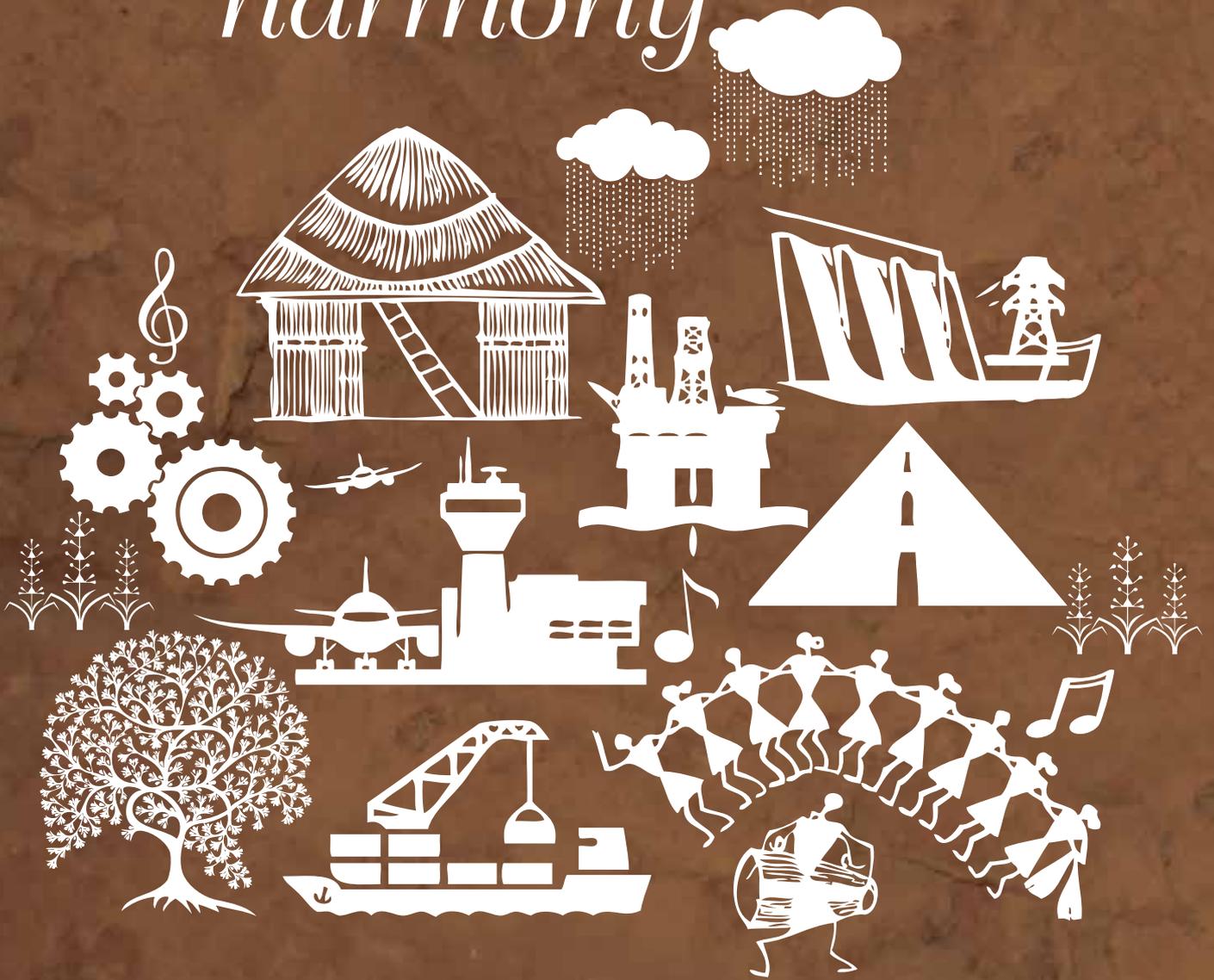


# *In harmony*

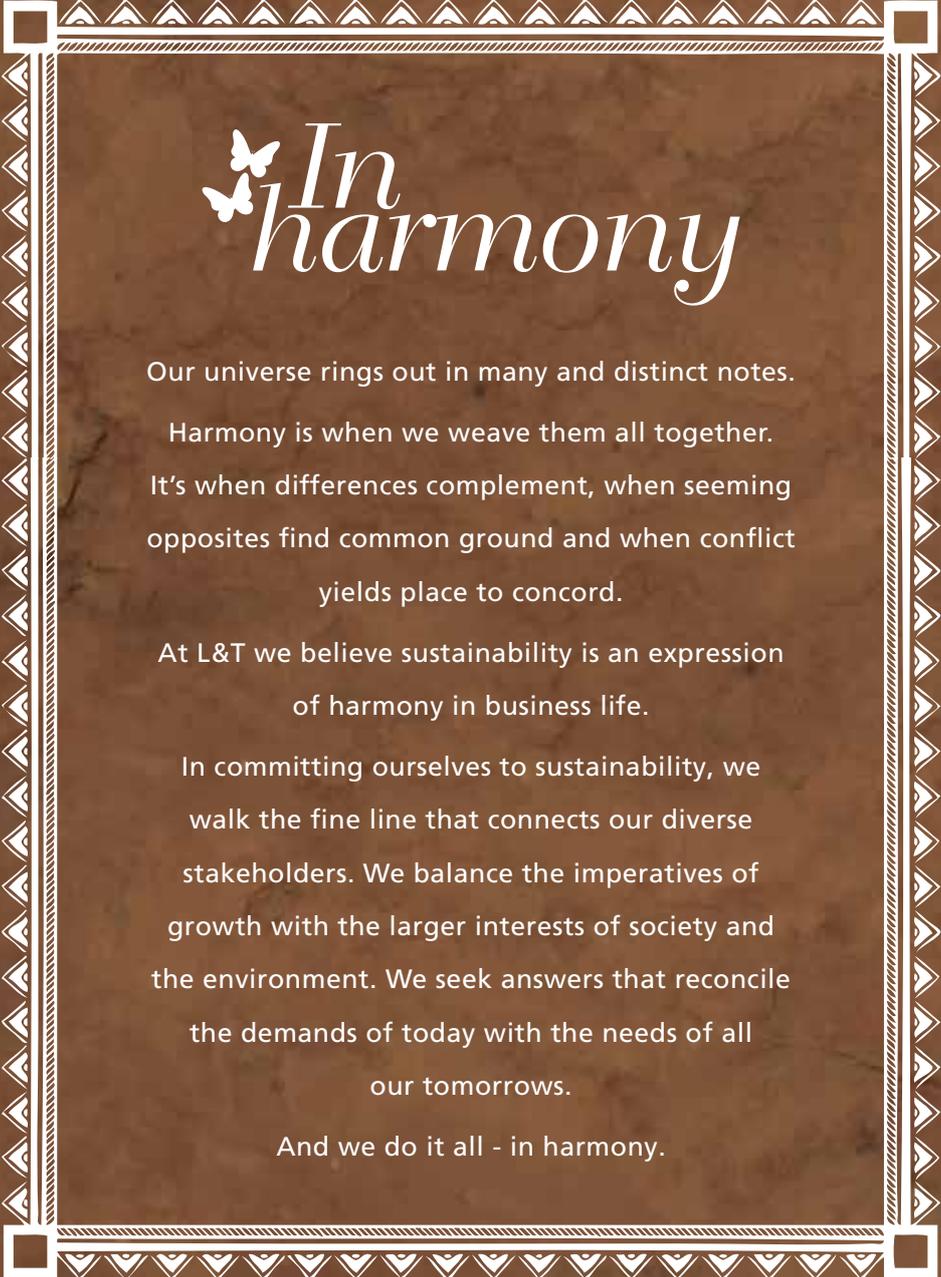


S U S T A I N A B I L I T Y   R E P O R T   2 0 1 5



**LARSEN & TOUBRO**

It's all about Imagineering



*In  
harmony*

Our universe rings out in many and distinct notes.

Harmony is when we weave them all together.  
It's when differences complement, when seeming  
opposites find common ground and when conflict  
yields place to concord.

At L&T we believe sustainability is an expression  
of harmony in business life.

In committing ourselves to sustainability, we  
walk the fine line that connects our diverse  
stakeholders. We balance the imperatives of  
growth with the larger interests of society and  
the environment. We seek answers that reconcile  
the demands of today with the needs of all  
our tomorrows.

And we do it all - in harmony.

# *Index*

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MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM



Global Compact Network  
India



# Message from

Group Executive Chairman

Dear Stakeholder,

I am happy to present L&T's Sustainability Report 2015 - in the 8th consecutive year of reporting on our triple bottom line. As in earlier years, this report has been prepared as a voluntary disclosure of our economic, environmental and social performance, is independently assured and based on the Global Reporting Initiative (GRI) reporting framework. Our Report this year conforms to 'In accordance - comprehensive' as prescribed in the latest G4 (fourth generation) guidelines of the GRI.

The report also reaffirms our commitment to the United Nation's Global Compact and its ten principles, and serves as our annual communication on progress.



## Make in India

It has been a definitive year of positive change for the country. The 'Make in India' initiative of the Prime Minister of India signals recognition of the far-reaching economic and social impact of the manufacturing sector. The programme resonates well with L&T's long-standing slogan 'We Make the Things that Make India Proud'. As a high end manufacturer of complex products and equipment, we believe it is technology-enabled, innovation-enhanced manufacturing that will successfully place the economy on an elevated trajectory of growth.

Equally significant is the increasing national focus on infrastructure development. Nations tend to get branded by the quality of their infrastructure. India's legitimate aspirations of joining the world's leading nations can only be realized if its airports, metro systems, highways, ports, smart cities etc. are on par

with the best in the world. As a company with leading edge capabilities in building infrastructure, we look forward to participating in the transformative projects that will re-shape our country.

The domestic business trend of the Company has been representative of India's growth curve. In the past few years, L&T has responded to the slowdown by expanding its international business to 25-30 percent of its revenues. Now, with the business environment turning positive in India, the Company has renewed its focus on domestic business.

In the financial year 2014-15, the Company reported group revenues at INR 927.62 billion, up 8% over the previous year. The unexecuted order book stood at an all-time high of INR 2,326.49 billion, representing a 28% growth over the previous year.

## Green Product Portfolio

As a company that executes major EPC contracts in key sectors, we see ourselves as green enablers. We are leveraging contemporary technology developments to help customers enhance energy conservation and advance further on a low carbon path.

The green strategies that we have formulated and executed yield both environmental benefits and business growth. Our green products and services portfolio steadily increased to INR 107.67 billion in the FY 2014-15, an increase of over 30% from the previous year.

## Water Conservation

The fact that in a lot of our villages people still line up in queues to fill up water reflects a skewed approach to a vital resource. On our part, we have been consistently propagating the message of conservation. All our 28 major campuses have achieved zero waste water discharge status, with 5 being water positive. Additionally, we have built 50 check dams in the reporting year through the L&T Public Charitable Trust, taking our tally of check dams to 200.

## Building India's Social Infrastructure

As a corporate that seeks to play a meaningful role in fostering an equitable society, we have decided to integrate our efforts to serve a single, overarching objective - Building India's Social Infrastructure. This we feel is where our strengths and resources will have maximum traction. We believe we possess the innovative capabilities and expertise to stimulate transformational change in the communities we address.

In 'Building India's Social Infrastructure', our approach has been to co-create with the communities we work with. Active participation from community members is sought at every step to instill a sense of ownership in the projects that we jointly undertake. Through our

continuing intervention in Education, Healthcare and Skill development we reached out to over 1.3 million beneficiaries in last year.

