize on the long-term sustainability of CSR programmes, where its action plan will be distinguished as Mid- Term & Long-Term projects. In each project we conduct baseline, midline and end line surveys with clearly defined measurable outcomes.

b. CSR Processes



c. CSR Approach – 3S

A framework of 3S, i.e., **Social Impact**, **Scale** and **Sustainability** are the key elements to implement our CSR projects



10. Implementation

a. Process of Implementation

LTFS shall implement the CSR 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:

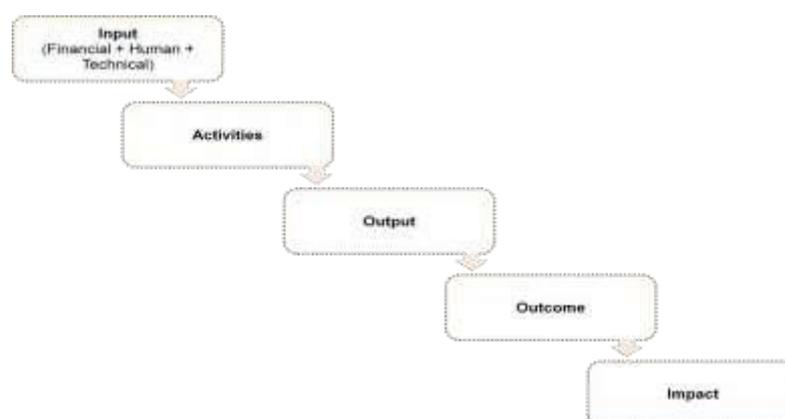
- Community based organizations whether formal or informal
- Voluntary Agencies (Registered NGOs)
- Social Enterprises
- Credible Corporate bodies
- Institutes/ Academic Organizations
- Government, Semi-Government and autonomous Organizations
- Professional Consultancy Organizations

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
- Alignment to LTFS CSR Thrust Areas

c. Social Impact Framework: Logical Framework Analysis



d. Agreement between LTFS & Executing partner

The approved long-term CSR programmes 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 authorized representatives of LTFS. The purpose of these being to record and report the short- and medium-term results of CSR programme. 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 programme.

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

b. Annual Review

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

c. Impact Assessment

Impact assessment of development and CSR programmes/initiatives to comprehend tangible and intangible changes in the lives of the communities where the projects were implemented. This helps to understand the overall outcome and impact of the project from the eyes of the beneficiaries. At LTFH we conduct impact assessment after 3 to 4 years of project implementation.

12. 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 CSR Committee can carry out changes in the policy to align the same with existing regulations. Such changes will be presented to the Board for their noting.