

**L&T FINANCE LIMITED (“LTF”)
(formerly known as L&T Finance Holdings Limited)
Corporate Social Responsibility Policy**

Applicable to L&T Finance Limited and its subsidiaries i.e.
L&T Financial Consultants Limited
L&T Infra Investment Partners Advisory Private Limited

INDEX

Sr. No.	Particulars	Page No.
1.	CSR Vision	1
2.	CSR Mission	1
3.	LTF Commitment	1
4.	Thrust Areas	1
5.	Sustainability	2
6.	Definitions	2
7.	Governance & Administration	3
8.	Resources	4
9.	Planning	4
10.	Implementation	5
11.	Monitoring & Reporting	7
12.	Grievance Redressal	7
13.	General	8

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

1. CSR Vision

Financial and digital transformation of rural communities and creating opportunities for sustainable livelihoods for them.

2. CSR Mission

We strive to revitalize and create sustainable livelihood and financial ecosystem of and for farmers, rural women and youth.

3. LTF 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), 'Good Health and Well-being' (SDG 3), 'Gender equality' (SDG 5), 'Decent work and Economic Growth' (SDG 8), 'Reduced Inequalities' (SDG 10), 'Sustainable Cities and Communities' (SDG 11) 'Climate Action' (SDG 13), 'Life on Land' (SDG 15) and 'Partnership for the goals' (SDG 17) and the mandate laid down under Section 135 of the Companies Act, 2013 ("Act") and the rules thereof.

Our key initiatives are woven around sustainable livelihoods of rural communities facilitated by focused areas of intervention – Digital & Financial Inclusion, Disaster Management, Climate Impact Management and Social Inclusion ('Other Initiatives').

4. CSR Thrust Areas

a) *Digital & Financial Inclusion* –

The activities are aligned to Schedule VII of the Companies Act, 2013 under the following heads:

(ii) Promoting education, including employment enhancing vocation skills among women and livelihood enhancement projects;

(iii) Promoting gender equality, empowering women, and measures for reducing inequalities faced by socially and economically backward groups;

(x) Rural development projects.

Our efforts are to create livelihood opportunities for rural women entrepreneurs, educate them and the community to imbibe nuances of financial literacy leading to enhanced adoption 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* –

The activities are aligned to Schedule VII of the Act, under the following heads:

(xii) Disaster management, including relief, rehabilitation and reconstruction activities;

(viii) Contribution to Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund).

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, provision for immediate relief, donation to eligible funds mentioned in the Act and rules thereof, and undertaking projects/activities to create long term impact and build resilient communities.

c) **Climate Impact Management**

The activities are aligned to Schedule VII of the Companies Act, 2013 under the following heads:

(iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water

We aim to undertake projects like water conservation and management, horticulture and plantation and agri and allied interventions for farmers. These projects will help the farmers in improving the livelihood as well as to provide ample opportunity to contribute to the rural economy and also help in mitigating climate change impact.

d) **Social Inclusion –**

The Company may take up all or any projects/activities, which may include, but not limited to the following fields, as approved by the Board on the recommendation of the CSR & ESG Committee.

The activities are aligned to Schedule VII of the Companies Act, 2013 under the following heads:

(i) Eradicating hunger, poverty and malnutrition, [“promoting health care including preventive health care”] and sanitation and making available safe drinking water.

(ii) promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

(iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water

We aim to conduct various programs like skill training of youth for enhancing employability opportunities, awareness and preventive healthcare camps for communities, road safety initiatives and animal (including wild life) related initiatives.

5. **Sustainability**

We conceptualize CSR projects/activities keeping in mind the core needs of communities that we seek to serve. We believe in partnering and collaborating with local government - the panchayat, public and private organizations, not for profits, social enterprises and communities.

Sustainability is inherent in all our projects/activities, where we follow a participatory approach, involving communities from the conceptual stage, so as to create a sense of

ownership. Inputs are taken from each stakeholder at the project/activity designing phase and a regular feedback mechanism is instilled to monitor the progress. Our projects/activities are tracked through business like metrics to measure progress, so as to maximize positive impact and ensure a sustained change.