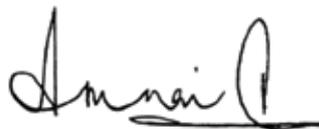
## Awards

Our sustainability and CSR efforts have won recognition around the world. L&T was ranked among the Top 5 Indian Companies in the Carbon Performance Leadership Index by Carbon Disclosure Project (CDP). This is in recognition of our actions to reduce carbon emissions and working towards mitigating the business risks of climate change. We were also ranked among the top 10 in 'India's Best Companies for CSR' by The Economic Times.

---

**We believe the true sustainability story is always co-authored. At its heart, it is the continuing collaborative effort of all stakeholders that ensures success. I welcome your active participation as we move forward together on our sustainability journey.**

---



**A M Naik**

Group Executive Chairman



## VISION



L&T shall be a professionally-managed Indian multinational, committed to total customer satisfaction and enhancing shareholder value.

L&T - ites shall be an innovative, entrepreneurial and empowered team constantly creating value and attaining global benchmarks.

L&T shall foster a culture of caring, trust and continuous learning while meeting expectations of employees, stakeholders and society.



**LARSEN & TOUBRO**



*Mrs. & Mr. A. M. Naik (Group Executive Chairman, L&T) being felicitated by late Dr. A. P. J. Abdul Kalam, the former president of India on completing 50 years of devoted service in L&T*

# Message from Leadership Team



**K. Venkataramanan**  
CEO & Managing Director

During the past few years, across the Indian corporate sector I've seen a renewed focus on sustainability move which is now becoming an integral part of doing business.

At L&T as a responsible corporate we know our actions speak for themselves. Right from our inception we have taken major steps in all areas of sustainability in improving the sustainability of our own operations, enhancing the well-being of our people and the societies we work in and, most importantly, in contributing to the sustainability of our customers' operations. It has been gratifying through the years to see customer involvement in our sustainability initiatives. Our customers are contributing to the progress by specifically asking for products from our green product portfolio.

We deliver results in sustainability just as well as in business. The results presented in our sustainability report speak the same language.

*\* Mr. K. Venkataramanan retired from the services of the Company on September 30, 2015. He is now Non-Executive Chairman on the Board of L&T Hydrocarbon Engineering Limited.*



**S.N. Subrahmanyam**  
Construction & Infrastructure

India is rapidly gearing up to create smart infrastructure that will soon be the backbone of the economy. With the mandate to build smart cities at the top of Government's priority list, this area will have huge opportunities in the near future. We are poised to tap the potential business opportunities in the areas of city surveillance, intelligent traffic management systems, transport & logistics, communication network, telecom infrastructure, building management system, smart grids, smart water, smart governance & education and smart city development.

At L&T Construction, our commitment towards sustainability is deep-rooted and is reflected in the various kinds of infrastructure that we create to enhance quality of life. With scarce natural resources rapidly depleting, we have adopted and implemented several sustainable measures. To name a few:

#### Constructing smart and 'green' buildings

Classifier technology to produce crushed sand to replace river sand

Portable sewage treatment plants to treat and reuse water for curing at project sites

Water harvesting to re-cycle and re-use a scarce resource

Special chemical compounds to prevent the need for water for curing,

Use of recycled Asphalt pavement instead of dense bitumen macadam,

Use of fly ash-based concrete for nuclear installations

Responsible landfills of construction debris to prevent leaching.

Tapping and using solar power as alternate 'green' fuel

Skill-building, training and making unemployed rural youth employable is another focus area and we also remain committed to the highest standards of safety across the organization.

*\* On October 1, 2015, Mr. S.N. Subrahmanyam was appointed Dy. Managing Director & President of L&T*



**M. V. Kotwal**  
Heavy Engineering

The past year has been a year of change at Heavy Engineering and Shipbuilding. We have taken up a number of new initiatives to be in harmony with the changing Economic, Environmental and Social scenario. These new initiatives have brought with them challenges of initial implementation and adaptation.

In any organization, it is an ongoing process to make the systems and processes simpler, more effective and more efficient. Heavy Engineering decided to upgrade its Enterprise Resource Planning (ERP) system in the same quest. 'VIBGYOR', the implementation team set an excellent example of collaboration. They leveraged the existing capabilities and talent to bring together a cohesive team from all locations of Heavy Engineering IC. As a result, the new platform of ERP was set to go live in the new financial year.

With the present Lakshya period drawing to a close in 2016, it is time for us to have a relook at the changing business topographies and formulate a new strategic plan for the next Lakshya period of 2016-2021. The opportunities and risks need to be carefully evaluated, analyzed and catered to, with the objective of building an ever-flourishing, perpetually profitable business for all the stakeholders.

*\* Mr. M. V. Kotwal retired from the services of the Company on August 26, 2015.*



**Subramanian Sarma**  
L&T Hydrocarbon Engineering

Hydrocarbon sector is poised to grow manifold in the years to come. In response, LTHE aims to increase its presence in domestic market as well as leverage its capabilities to capitalize on new geographies, internationally. As a newly-formed subsidiary carved out of the L&T conglomerate, we aim to transition from recently attained autonomy to steady growth as an independent entity. The journey we take to achieve this growth, however, will be accountable, inclusive and sustainable.

In the varied geographies we operate in, we endeavor to capitalize on local talent creating avenues for community development and spurring growth of local businesses. We are also mindful of our environmental performance, specifically our energy consumption, not just within our operations, but also of the products and services we offer, striving to meet current and future global standards for efficient use of energy. Our zero-incident credo as well as the awards we have won for outstanding performance in the realm of occupational safety are testament to our commitment to safety as a core value of the organization. We are also committed to continual improvement of our business processes by using internationally accepted standards with our corporate policies reflecting an Integrated Management System for Quality, Environment, Occupational Health & Safety, IT Security and Human Resources. Promoting the sustainable practices in all our activities benefits all our stakeholders including the communities we live and work with. For us true success & progress lies beyond conventional economic indices and is best reflected in the difference we make to the lives of people.

It is thus our belief that sustainability practices in both internal and external aspects will help strengthen the core business through direct and indirect returns on these socio-environmental investments which will help carry us through any challenges we may face on the road to sustainability.

# Message from Leadership Team



**R. Shankar Raman**  
Chief Financial Officer

Economic, Environment and Social risks are inherent to our project businesses. We have well documented risk management policies and procedures that address these issues. A structured risk management information system helps early detection and lay out efficient mitigation.

Our goal is to align efficient business operations to sustain and grow a business while preserving the environment. We are also aiding this process for our supply chain vendors with whom we share the best practices across the businesses and our customers who actively choose products from our green product portfolio.

At L&T we have been early adopters of sustainability practices ensuring that the lifecycle of every product is closely looked at from the ecofriendly lens. As we grow we are ensuring optimization of the inherent risks and maximizing value for stakeholders across the spectrum without compromising on values of good corporate citizenship.



**S. N. Roy**  
Power, Minerals & Metals

At L&T Power, our continuous effort is to ensure sustainability of business and its harmonious existence with the environment.

L&T Power continues to strive for mitigating risks and reduce environmental impact across our entire value chain, from processing diverse raw materials and ingredients, to installing Power Plants at remote locations and the delivery of parallel services.

We have enhanced our commitment to do more as a business to minimize our impact on the environment, setting higher and more aggressive new goals to reduce energy, water, effluents and waste across our multiple locations. Catapulting our business to higher standards vis-à-vis greener environment, L&T Power deployed initiatives to improve performance and output through increased operational efficiency so that it would be possible to contribute fully towards the pursuit of overall goals of the L&T Group as a whole for achieving sustainability targets set for 2015-16.

We are committed to working in a manner that helps to ensure a future where the environment, business and society can mutually co-exist and thrive.

*\* Effective October 1, 2015, Mr. S. N. Roy holds Board-level responsibility for Power & Heavy Engineering businesses*



**S.C. Bhargava**  
Electrical & Automation

The year was characterized by volatile macro-economic developments that hampered growth in several emerging or high growth economies. Adding to the uncertainty was the lower oil prices and increasing geopolitical tensions. The world continued to face unprecedented environmental pressures. On the domestic front there were signs of economic revival and news of increased investment for infrastructure development projects. All of these had their impact on business everywhere.

E & A's approach to sustainability issues is focused on ten material issues and strives to balance both the short term goals on improving profitability while pursuing the long term goals on being eco-efficient in its operations and providing state of the art products and solutions to its customers.

The domestic and internal market requirements are driven both by technology as well as the need to follow a low carbon trajectory for growth. At E & A, sustainability thinking drives the design and manufacture of our products, the nature of solutions and products we offer and the engagement with suppliers. We are, therefore, putting greater emphasis to introduce more products which are RoHS compliant and form the basis for being eco-efficient in manufacturing operations. This would mean being conscious about conservation of water, energy and material. Our focus on innovation is supported by strong in-house R&D capability that has given us a competitive edge in a rapidly changing market.

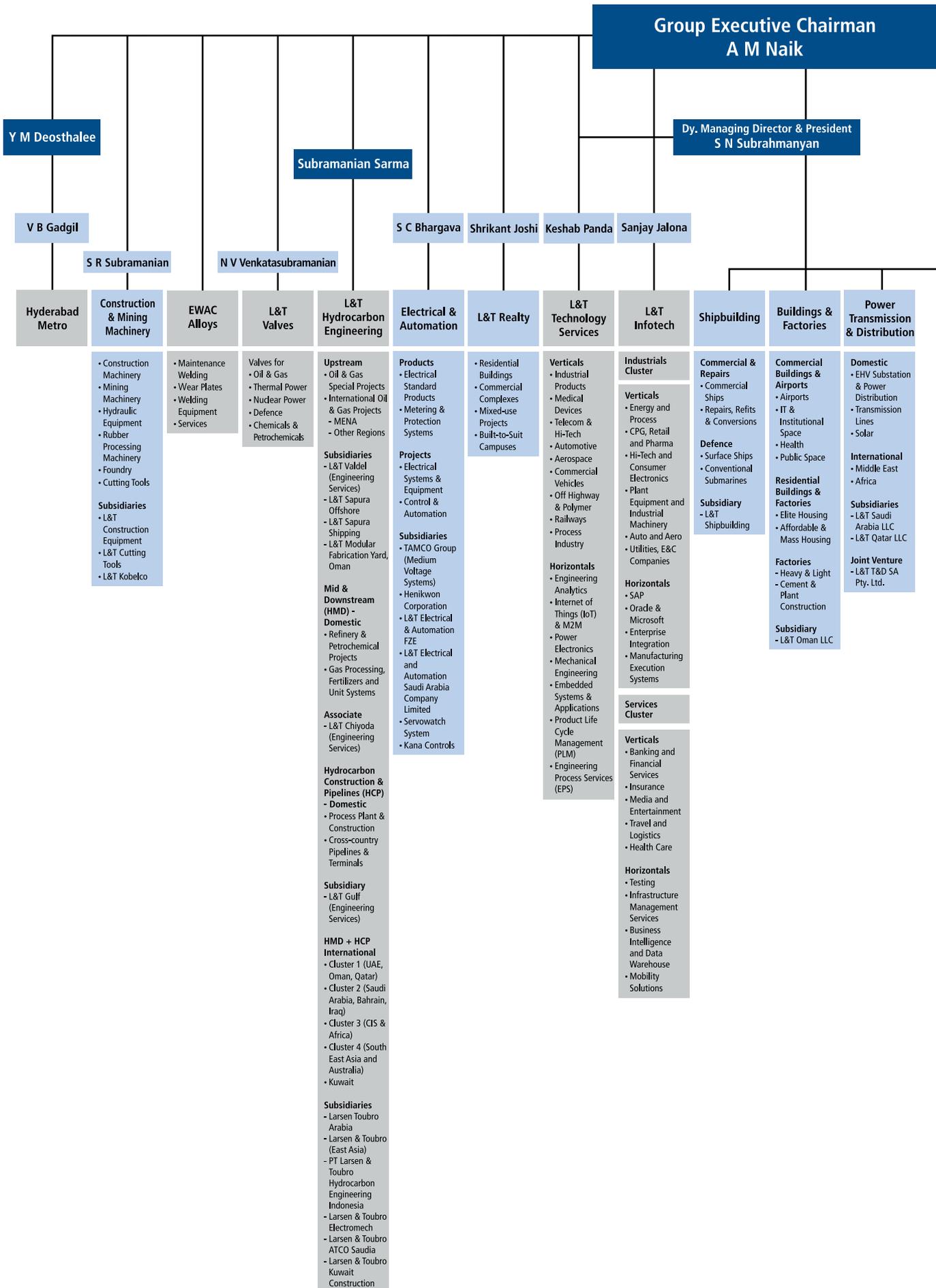


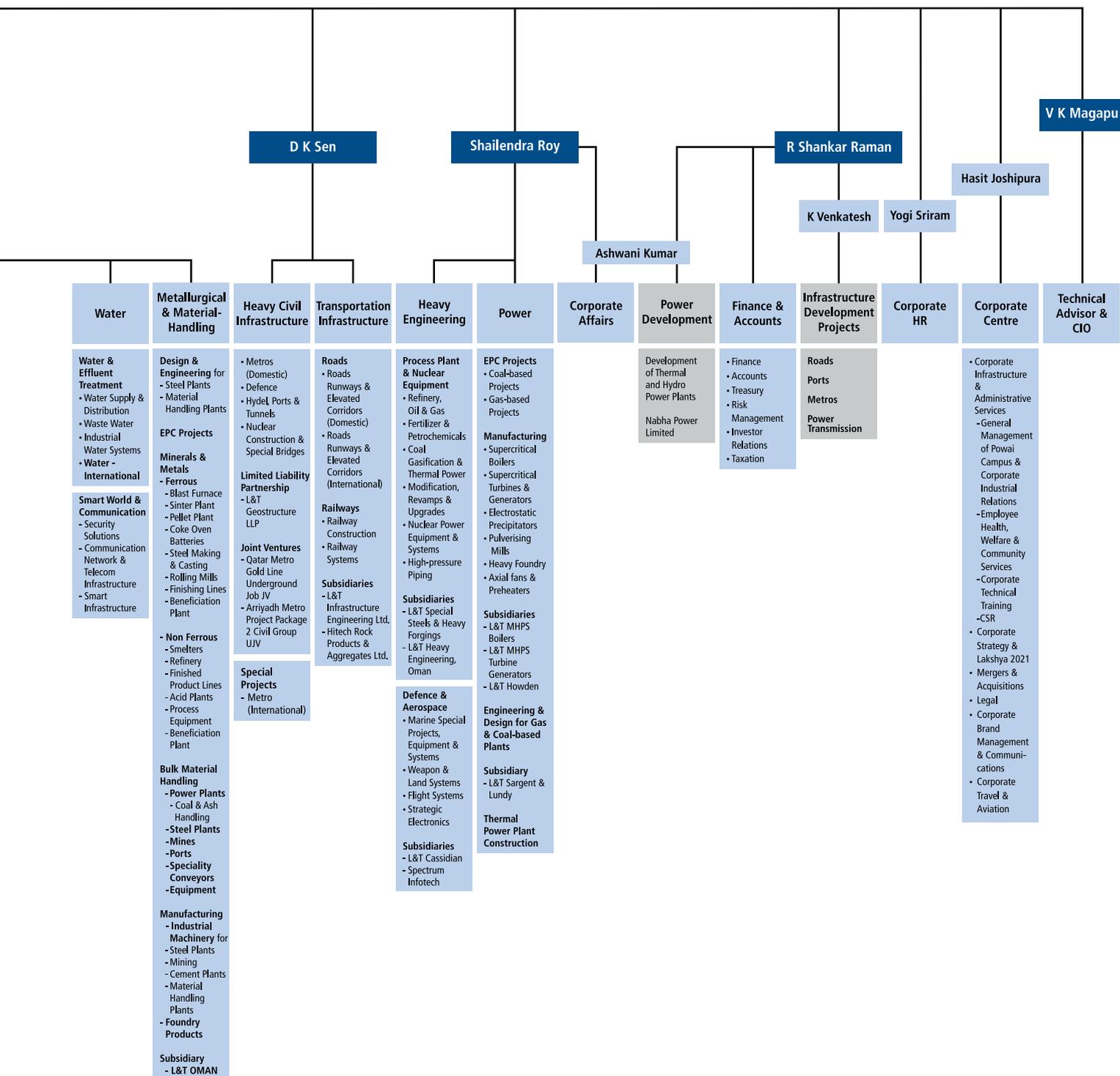
**V. K. Magapu**  
L&T Infotech

We address sustainability through the lens of its human and technical aspects. Our volunteering programme 'My CSR' is an example of how we are encouraging individuals to contribute towards a better society by empowering those lesser privileged.

We also encourage the spouses and families of employees to join in for the spirit of giving through our CSR initiatives. We are also using technology to reduce our carbon footprint while preserving precious resources like energy and water. We believe in optimum utilization of resources.

*\* Effective September 1, 2015,  
Mr. V. K. Magapu holds the position of  
Advisor to the Chairman.*





■ Subsidiary Companies

■ Corporate Functions

As on 31.10.2015

# Business Portfolio

## CONSTRUCTION

L&T Construction is the industry leader in its field. Its integrated capabilities, encompassing design, engineering and construction, meet the specific needs in the following segments:

- Buildings & Factories
- Transportation Infrastructure
- Heavy Civil Infrastructure
- Water, Smart World & Communication
- Power Transmission & Distribution
- Metallurgical and Material Handling



## L&T HYDROCARBON ENGINEERING

Provides EPC solutions for the oil & gas industry - upstream, mid and downstream and pipelines.

\* In April 2013, the hydrocarbon business was restructured as a wholly owned subsidiary - L&T Hydrocarbon Engineering.

## POWER

Executes coal and gas based power generation projects on an Engineering, Procurement and Construction (EPC) basis. It has integrated manufacturing facilities for Boilers, Steam Turbines, Generators, Pressure Piping, ESPs, Axial Fans, Air Preheaters, Heat Recovery Steam Generators, etc.



## HEAVY ENGINEERING

Manufactures and supplies custom-engineered equipment & systems for process plants. It also provides services for Nuclear power plants. For the defense sector, the business offers missile and weapons systems. It also caters to the aerospace industry.

G4-4

G4-9

## SHIPBUILDING

Two major shipyards, on the east and west coast of India, builds specialized vessels for defence and for commercial applications.



## ELECTRICAL & AUTOMATION

Offers solutions for power distribution and control with a wide range of low and medium voltage switchgear and automation systems.

## INFORMATION TECHNOLOGY

L&T Infotech, a wholly owned subsidiary - provides end-to-end IT solutions and services.

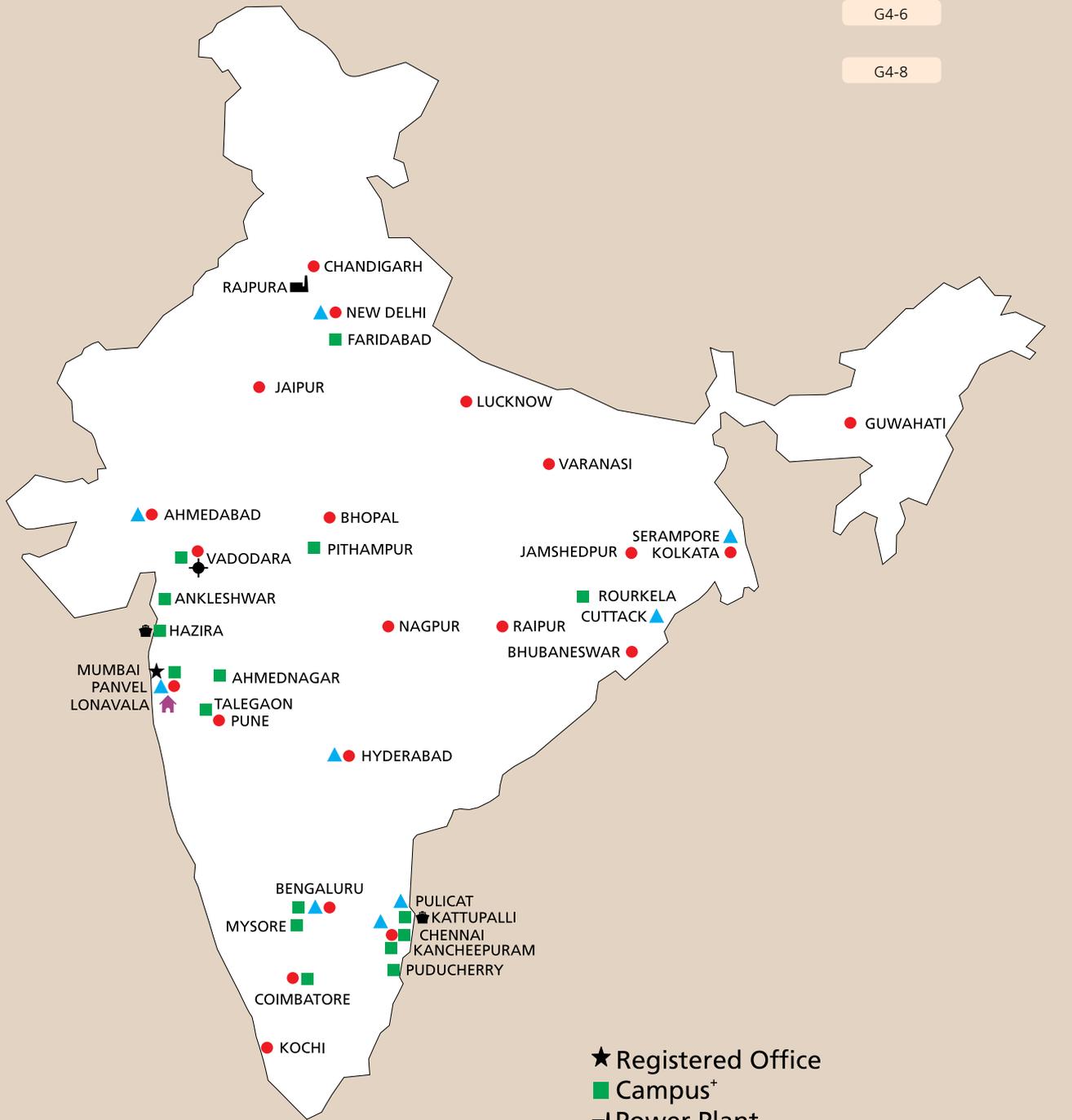


## TECHNOLOGY SERVICES

Provides integrated engineering services - offering design and development solutions.