6. Definitions

- 6.1 “Administrative Overheads” means the expenses incurred by the Company for ‘general management and administration’ of CSR functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular project/activity.
- 6.2 “Ongoing Project” means a multi-year project undertaken by the Company in fulfilment of its CSR obligation, having timelines not exceeding 3 years excluding the financial year in which it was commenced, and includes such projects/activities that was initially not approved as a multi-year project but whose duration has been extended beyond 1 year by the Board based on reasonable justification.
- 6.3 “Project/Activity Direct Expenses” means the expenses that are attributable to a specific project/activity and shows visible impact on project’s/activity’s beneficiaries.
- 6.4 “Project/Activity Overheads” means the expenses that are attributable to a specific project/activity and are incurred to improve implementation of the given project/activity.

7. Governance & Administration

The Board of the Company has constituted the CSR & ESG Committee in accordance with the provisions of the Act. The gaps in implementation of the planned CSR projects/activities will be reported with necessary corrective actions. The CSR & ESG Committee is authorised to take professional support from individuals or organisations having expertise in related fields.

The schedule of post approval delegation will govern the administration of CSR projects/activities.

Roles and Responsibilities:

7.1 Board of Directors

- Approve the CSR Policy, which includes guiding principles for selection, implementation and monitoring of CSR projects/activities, taking into account the recommendations of the CSR & ESG Committee.
- Ensure that the Company spends, in every financial year, at least 2% of the average net profits of the Company made during the 3 immediately preceding financial years.
- Approve the excess amount spent in any financial year which is required to be set off.
- Ensure that the administrative overheads do not exceed 5% of total CSR expenditure of the Company for the financial year.
- Satisfy itself that the funds disbursed have been utilised for the purposes and in the manner as approved by it.
- In case the Company fails to spend at least 2% of the average net profits of the Company, then specify the reasons for not spending.

- Ensure that the implementation of CSR projects/activities are undertaken by the Company itself or through entities as per Companies (Corporate Social Responsibility Policy) Rules, 2021.
- Monitor the implementation of the CSR projects/activities with reference to the approved timelines and year-wise allocation and make modifications, if any, for smooth implementation of the project/activity within the overall permissible time period.
- Approve and extend the duration of any project/activity that was not initially approved as an ongoing project, beyond 1 year based on reasonable justification.
- Approve an annual action plan in pursuance of the CSR Policy and alter such plan at any time during the financial year, as per the recommendation of the CSR & ESG Committee.
- Approve the impact assessment reports (if applicable) and an annual report on CSR.
- Disclose the composition of the CSR & ESG Committee, CSR Policy, and approved projects/activities on the Company website, for public access.

7.2 CSR & ESG Committee of the Board

- Formulate the CSR Policy indicating the projects/activities to be undertaken by the Company as per regulatory requirements and recommend the same to the Board.
- Monitor the implementation of the CSR Policy from time to time.
- Formulate and recommend to the Board, an annual action plan (including any changes thereto during the financial year) in pursuance of the CSR Policy.
- Approve the CSR projects/activities in line with the larger CSR vision of the organization.
- Ensure that the CSR projects/activities included in CSR Policy are related to the activities included in Schedule VII of the Act.
- Ensure that in each financial year, the Company spends the approved budget in compliance with the Act.
- Ensure that, in every financial year, funds committed by the Company for CSR projects/activities are utilized effectively and monitored as per the structured process.
- Institute a transparent monitoring mechanism for implementation of the CSR projects/activities undertaken by the Company.

7.3 CSR Team/Function

- Understand the key stakeholders to design effective and efficient CSR projects/activities.
- Conceptualise projects/activities ensuring legal and compliance adherence.
- Engage and build capacities of partner organisations.
- Ensure structured planning and effective delivery of CSR interventions.
- Ensure meaningful engagement with all stakeholders especially communities.
- Ascertain financial management and transparency in project/activity funds.
- Set up effective and structured evaluation and monitoring mechanism for CSR projects/activities.
- Document & periodically report to the CSR & ESG Committee and other internal and external stakeholders.

8. Resources

- For achieving its CSR objectives, the Company will allocate CSR funds, with the approval of the Board.

- The Board will ensure that the Company spends, in every financial year, at least 2% of the average net profits of the Company, calculated in accordance with the provisions of Section 198 of the Act, made during the 3 immediately preceding financial years.
- The surplus arising out of the CSR projects/activities will not form part of the business profit of the Company.
- If, in any financial year, the Company spends in excess of the mandatory spend, on CSR projects/activities, the Board may decide to set-off the same in the immediately succeeding 3 financial years.
- The treatment of surplus, set-off of excess spend and unspent CSR amount (if any), will be governed by the provisions of the Act and rules thereof.
- The Company would engage with the employees as a key resource to drive social change within the organization.