For details about individual businesses, please refer to our Annual Review, for Annual Report log on to [www.larsentoubro.com](http://www.larsentoubro.com)

# Nationwide Network



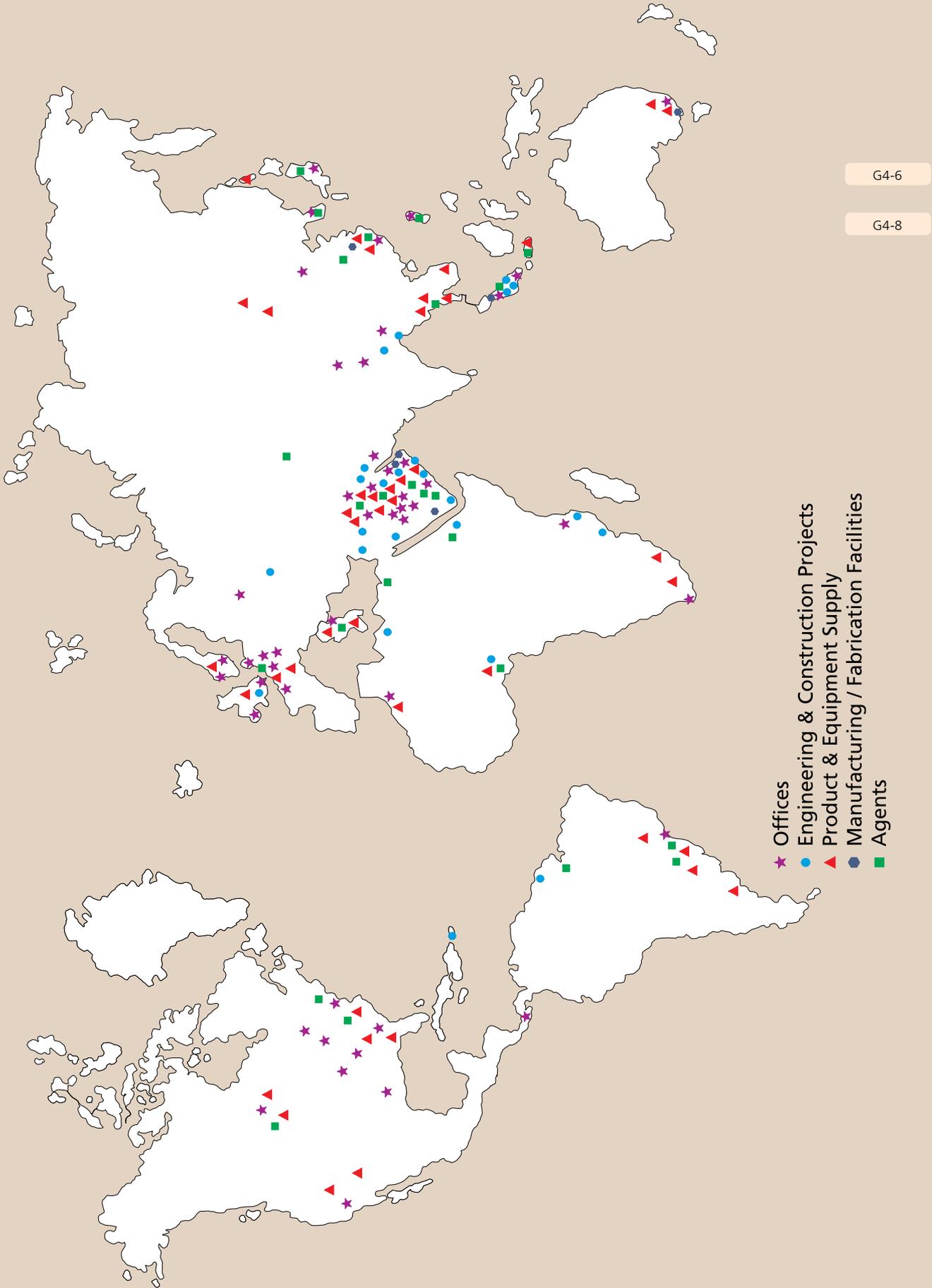
G4-6

G4-8

- ★ Registered Office
- Campus<sup>+</sup>
- Power Plant
- 🏠 Shipyards
- Offices
- ◆ Knowledge City
- 🏠 Leadership Development Academy
- ▲ Construction Skills Training Institutes\*

<sup>+</sup> 'Campus' denotes facilities for design and manufacture  
<sup>\*</sup> Part of L&T's Corporate Social Initiatives

# Global Presence



Note: Map is broadly representative of L&T's presence in markets worldwide. For details of establishments within India, please refer to 'Nationwide Network'.



*A Symphony  
of systems,  
processes  
& practices*

# Corporate Governance



Corporate Governance is central not just to the way we do business, but core to our existence. The principles of good governance are codified in our policies, and ingrained in all our practices. We are conscious of our accountability to all stakeholders, and ensure equity in our dealings, and transparency in operations.

## Governance Structure

- G4-34 The Corporate Governance structure of Larsen & Toubro provides a comprehensive framework to enhance accountability to shareholders while ensuring timely and accurate disclosures of all material matters.
- G4-39 The multi-layer approach comprises:

G4-7



The four-tier governance structure, besides ensuring greater management accountability and credibility, facilitates increased autonomy to businesses, performance discipline and development of business leaders, leading to increased public confidence.

The Board of Directors of L&T includes a woman independent director.

- G4-38 For details on governance structure, refer L&T's Annual Report 2014-15 at [www.larsentoubro.com](http://www.larsentoubro.com)

## Sustainability Structure

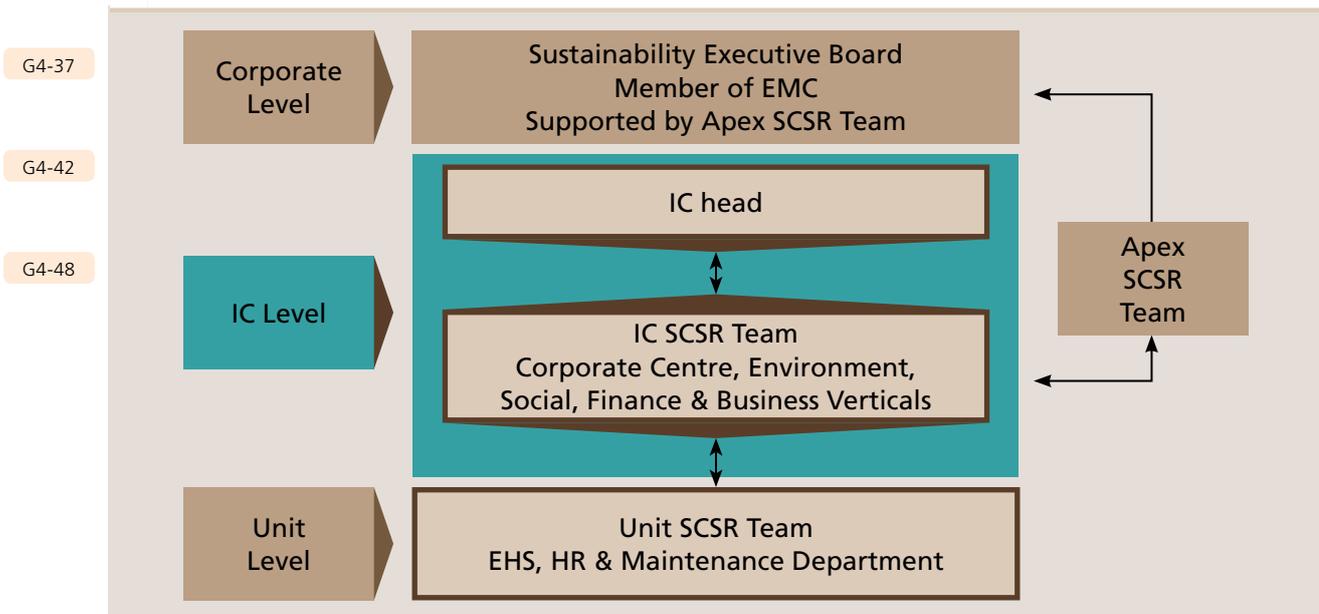
G4-35

Our top-down approach involves the following: The Sustainability Executive Board (SEB), steered by a member of the Executive Management Committee (EMC), ensures effective formulation of sustainability policies, implementation of strategy and review of Sustainability Report. Business Heads, Sustainability Councils and Unit Level Sustainability Teams cascade the initiatives across the Company through the representation of Independent Companies (IC).

L&T won the CII-ITC sustainability award for commendation for significant achievement 2014 which has Corporate Governance as part of its criteria.

G4-36

### Sustainability & CSR (SCSR) Organization Structure



G4-37

G4-42

G4-48



Release of Sustainability Report 2014

## Remuneration Policy

G4-40

The remuneration policy is shaped by the Company's commitment to offer emoluments commensurate with talent and performance while seeking to remain competitive and meet the long-term interests of its shareholders. Our compensation packages consist of base remuneration, perquisites and performance incentives.

G4-44

The components of remuneration vary for different grades, and are governed by industry patterns, qualifications, experience, responsibilities and individual performance.

G4-51

G4-52

G4-53

Board Members' remuneration is aligned to the organization's scale and the markets it serves. It also takes into account economic and financial factors, industrial trends, compensation paid by the peer companies, etc. We pay remuneration to Executive Directors in the form of salary, perquisites and retirement benefits (fixed components) & commission (variable component), based on recommendation of the Nomination & Remuneration (N&R) Committee, approval of the Board and the shareholders. The commission is calculated with reference to net profits in the financial year and as per the Section 197 of The Companies Act, 2013.

G4-54

G4-55

## Process Excellence

A succession of strategic programmes - christened LAKSHYA ('Target' in Hindi) sets the direction and pace of L&T's growth. The Company's proven ability to negotiate shifting market conditions and re-align its business structure to meet emerging challenges is a measure of the success of the LAKSHYA programmes.

With the present Lakshya period drawing to a close in 2016, the company will be formulating a new strategic plan for the next Lakshya period of 2016-2021.

## Sustainability Genesis

L&T was the first engineering and construction Company in India to publish its Corporate Sustainability Report. In 2007, we set up a dedicated team of coordinators throughout the independent companies to report our environmental and social performance, and implement sustainability initiatives. Over the years, the team has evolved from the early stages of implementing initiatives to embedding sustainability more and more deeply within the organization's culture.

Our Sustainability Roadmap 2012-15 focuses on seven thrust areas. These include energy conservation & Greenhouse Gas (GHG) mitigation, embedding a 'safety culture', water conservation, material management, enhancing the health index of the organization and continuing social interventions.

## Certifications

All our units are ISO 9001 certified further, 51 of them are certified for ISO 14001 and 20 of them for OHSAS 18001. Further, 16 of the units have ISO 27001 units, while 3 have ISO 50001 Certifications. 5 of the units of L&T Infotech have ISO 20000 certification and Coimbatore campus has AS 9100 certification. We currently have five platinum, five gold, three silver and one certified green building and one silver rated green factory among our establishments.

## Performance Measurement and Review Mechanisms

Our Corporate Audit Department comprises professionals - CAs, engineers and system experts - qualified and equipped to measure and review performance. Our Internal Audit function is ISO 9001:2008 certified. The Head of Corporate Audit services reports jointly to the Group Executive Chairman and the Chief Executive Officer & Managing Director. The staff of our Corporate Audit Services is periodically rotated.

G4-40

G4-44

Qualitative data on performance indicators is collated from:

|   |
|---|
| Information from completed projects                             |
| Data from technical audits of plants, project sites and offices |
| Sharing of best practices                                       |
| R&D reports   |
| Information from global sources, partners and collaborators     |
| Regulatory agencies & professional associations                 |

The Board of Directors has complete access to Company information through:

|   |
|---|
| Annual revenue budgets, financing and capital expenditure plans   |
| Quarterly results and results of operations of independent Company and business segments  |
| Minutes of meetings of Board of Directors, Audit Committee (AC), Nomination & Remuneration (N&R) Committee and Shareholders/Investors Grievance Committee             |
| Quarterly report on fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems  |
| Reports on materially relevant default, if any, in financial obligations to and by the Company or substantial non-payment for goods sold or services rendered, if any |
| Reports on developments in respect to human resources   |

## Code of Conduct and Risk Management Framework

G4-41

All Board members and Senior Management personnel\* of the Company abide by L&T's 'Code of Conduct'. This ensures compliance with the provisions of the revised Clause 49 of the listing agreement with stock exchanges.

G4-42

Policies, procedures and guidelines have been formulated to clearly lay down norms on action and conduct of our employees.

G4-46

G4-56

These cover:

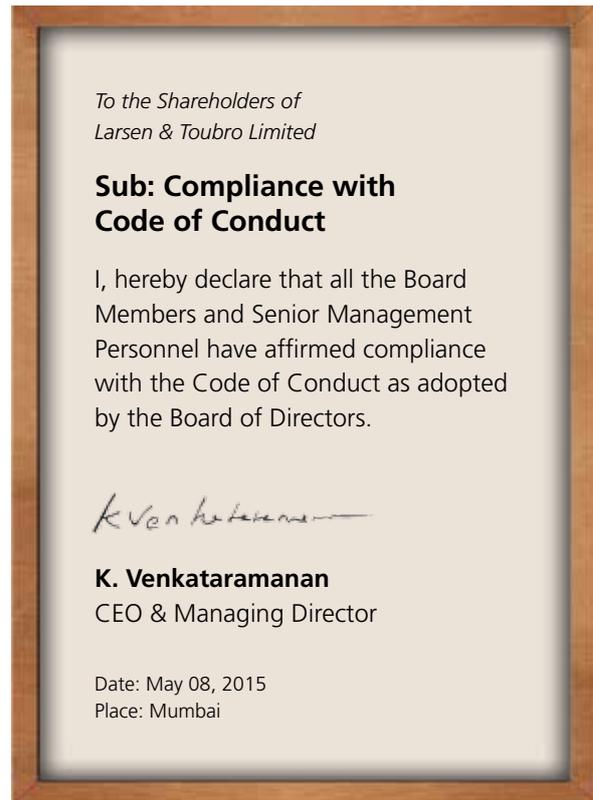
|   |
|---|
| Securities Dealing Code                       |
| Protection of Women's Rights in the Workplace |
| Corporate IT Policies                         |
| Security Manual and Procedures                |
| Whistle Blower Policy                         |
| Guidelines on Corporate Communications        |

*The Code of Conduct is available on the corporate website, [www.larsentoubro.com](http://www.larsentoubro.com). The annual declaration regarding its compliance is also given by the CEO & Managing Director.*

We have developed an environment and social 'code of conduct' for our supply chain. Many of our suppliers are signatories to this code and are committed to its practice. Environment-friendly and socially-responsible business practices propagated by the code include energy efficiency, water conservation, waste reduction, occupational health & safety, prevention of corruption and respect for human rights.

The Company's policy is to have an appropriate mix of Executive, Non-Executive & Independent Directors. As on March 31, 2015, the Board comprises of the Group Executive Chairman, the Chief Executive Officer and Managing Director, 4 Executive Directors, 1 Non-Executive Director (representing financial institutions) and 7 Independent Directors. The composition of the Board, as on 31st March, 2015, is in conformity with the provisions of the Companies Act, 2013 and Clause 49 of the Listing agreement in this respect.

*\* Senior Management personnel are one level below the Executive Directors including functional heads.*



Any change in directorship is immediately reported to the Board and to Securities & Exchange Board of India (SEBI). This information is shared with the accountants of all businesses, and compliance with the provisions of The Companies Act, 2013 is ensured. In consonance with the provisions of Clause 49 of listing agreement, every Board member confirms, on a yearly basis, that he has complied with L&T's Code of Conduct as applicable to Board members and senior management of the Company. Senior executives of the Company are required to confirm whether they or any of their specified relatives have entered into any transaction with L&T. During the year, there were no transactions of a material nature with the Directors or the Management or the subsidiaries or relatives that had potential conflict with the interests of L&T.

The Audit Committee of the Board oversees the risk management process. Every independent business segment has its own risk management policy and procedure within the overall Enterprise Risk Management framework of the organization. The process followed by us complies with the International Risk Management Standard ISO 31000:2009. As members of the Engineering & Construction Risk Institute (ECRI), USA, we actively participate in training and knowledge sharing across the industry. State of the art tools are deployed for cost estimation and schedule risk analysis.

Employees across the Company as well as the group are being sensitized about the various policies and governance practices of the Company. The Company has designed in-house training workshops on Corporate Governance with the help of an external faculty covering basics of Corporate Governance as well as internal policies and compliances under Code of Conduct, Whistle Blower Policy, Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, SEBI Insider Trading Regulations, etc.

Workshops were conducted in India as well as abroad to create a batch of trainers across various businesses. These trainers have in turn conducted around 100 training / awareness sessions within their business and covered more than 24,000 employees in supervisory and above cadre. A similar session on Compliance & Governance was also conducted for senior management by external experts.

The Company will continue to conduct such workshops / sessions on a regular basis.

G4-42

## Internal Control System

Our corporate policy on internal control provides a framework for identification, rectification, monitoring and reporting of internal control weaknesses in the organization. Additionally, we periodically engage independent professional firms to review the effectiveness of control processes in businesses and support functions. All significant observations and corrective actions taken are reviewed by the management and Audit Committee of the Board.

G4-46

G4-57

G4-58

## Corruption & Anti-competitive Behaviour

We remain committed to behavior that is in consonance with the principles of ethics and fair practices. We will not be party to any act or measure that compromises or is likely to compromise our values.

No incidence of corruption was reported during the year. We also comply with relevant statutory requirements including anti-competitive behaviour. No legal actions in this regard were initiated against us in FY 2014-15.

## Public Policy Advocacy

The Government is an important stakeholder in our organization. We engage with the Government through multiple business forums and trade organization. Our senior executives are active

members of industry bodies that participate in the formulation of public policy affecting industry, business, products and customers.

## Compliance

Our compliance system covers a multitude of statutory obligations which ensures that all applicable laws and regulations are complied with. We also have a designated compliance officer.

In addition we publish our Annual Business Responsibility Report (ABRR) conforming to the SEBI listing requirement, which covers National Voluntary Guidelines (NVG) as released by the Ministry of Corporate Affairs, India.

Operational and financial controls have been tightened across the L&T Group to prevent acts or behavior that deviate from the Company's stated policies of fair and ethical practice.

## Precautionary Approach

Recognizing that economic, environment and social risks are inherent to our project businesses, we have implemented systems for rigorous examination of the likely adverse consequences of all our operations. A structured Risk Management Information System helps early detection and efficient mitigation.

For more information, please refer page 182 of L&T Annual Report 2014-15.

G4-14

## Commitment to External Initiatives

G4-15

G4-43

We follow the Global Reporting Initiative (GRI) framework and the National Voluntary Guidelines (NVG) to report on our economic, environmental and social performances. Additionally, we comply with United Nations Global Compact (UNGC), applicable International Labor Organization (ILO) conventions and other United Nations (UN) directives that cover:

|   |
|---|
| Statutory and regulatory compliance                       |
| Business ethics   |
| Fair and equal opportunity to all employees               |
| Employee development through training                     |
| Labour camps at construction sites                        |
| Medical facilities at units, offices & project sites      |
| Steps to measure, monitor and conserve materials & energy |

## Memberships

G4-16

We are active contributors in the policy-making process through memberships of associations and institutes\* including:

|  |
|--|
| Confederation of Indian Industry (CII)                           |
| Federation of Indian Chambers of Commerce and Industry (FICCI)   |
| Associated Chambers of Commerce and Industry of India (ASSOCHAM) |
| Bombay Chamber of Commerce & Industry (BCCI)                     |
| Bureau of Indian Standards                                       |
| Construction Industry Development Council (CIDC)                 |
| Indian Electrical and Electronics Manufacturers Association      |
| National Safety Council  |
| Indian Institute of Chemical Engineers (IChE)                    |
| National Fire Protection Association                             |
| British Safety Council   |
| Association of Business Communicators of India                   |

\*The list is indicative, not exhaustive.

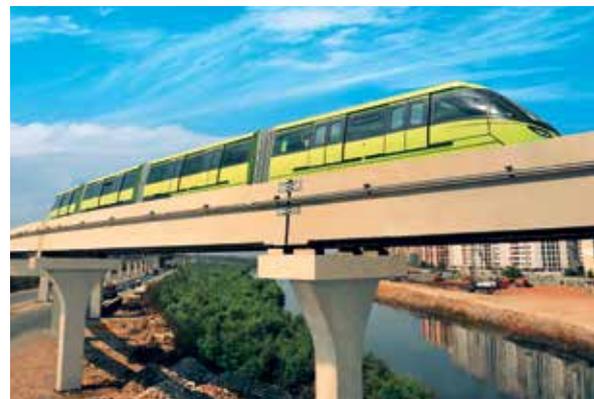
## Disclosure on Management Approach

G4-DMA

G4-45

### Economic

We review our portfolio and recast it to best meet emerging market needs. Further, we augment manufacturing capacities in low-cost regions and lay greater emphasis on increasing execution and operational efficiency. We exercise prudent management of risks and costs to ensure sustainable wealth generation. Multiple initiatives for cost optimisation and productivity enhancement have also been taken up.



### Environmental

Our business are governed by comprehensive policies on quality, environment, health & safety. Green initiatives to protect our natural resources begin at the design stage and extend through the product and project life cycle.

Managers at our project sites and offices are professionals who implement these policies and ensure optimal consumption of material and energy. To maximize the impact of our environmental efforts we work closely with our clients, suppliers, and various stakeholders.



## Social

G4-45

We as a company are constantly finding new and innovative ways to drive shared value for our stakeholders.

We have been serving communities for over 75 years, and we understand the interconnectedness of the success of our company and a strong society. We have aligned our CSR activities with the provisions made under the Companies Act 2013.

### G4-DMA Labour Practices and Human Rights

Our HR policies and practices are at par with the best in the industry. We comply with ethical and human rights standards and follow all applicable local laws and regulatory requirements such as conventions of the ILO, the Factories Act 1948, Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act 1996, Central Rules 1998 and Industrial Disputes Act 1947. Implementation of policies is ensured by committed IR, HR and EHS managers throughout the Company.

A Policy for Protection of Women's Rights at Workplace' sets out objectives, applicability, structure of committees and processes to redress complaints. We have constituted apex and regional complaints committees to address cases of sexual harassment at the workplace, if any. Safety Management Committee meetings regularly review issues related to safety and workmen at manufacturing units and project locations. Initiatives such as 'Working on Wellness' enhance employee well-being with a focus on stress management and essential healthcare.

G4-S09

### Societal Commitment

G4-S010

We believe focusing of effort enhances impact and ensures that we deliver what is most needed. After an intensive large scale interactive process covering over 3600 stakeholders, the CSR theme "Building India's Social Infrastructure" was evolved. After studying results of a detailed need assessment our CSR programmes are focused on Water, Sanitation, Health, Education and Skill Building. We partner with communities not only in identifying their needs but also in implementing and tracking progress.

G4-DMA

The L&T Employees Welfare Trust and Prayas volunteer group formed by the spouses of employees - Ladies Clubs - work closely with the community, NGOs, and Government agencies.

## Product Responsibility

G4-DMA

We recognize that everything we build or make carries an invisible environmental price tag. Our products are therefore engineered for eco-friendly operations across their life-cycle.

G4-PR1

G4-PR2

Our workforce is trained to deal with the concept of extended product responsibility. The emphasis is on stakeholder engagement and feedback from customers. Research & Development is actively encouraged.

We are conscious of the sensitive, strategic nature of many of our projects and products and maintain customer confidentiality. Detailed user manuals are provided and training imparted to customers and their employees in plant operation and product usage.

There were no complaints regarding breach of customer data or privacy in the FY 2014-15.

G4-PR8



## Corporate Social Responsibility Policy



L&T fosters a culture of caring, trust and continuous learning while meeting the expectations of all stakeholders and society at large. As a responsible Corporate Citizen, the Company contributes towards inclusive growth by empowering communities and accelerating development. We shall leverage our inherent strengths and capabilities to build India's social infrastructure.