9. Planning

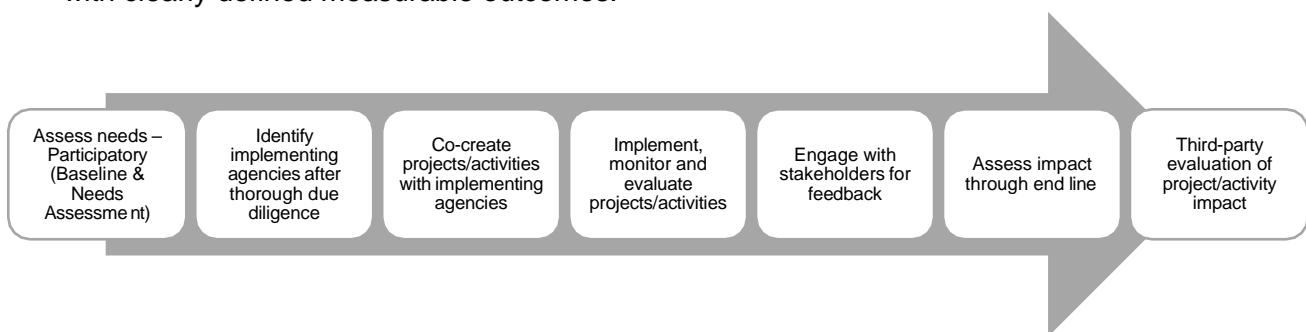
The CSR projects/activities will be identified and implemented according to the Board approved CSR Policy. The Company will establish a robust project/activity monitoring and evaluation mechanism so as to ensure that every project/activity is in accordance with the requirements under the Act. By and large, every project/activity undertaken by the Company will be based on the following premises:

a. **Project based approach**

The Company will follow a project-based accountability approach to emphasize on the long-term sustainability of CSR projects/activities.

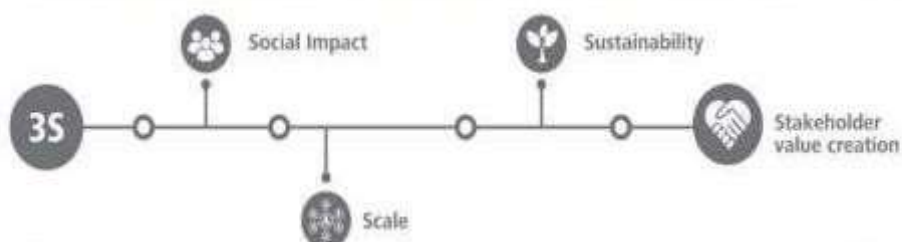
b. **CSR Processes**

For each project/activity, the Company will conduct baseline, midline and end line surveys with clearly defined measurable outcomes.



c. **CSR Approach – 3S**

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



d. Annual Action Plan

The Company will prepare an annual action plan, which will include:

- List of CSR projects/activities that are approved to be undertaken in areas specified in Schedule VII of the Act.
- Manner of execution of projects/activities.
- Modalities of utilization of funds and implementation schedules for the projects/activities.
- Monitoring and reporting mechanism for the projects/activities.
- Details of need and impact assessment, if any, for the projects/activities undertaken by the Company.

10. Implementation

a. Process of Implementation

The Company will implement the CSR projects/activities as a collaborative effort between Companies within L&T Finance Holdings Limited, in such a manner that the CSR & ESG Committees of the respective Companies will be in a position to report separately on such projects/activities in accordance with the Act and applicable rules.

b. CSR delivery channels

The Company will seek to identify suitable projects/activities for implementation in line with the CSR vision and thrust areas of the Company. The approved projects/activities will be implemented either directly as a collaborative effort between Companies within L&T Finance Holdings Limited or through partnerships with either:

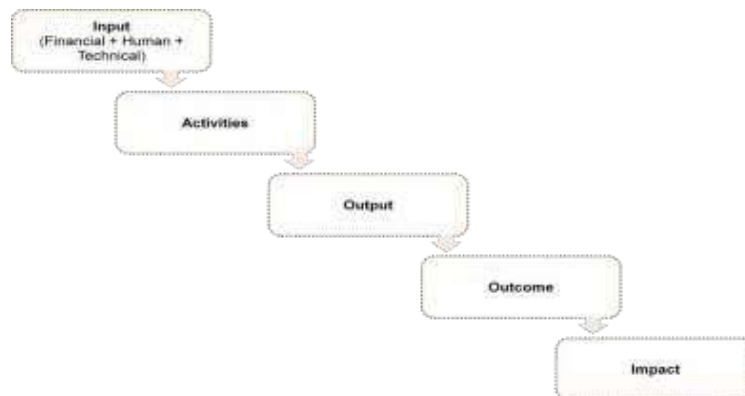
- A company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the Company, either singly or along with any other company, or
- A company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- Any entity established under an Act of Parliament or a State legislature; or
- A company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least 3 years in undertaking similar activities.

c. Criterion for identifying Implementing agencies

In case of project/activity execution through partnership with other entities, the following minimum criterion will be considered:

- 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 the Company's CSR thrust areas

d. **Social Impact Framework:**



e. **Agreement with the Implementing agencies**

The approved CSR projects/activities will require entering into a legal contract / document with each of the implementing agencies.

11. Monitoring & Reporting

a. **Periodic Monitoring & Reporting**

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

Appropriate documentation of the CSR Policy, annual action plan, implementing agencies, and expenditure entailed will be undertaken on a regular basis and the same will also be reported in the Annual Report (as deemed necessary and required under the law).

b. **Annual Review of the projects/activities**

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

c. **Impact Assessment**

Impact assessment of CSR projects/activities are conducted to comprehend tangible and intangible changes in the lives of the communities where the projects/activities were implemented. This helps to understand the overall outcome and impact of the project/activity from the eyes of the beneficiaries.

- i. Impact assessment will be carried out for CSR projects/activities having outlay of Rs. 1 crore or more through an independent agency, and which have been completed not less than 1 year before undertaking the impact study if average CSR obligation of the Company is Rs. 10 crore or more in the 3 immediately preceding financial

- years or any other threshold as may be defined under the Act.
- ii. A voluntary impact assessment may be carried out, if deemed necessary.
 - iii. In the case of projects/activities undertaken as a collaborative effort between the companies within L&T Finance Holdings Limited, the impact assessment would be conducted subject to conditions mentioned above, and the impact assessment carried out by a Company for the common project/activities will be shared with other companies for the purpose of disclosure to the Board and in the annual report on CSR.

12. Grievance Redressal

- i. In order to ensure quick and effective handling of queries/grievances/complaints from the community members and other stakeholders with respect to the CSR projects/activities undertaken by the Company, the person concerned can approach the respective implementing agency, which will deal with the queries/grievances/complaints as per the grievance redressal mechanism adopted by implementing agency.
- ii. Additionally, any aggrieved party can write to csr@ltps.com

13. General

- i. If at any point a conflict of interpretation/information between the CSR Policy and regulations, rules, guidelines, notification, clarifications, circulars, master circulars/directions issued by relevant authorities (“Regulatory Provisions”), applicable if any, arises, then interpretation of the Regulatory Provisions shall prevail.
- ii. In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, if applicable, the CSR Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provision.

VERSION CONTROL

Version	Date of adoption	Change Reference	Owner	Approving Authority
1	October 2014	-	CSR Team/Function	Board of Directors
2	May 2017	<ul style="list-style-type: none"> Revised CSR strategy to include focus on the revised thrust areas i.e. integrated water resource management and financial inclusion. 	CSR Team/Function	Board of Directors
3	April 2019	<ul style="list-style-type: none"> 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/Function	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/Function	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/Function	Board of Directors
6	April 2022	<ul style="list-style-type: none"> Revision to thrust areas under 'others' category in line with the focus areas Disclosure of alignment of the thrust areas to Schedule VII of the Companies Act, 2013 Inclusion of regulatory references Inclusion of grievance redressal mechanism for community in areas of presence 	CSR Team/Function	Board of Directors
7	April 2023	<ul style="list-style-type: none"> Revision in the Vision, Mission Statement. 	CSR Team/Function	Board of Directors
8	April 2024	<ul style="list-style-type: none"> Revision in thrust areas based on Company strategy 	CSR Team/Function	Board of Directors