### Towards this, we shall:

Implement sustainable CSR programmes towards 'Building India's Social Infrastructure'

Partner with communities, NGO's and institutions to create positive impact in areas of water & sanitation, education, health and skill development

Harness innovation and technology driven solutions to address social needs

Strengthen systems and process to achieve measurable results

Our aim and effort is to contribute to a better quality of life, mitigate social inequities, and help individuals in identified communities to achieve their true potential.

## Corporate Environment, Health & Safety (EHS) Policy



As an integral part of our business philosophy, we are committed to conserving the environment and providing a safe and healthy workplace to our employees and stakeholders.

### To achieve this, we shall:

Incorporate EHS considerations in all business process

Ensure compliance with statutory and other applicable requirements.

Prevent adverse environmental impacts and occupational health and safety risks.

Conserve natural resources, minimise waste generation and environment emissions

Impart structured training and augment resources for effective EHS performance

Encourage communication, consultation and collaboration with all stakeholders.

## Sustainability Policy



At Larsen & Toubro, we are committed to fulfilling our economic, environmental and social responsibilities while conducting business. We will conserve natural resources and enhance social equity to achieve sustainable growth while serving all our stakeholders.

### Towards this we shall,

Incorporate environmental and social considerations in our business operations

Reduce adverse impact of climate change, augment energy efficiency and promote renewable energy usage

Foster a culture of trust and caring to enhance safety and well-being of employees

Continue to ensure good Governance, ethics and transparency in our engagement with stakeholders, and advocate responsible business practices

Partner with communities towards social interventions in the identified thrust areas

Adopt sustainable and resource efficient processes and provide value added products services.

## Corporate Human Resource Policy



We believe that people are our most valuable resource and play a pivotal role in helping us realise our vision.

### We are committed to:

Acquiring, developing and retaining a pool of high calibre talent

Enabling and empowering our employees to be creative and innovative

Establishing systems and practices for maintaining transparency, fairness and equity

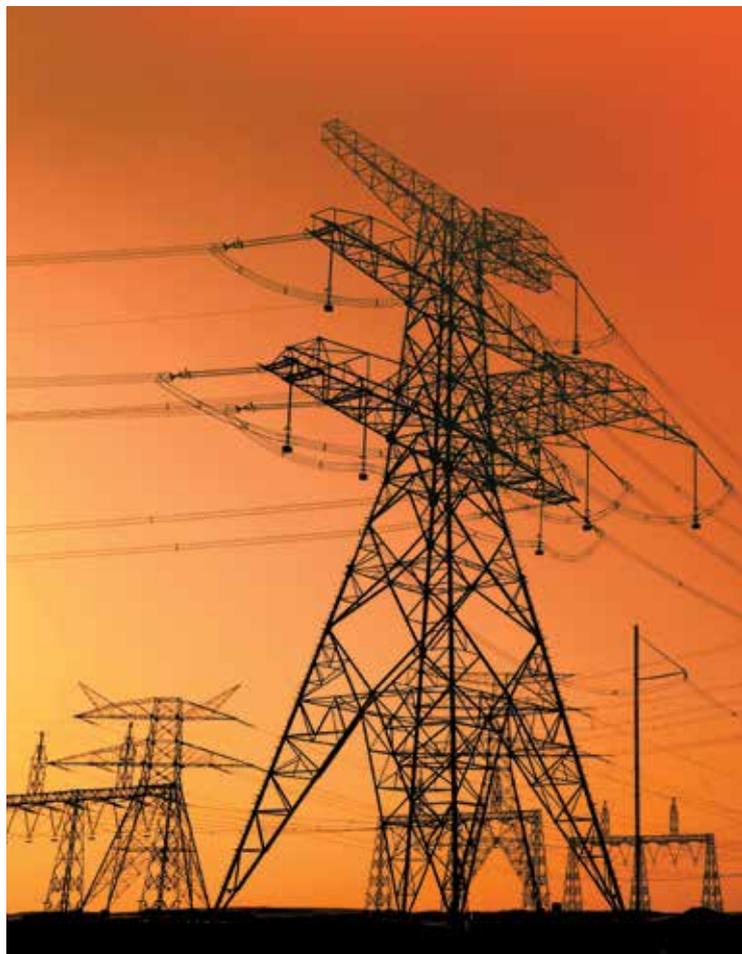
Creating a culture of continuous learning, competitiveness and excellence through change management, respecting ethics, values and good governance

We will protect our environment and uphold in letter and spirit the United Nations Universal Declaration of Human Rights and the fundamental Human Rights Conventions of the International Labour Organization.

## Sustainability Approach

As a company L&T's core values are closely linked with sustainable growth and our purpose as a company is to achieve overall growth in harmony with the environment and society. We have taken definitive steps towards our sustainability roadmap which focuses on seven thrust areas. These include:

|  |
|--|
| Energy Conservation                            |
| Greenhouse Gas (GHG) Mitigation                |
| Water Conservation                             |
| Material Management                            |
| Inculcating a 'safety culture'                 |
| Enhancing the Health Index of the Organization |
| Continuing Social Interventions                |



## In Harmony with NAPCC

The Company is steadfast towards National Action Plan on Climate Change (NAPCC) and its eight missions instituted by Government of India.

L&T continues to invest in technologies towards increasing energy efficiency, enhancing renewable energy usage and water footprint reduction etc. L&T also helps its customers to reduce their energy and carbon footprint through green product and processes portfolio. This not only helps in reducing the emissions but also helps to progress on low carbon economy path.

### MISSION 1 | SOLAR



- L&T is India's largest EPC solution provider in the field of solar plant construction
- L&T is channel partner of Ministry of New & Renewable Energy (MNRE), Government of India with highest rating as a system Integrator & Renewable Energy Service Company (RESCO)
- L&T commissioned 82MWp of solar projects in India

#### Key milestones

- Commissioning Asia's largest (125 MWp) solar thermal power plant in Rajasthan based on high efficiency and Concentrating Solar Power (CSP) CSP technology
- i-LSTK based solar power project of 11MWp at Warangal District, Telangana
- 65MWp solar PV under National Solar Mission (NSM) at Rajasthan & Madhya Pradesh
- 6 MWp in Tamil Nadu under state renewable energy policy
- Solar energy usage is increased at two locations and now 13 establishments of L&T use solar energy namely; Chennai, Kattupalli, Hazira, Talegaon, Mahape, Vadodara, Ahmednagar, Mysore, Coimbatore, Powai, LDA – Lonavala, Ranoli and Sohar - Oman

### MISSION 2 | ENHANCED ENERGY EFFICIENCY



- More than 236,796 GJ of energy saved at L&T establishments over last eight years - avoiding over 53,936 tons of CO2 emissions
- More than 11% renewable energy is used at L&T units
- Energy Management System (ISO 50001: 2000) implemented at Hazira, Kancheepuram, Pithampur & Pondicherry and in process at additional campuses
- Currently L&T has more than 19 certified energy auditors
- Electrical & Automation (EA) business has six switchgear training centre across India that imparts training and learning on good electrical practices to engineers, consultants, contractor, technicians and electrician
- In addition Company also has automation training centre at Navi Mumbai which helps fresh graduates and conducts 'Integrated Automation Training Course'
- E&A offers products and solutions which help our customers to improve energy efficiency and reduce their carbon footprint

### MISSION 3 | SUSTAINABLE HABITAT



- More than 43.7 million sq. ft. of certified green building space was constructed for customers. In addition 21.9 million sq. ft. of green building space is under certification
- Within L&T campuses more than 2 million sq.ft of certified green space consists of 14 green buildings (including one green factory at Vadodara by E&A business) as per following details-
- Platinum - 5 | Gold – 5 | Silver - 3 | Certified – 1

### MISSION 4 | WATER



- All major 28 campuses across India have adopted zero wastewater discharge approach
- At L&T campuses and project sites, the water consumption per employee (intensity) reduced by 11.5 % with respect to 2011-12
- Number of check dams increased to 200 from 150. These check dams benefit tribal population in the Palghar district with collective storage capacity of 1200 million liters
- L&T's water and effluent treatment business caters to turnkey infrastructure projects including water supply and distribution, water management, waste water network & treatment plants, industrial waste water systems and canal rehabilitation
- Super critical power station at Rajpura Punjab has constructed multi-tiered water conservation system to nearby villages which resulted in rise in water table and more water for community.

### MISSION 5 | SUSTAINING THE HIMALAYAN ECOSYSTEM



- Tree plantation on large scale is undertaken in the Himalayan region
- L&T continues to conduct skill development programmes to enhance employability within Himalayan region and provides local employment while executing project in that region
- Community engagement programmes at project sites like health camps, medical campus are periodically conducted

### MISSION 6 | GREEN INDIA



- Guests are felicitated by 'Tree Certificate' instead of flower bouquets at majority of the campuses
- At manufacturing establishments more than 35% of available open area is under green cover
- At project sites and manufacturing locations more than 1.2 million tree saplings were planted in last four years
- At L&T, establishments are enriched with more than 150,000 trees
- Tree inventory portal for quarterly monitoring of tree plantation across L&T campuses and project sites
- Tree plantation and nurturing is an important aspect of Integrated Community Development (ICD) projects as a part of CSR theme 'Building India's Social Infrastructure'

## MISSION 7 | SUSTAINABLE AGRICULTURE



- 200 check dams constructed by L&T Public Charitable Trust (LTPCT) helps tribal farmers to take more than one crop along with vegetable cultivation
- Lift irrigations and canal rehabilitation turnkey infrastructure projects are executed by water business
- The Electrical & Automation (E&A) business offers a wide range of products and solutions for electricity distribution and control in agriculture sectors
- The Hydrocarbon engineering business provides design to build engineering, procurement and construction solutions on turnkey basis in fertilizer sector
- Heavy engineering is preferred supplier to fertilizer plants in India
- Motor starters and pump controllers by E&A business are widely used by farms across India. It also conducts regular training programmes for farmers
- E&A Business also provides solar pumps for farmers to reduce dependency on conventional pumps for irrigation

## MISSION 8 | STRATEGIC KNOWLEDGE FOR CLIMATE CHANGE



- Publication of Annual Business Responsibility Report since 2012-13 & Sustainability Report since 2008
- The induction module of new employees covers climate change and sustainability topics along with Environment, Health, Safety & Human Rights
- Various In-house sustainability capacity building programmes related to sustainability and climate change are conducted such as –
  - \_\_\_\_\_
  - Certified Sustainability Assurance Practitioners (CSAP) programmes
  - \_\_\_\_\_
  - GRI – G4 reporting framework
  - \_\_\_\_\_
  - Energy auditors and energy managers certified by Bureau of Energy Efficiency (BEE)
  - \_\_\_\_\_
  - GreenCo rating system programme
  - \_\_\_\_\_
  - Green Building rating programme
  - \_\_\_\_\_
- Company actively participates in industrial forums and nominates employees for training programme on climate change & green initiatives



Water pre-treatment plant at Sagardighi, West Bengal

## Risks and Opportunities

G4-2

L&T has a risk identification framework which provides for risk reviews at various levels based on an authorization structure matrix. The Company is constantly evaluating steps to further strengthen the risk management processes in the company.

G4-47

The Audit Committee periodically reviews the risks facing the company providing an opportunity for an independent assessment. The key processes of risk reviews include evaluation of top risk at enterprise level, country clearance process, pre-bid risk reviews, execution risk reviews and close-out risk reviews. Structured presentations are made to the management for country clearances as well as pre-bid risk reviews. For projects under execution, periodic execution risk reviews are held. The Company has processes to identify "Top risks that Matter" for the top Management's review and mitigation measures to be integrated with the business plans.

## Construction

| Risks                                      | Strategic & Operational Initiatives  |
|--|--|
| Availability of skilled workforce          | Have identified HR for workmen in each business.   |
| Delays in project execution                | Right of Way (ROW ) issues/ Forest & Environment clearances are still a matters of concern. Early planning to envisage the delays and liasoning with all the stakeholders to mitigate the same.  |
| Executing mega projects in the Middle East | Risks associated in managing such projects are mitigated through Consortium approach. <ul style="list-style-type: none"> <li>• Formation of L&amp;T II in the Middle East and on-boarding experienced senior leaders for targeted countries helps not only to have a clear focus on projects but also to evolve relevant strategies to tap fresh opportunities in the Middle East.</li> <li>• Planned mobilization of required resources.</li> </ul> |
| Increased complexity of projects           | <ul style="list-style-type: none"> <li>• Strengthening internal processes.</li> <li>• Developing required skill sets and competencies.</li> </ul>  |
| Increased competition                      | Focus on increasing design and build jobs and absorb/develop new technologies to be competitive in the market.   |
| Stringent liquidity market condition       | <ul style="list-style-type: none"> <li>• Proper due diligence on prospective clients and projects.</li> <li>• Back-to-back arrangements with sub-contractors and vendors.</li> </ul>   |
| Productivity/cost control                  | Suitable enhancement of ERP Solutions to get timely inputs for enhancing productivity and optimizing cost.   |
| Talent gap                                 | Imparting various types of trainings at very early stages to foster leadership qualities.  |
| Safety of workmen                          | <ul style="list-style-type: none"> <li>• Sharing global best practices, Continuous training on safe work methods and sharing incident Information across sites</li> <li>• Increasing supervisor to workmen ratio</li> </ul>  |
| Environment management & CSR               | <ul style="list-style-type: none"> <li>• Planting of trees at construction sites and in office campuses.</li> <li>• Promoting Green Building construction- Promoting use of energy efficient devices and practices by subcontractors and vendors.</li> <li>• Effective CSR committee at APEX level has been established. Activities on education, health care and skill development are being undertaken at in all clusters.</li> </ul>              |
| Opportunities                              | Strategic and Operational Initiatives  |
| Smart world solutions                      | The Government's thrust on developing Smart Cities, the Smart World & Communication Business was formed to provide smart solutions and is uniquely positioned as a master systems integrator for smart cities.   |
| Growing potential in Africa / ASEAN        | Plans in place to increase business presence in these emerging markets.  |

G4-EC2

## L&T Hydrocarbon Engineering

| Risks  | Strategic & Operational Initiatives   | G4-2   |
|--|---|--------|
| Limited domestic opportunities                   | Continue to actively pursue international opportunities with a particular thrust on the Middle East and sharpening cost competitiveness through enhanced pre bid engineering.   | G4-EC2 |
| Cost overrun                                     | <ul style="list-style-type: none"> <li>Use of robust project management &amp; risk management tools for operational excellence towards cost control &amp; schedule adherence.</li> <li>Mitigating risk by hedging or by taking suitable covers based on foreign exchange inflow and outflow</li> <li>Knowledge management - Capturing &amp; implementing learning, particularly from international projects in on-going &amp; future projects.</li> <li>Strengthening supply chain for international projects.</li> </ul> |        |
| Change in domestic and international policies    | <ul style="list-style-type: none"> <li>Provide inputs on critical issues on policy formulation in appropriate forums.</li> <li>Addressing local needs towards fulfilling requirements of "in country value" towards social engagement.</li> </ul>   |        |
| Protection of health, safety & environment       | Strengthen construction safety management with continued thrust on sustained safety culture, human rights & wellness initiatives.   |        |
| Talent management                                | Fine tuning human resource policies to facilitate talent acquisition & retention.   |        |
| Opportunities                                    | Strategic and Operational Initiatives   |        |
| Tap global hydrocarbon opportunities             | Pursue growth opportunities by exploring entry into adjacent lines of business as well as geographic adjacencies to select international geographies.   |        |
| Modularization                                   | Modularization in onshore process plants and enhancing capacity utilization of modular fabrication yards.   |        |
| Technology enhancement                           | Further enhancing alliance with Process Licensors for entry into new hydrocarbon segments.  |        |
| Develop capabilities for international projects. | Developing international multicultural organization.  |        |

## L&T Power

| Risks   | Strategic & Operational Initiatives  | G4-2   |
|---|--|--------|
| Limited domestic opportunities                            | Aim to be more competitive. Selectively pursue opportunities outside India.  | G4-EC2 |
| Intense competition                                       | Continuous performance improvement & timely execution of orders new product & technology development for competitive edge.                                     |        |
| Fluctuations in foreign exchange rates & commodity prices | Mitigating risks by hedging or by taking suitable covers based on foreign exchange inflow & outflow.   |        |
| Opportunities   | Strategic and Operational Initiatives  |        |
| New ultra mega power projects                             | Cost optimisation for new technology & unit rating.  |        |
| Corporate social responsibility                           | Partnering with society by implementing sustainable programmes in line with L&T's thrust areas of Water & Sanitation, Education, Health and Skill Development. |        |

# Heavy Engineering

| Risks & Opportunities                | Strategic & Operational Initiatives  |
|--------------------------------------|--|
| Safety                               | <ul style="list-style-type: none"> <li>• Sharing and implementation of safety practices across locations</li> <li>• Implementation of behavior based safety</li> <li>• Extending safety awareness beyond boundaries i.e. to families, vendors and community at a large for a greater impact</li> </ul>   |
| Reliability and delivery performance | <ul style="list-style-type: none"> <li>• Effective implementation of planning, methods engineering, full kit management under 'Theory of Constraints' for optimal resource management and maximizing the output.</li> <li>• Dashboard monitoring of On Time Delivery Index.</li> <li>• Quality review meetings and analysis to speed up the inspection procedures of finished products</li> <li>• Migration from BAAN to new ERP LN gives a new set of processes to be followed. Institutionalization of the processes will remain a key challenge for FY 15-16.</li> <li>• Operating cost reduction and increase in ROCE</li> <li>• Optimum resource utilization</li> </ul>   |
| Community development projects       | <ul style="list-style-type: none"> <li>• Strategic selection of CSR projects and its implementation in line with corporate CSR Thrust Areas - Health, Education, Skill Building, Water &amp; Sanitation</li> <li>• Gearing up processes to effectively monitor the enhanced CSR spend. Creating an internal framework for identification and efficient execution of CSR projects.</li> <li>• Factoring the needs of marginalized communities around our campuses and project sites as well as vulnerable communities in locations covered by our CSR initiatives. Carrying out independent impact assessment of executed CSR projects and need assessment for new CSR Projects.</li> </ul>   |
| Energy, water and waste management   | <ul style="list-style-type: none"> <li>• Monitoring the energy and water baseline parameters &amp; circulation of dashboards</li> <li>• Cross fertilization of sustainability ideas and implementation of best practices across locations</li> <li>• Increased use of renewable energy (wind, solar) across locations through on-site generation or procurement</li> <li>• Installation of LED light fittings on BOT basis across locations where possible.</li> <li>• Extensive use of video conferencing, tele-presence and office communicator system thereby reducing business travel for conducting meetings</li> <li>• Water neutrality assessment across locations</li> <li>• Minimization of waste generation</li> <li>• Increasing employee awareness on conservation of various resources</li> </ul> |
| Sustainability in supply chain       | <ul style="list-style-type: none"> <li>• Signing of revised Code of Conduct based on inclusion of additional sustainability parameters by major suppliers and contractors</li> <li>• Training and capacity building programmes for vendors based on requirements</li> <li>• Environmental impact assessment of operations of selected suppliers</li> <li>• Import substitution to develop local supply chain.</li> <li>• Conducting business specific supplier meets.</li> </ul>   |

G4-2

G4-EC2

## Electrical & Automation

| G4-2   |  | Risks  | Strategic & Operational Initiatives   |
|--------|--|--|---|
| G4-EC2 |  | Low profitability  | Continued emphasis on procurement optimization, value engineering, and lean manufacturing. Product design initiatives to optimize material consumption  |
|        |  | Technology obsolescence  | Resources deployed to identify and develop potential new technologies for the future.   |
|        |  | Delay in speed to market   | Restructuring and improving processes for speedier introduction of new products   |
|        |  | Inadequate sustainability practices in supply chain  | Conduct risk assessment of suppliers based on their sustainability practices  |
|        |  | Wide gap in employee age profile   | <ul style="list-style-type: none"> <li>• Leadership and skill development programmes</li> <li>• Innovation programme to tap entrepreneurial spirit</li> <li>• Engaging seniors as trainers in skill and knowledge building programmes.</li> </ul> |
|        |  | Opportunities  | Strategic and Operational Initiatives   |
|        |  | Enhanced awareness among all users, specifically industry segment, on need for improving energy efficiency | Provide products and solutions that help customers reduce their carbon footprint  |
|        |  | Increase in installed electricity generation capacity and rural electrification                            | Continuing efforts to build capabilities in MV switchgear. Enhancing marketing efforts and sales reach to increase market share.  |
|        |  | Growing potential in emerging economies  | Business plans made to increase sales in international markets.   |

## L&T Infotech

| Risks & Opportunities  | Strategic & Operational Initiatives  |
|--|--|
| Use of energy & water in operations                                      | We have taken initiatives to monitor and save electricity and water as per the guidelines of US Green Building Council (GBC) and Indian GBC. As part of it we have started using environmentally safe consumables and services.                                      |
| Occupational health & safety (OH&S) (sedentary office work)              | We have embarked upon aligning our OH&S practices with OHSAS 18001 standard.   |
| Assisting employability  | Through its CSR efforts; L&T Infotech has started imparting PC based spreadsheet skills to youth who have dropped out of school so that they get suitable job opportunities as computer operators.   |
| Building internal motivation for CSR by employees – through MyCSR scheme | Employees participate as volunteers and they find it self-fulfilling. My CSR of employees involve volunteering in areas such as teaching to Government school children, promoting NGO products to support them financially and to support environmental initiatives. |

## Materiality

G4-18 Our materiality issues are identified through interactions with our stakeholders including clients, supply chain, and regulatory bodies. The methodology that we employ ensures that we are able to identify the direct and indirect impact we have on creating, preserving or eroding economic, environmental and social value for us, our stakeholders and society at large.

G4-21 We report "in accordance- comprehensive" with Global Reporting Initiative guidelines to structure the report and also determine and prioritize content. We incorporated the following broad stakeholder input to determine materiality issue:

G4-37 **Results from our stakeholder engagement, including annual stakeholder surveys**

**Ongoing and structured internal assessment of our risks and opportunities**

G4-49 **Our strategic sustainability roadmap, which were developed by our senior management and focus on our most significant sustainability challenges**

**Customer feedback from our periodical meetings**

**Our business strategy**

**Insights of our senior management and industry organizations**

**Parameters evaluated by external organizations, such as the Dow Jones Sustainability Index and the Carbon Disclosure Project.**



Safety is accorded top priority at L&T. A unique Safety Innovation School has been set up at Hazira.

## Key material issues

Focusing on increased revenue, order inflow and sales is essential for value creation to our nation and all our stakeholders.

G4-19

G4-20

### G4-DMA Achieving Operational Eco-efficiency

| Issue   | Materiality to our business   |
|---|---|
| Enhanced energy conservation                    | Energy sources depletion is detrimental to our long term business objectives.   |
|   | As a responsible corporate safeguarding national energy security is important   |
|   | Increasing energy savings directly relates to reduced cost for power & fuel, hence reduced operational cost and increased profitability   |
| Reducing GHG emissions                          | We understand that future competitiveness and progress of company would be based essentially on low carbon growth path.   |
|   | Preparedness for future laws and regulations relating to carbon emissions.  |
|   | Increasing awareness of clients on carbon abatements  |
|   | These risks might become barrier to our both our long term and short term business goals and the financial implications could be huge.  |
| Establishing water stewardship                  | India's fresh water availability is subject to seasonal monsoon hence our efforts to become water positive are essential for our long term success  |
| Efficient material usage and material recycling | Our business is primarily dependent on utilization of Ferrous and Non Ferrous materials, hence judicious utilization of such resources are aiding to efforts for carbon abatements while improving our productivity and profitability |
| Health and safety                               | Our work requires utmost safety standards to ensure least severity and frequency rates  |

G4-21

G4-49

G4-50

### G4-DMA Employee Engagement

| Issue                            | Why Material to business   |
|----------------------------------|--|
| Talent acquisition and retention | Our work requires expertise and high engineering skills, hence our quest for engaging best talent, training them and retaining them  |
| Diversity and equal opportunity  | The Company is a merit based organization. Our business is located across all the geographies of India while having presence in 30 countries of world. This becomes essentially important for us to have diverse workforce while providing equal opportunity |
| Human rights                     | We place a lot of emphasis on ensuring that self-respect and esteem of our workforce and supply chain partners are not compromised throughout our operations   |

### G4-DMA Clients and the Supply Chain

| Issue                             | Why Material to business  |
|-----------------------------------|---|
| Customer privacy and satisfaction | Our services include Defence/ Nuclear sectors hence customer confidentiality is important       |
|                                   | Repeat customers are testimony of client satisfaction   |
|                                   | Innovation in our products helps in serving larger market segments                              |
| Sustainability of supply chain    | Suppliers are our strategic partners.   |
|                                   | For timely completion of our project, timely delivery of goods from suppliers is very essential |
|                                   | Suppliers cost efficiency can lead to our profitability   |

### G4-DMA Social Responsibility:

| Issue | Why Material to business   |
|-------|--|
| CSR   | Under 'Building India's Social Infrastructure' we are providing the under privileged sections of the society with opportunities. The Companies Act has given us an opportunity to relook at our CSR programme and make it more robust. |

## G4-13 Reporting Scope

We publish our Corporate Sustainability report annually. Our eighth report covers Environment, Economic and Social performance between April 1, 2014 and March 31, 2015. The reporting framework is in accordance with the Global Reporting Initiative (GRI)-G4 guidelines and the applicable GRI indicator protocols have been followed for reporting on comprehensive indicators. The data management techniques used in the report comprised actual computations and estimations. Wherever estimates are made, the assumptions are specified. The figures for the year 2014-15 do not include Integrated Engineering Services (IES) business which has been transferred w.e.f. April 1, 2014 to a wholly owned subsidiary.

G4-29

G4-23

G4-30

G4-28

## G4-17 Reporting Boundary

G4-17

This report covers the below stated businesses within Larsen & Toubro and subsidiaries - L&T Hydrocarbon Engineering, L&T Infotech, TAMCO Malaysia and L&T Power Limited. Other subsidiaries and associates are excluded. The reporting boundary has been increased to cover all major manufacturing locations, projects sites and offices across India, as well as overseas projects managed from India.

G4-20

G4-21

### Corporate Locations

L&T House (LTH) and Leadership Development Academy (LDA) at Lonavala near Mumbai.

### Construction

Business operations and India based support processes and project sites including Kansbahal, Pondicherry and Kanchipuram locations.

### L&T Hydrocarbon Engineering

Project locations across India and offices within India at Powai, Vadodara, Faridabad, LTV Bengaluru and Chennai, Fabrication Facilities at Hazira and Kattupalli, HCP Domestic (Hydrocarbon Construction and Pipeline) Division and Upstream (off-shore) projects. Hydrocarbon International Projects (Cluster-I) and Fabrication Facility at Sohar (Oman) are also part of the reporting scope.

### Heavy Engineering & Shipbuilding

Locations at Powai, Ranoli, Talegaon, Coimbatore, Visakhapatnam, Bengaluru, Hazira, Sohar (in Oman), Ship-Building facility at Kattupalli and Special Steels & Heavy Forging facility at Hazira.

### L&T Power

Project sites at Malwa (MP), Dhuvaran (Gujarat), Rajpura (Punjab). This year, knowledge city campus and following additional project sites and have been reported by L&T Power: Koradi (Maharashtra), Krishnapatnam (Andhra Pradesh), Nigrie (Madhya

Pradesh), DB Power (Chattisgarh),Koderma (Jharkhand), Cuddalore (Tamil Nadu), Lapanga (Odisha), TTSP (Punjab), Vidyanchal (Uttar Pradesh), Kota (Rajasthan) and Mahan (Madhya Pradesh)

### Electrical and Automation

Facilities at Powai, Mahape, Ahmednagar, Mysore, Coimbatore, Rabale, Baroda and TAMCO Malaysia.

### Domestic Marketing Network

Offices in India.

The data for economic performance has been disclosed as per L&T's financial report of FY 2014-15.

### Assurance

We focus on continuous assessments through internal and external mechanisms. The Corporate Sustainability report follows GRI-G4 guidelines to measure sustainability performance. The report is assured by Ernst & Young (E&Y), India. The limited assurance was conducted in accordance with both the International Standard on Assurance Engagements (ISAE) 3000 and Type 2 moderate level as set out in the AA1000 Assurance Standard 2008, covering qualitative and quantitative information. Their assurance statement with the work undertaken and conclusions are included in this report.

G4-33

## L&T declares that the report conforms to GRI-G4 'In accordance – comprehensive'

Questions pertaining to the content of the report may be directed to:

### Mr. Gautam Kar

Head,  
Corporate Infrastructure & Administrative Services  
Larsen & Toubro Limited,  
Saki Vihar Road, Powai Campus,  
Mumbai 400072, India  
Email: [sustainability-ehs@larsentoubro.com](mailto:sustainability-ehs@larsentoubro.com)



2x700 MW supercritical thermal power plant, Rajpura, Punjab. L&T provides EPC solutions for thermal power projects.

## Progress on our sustainability roadmap (2012-15)

The sustainability roadmap is designed to provide a comprehensive platform for sustainable business strategy and for accelerating best practices and performance within L&T. Our Sustainability Roadmap for 2012-15 would be coming to a close this year.

We are in process of designing a new roadmap 2015-2020 which will identify and quantify our desired sustainability impacts, beginning with the process of setting goals and continuing through implementing strategies for improving those impacts in the years ahead.

| Energy Conservation  |  |  |
|--|--|---|
| <b>Target</b><br><b>15%</b> increase in energy saving by conservation and efficiency improvements (YoY target)   | <b>Target</b><br><b>5%</b> reduction in energy consumption intensity (measured per employee)   |   |
| <b>Status</b><br>Fostering energy efficient operations by process redesign, conversions and efficient fixtures<br><br>14.8% increase in cumulative energy conservation w.r.t. 2013-14<br><br>Cumulatively, more than 66 million units energy conserved so far avoided 53,936 tons of CO <sub>2</sub> e indirect emissions. | <b>Status</b><br>Energy audit at facilities and establishment periodically.<br><br>Total energy consumption (GJ) reduced by 7% w.r.t 2011-12<br><br>Energy intensity per employee reduced by 11% w.r.t 2011-12 |   |

| Climate Change  |  |  |
|---|--|---|
| <b>Target</b><br><b>5%</b> reduction in Scope 1 (Direct) GHG emissions intensity (measured per employee)  | <b>Target</b><br><b>3%</b> reduction in Scope 2 (Indirect) GHG emissions intensity (measured per employee)   |   |
| <b>Status</b><br>Use of cleaner fuels at L&T establishments.<br><br>Direct GHG emissions reduced by 10% w.r.t 2011-12<br><br>25% reduction in Scope 1 emission intensity w.r.t. 2011-12 | <b>Status</b><br>Three campuses (Powai, Hazira & Chennai) are using renewable energy.<br><br>Scope 2 GHG intensity has reduced by 1% w.r.t 2011-12 |   |

| Safety  |   |  |
|---|---|---|
| <b>Target</b><br><b>Zero</b> working towards Zero Accident Goal   | <b>Target</b><br><b>30%</b> 30% reduction in Severity Rate (SR) |   |
| <b>Status</b><br>17 L&T Campuses, 9 L&T Infotech offices, 17 DMN offices, L&T House & LDA Lonavala had zero reportable accidents in 2014-15 | <b>Status</b><br>Severity Rate reduced by 21% w.r.t 2011-12     |   |

## Water Conservation



### Target

**5%**

reduction in water consumption intensity (measured per employee)

### Status

All major 28 campuses continues to be zero waste - water discharge.

11.6 % reduction in water consumption intensity (measured per employee) w.r.t 2011-12

## Material Management



### Target

**5%**

reduction in direct material consumption and/or increase the share of recycled input materials

### Status

Increase in share of recycled input material (Zinc & Steel) from 206 tons in 2011-12 to 8077 tons in 2014-15

## Health



### Target

**10%**

improvement in employee health index through 'Working on Wellness' (WoW)

### Status

Interventions continued in the six risk areas identified – cancer, diabetes, cardiac disease, obesity, ergonomic issues and stress – through counselling, awareness sessions, diagnostic camps and workshops across locations.

Health Risk Index questionnaire been completed by the employees and this helps us in designing preventive healthcare interventions.

## Corporate Social Initiatives



### Target

Scaling up of community development interventions in education, health & skill building

Enhancing employability of urban and rural youth & women through capacity building initiatives

Widening the reach of employee volunteering for community welfare

### Status

Over 350,000 children impacted through the educational programmes

A new Anti-Retroviral Therapy (ART) Centre inaugurated and functioning in Mumbai to provide therapy to those affected by HIV/AIDS.

Our construction skills training institutes have provided vocational training to more than 40,000 people for the past 20 years

Total beneficiaries count increased to over 1,300,000 w.r.t 2014-15

A new Construction Skills Training Institute is being constructed at Pulikat (Tamil Nadu) to provide skills training to rural youth in construction skills

2,463 L&Teers involved in various employee engagement.

Key L&Teering areas include:

Teaching in schools; visiting geriatric homes, orphanages and the terminally-ill, mobilizing funds, donating blood, imparting training to youth and assisting in medical camps, dubbing of science films for children

More than 294,000 trees planted inside and outside L&T establishments in 2014-15

Donated 8000+ units of blood



*A Chorus  
of many  
voices*

# Stakeholder Engagement



We believe understanding, continuing dialogue and collaboration is the key to sustainable and inclusive growth. Our multiple communications channels address the specific needs of our customers, employees, shareholders and communities.

G4-24

## Stakeholders

### External



Suppliers meet

### Internal



Employee interaction

| Stakeholders   | Mode of engagement   | Frequency of engagement | Concern areas   | Action plan for addressing the concerns   |
|--|--|-------------------------|---|---|
| <p>G4-26</p> <p>Shareholders and Investors</p> <p>G4-27</p> <p>G4-37</p> | Annual Reports, Annual General Meetings, through media   | Quarterly / Annual      | Business performance, improved return on investments, effective financial and non financial management, fair business practices and no defamation         | Transparency of business plans to investors, uninterrupted dividends, showcasing performance on non financial disclosures in Sustainability Reports, Carbon Disclosure Projects, Dow Jones Sustainability Indices                                 |
| Suppliers / Contractors  | One on one engagement with suppliers/ Contractors, visit to suppliers facility, Customized feedback system | Regular                 | Timely payments, repeat orders, pressure for price reduction, different purchase processes by businesses as per the projects / establishment requirements | Regular visit to suppliers and contractors facility, environmental and social code of conduct for Suppliers screening, providing support to implement resource conservation initiatives at suppliers premises, cost effective- price negotiations |

| G4-26<br>Stakeholders           | Mode of engagement   | Frequency of engagement | Concern areas   | Action Plan for Addressing the concerns   |
|---------------------------------|--|-------------------------|---|---|
| G4-27<br><br>G4-37<br>Employees | Regular interactions, training sessions and communications, L&T Newsletters and Internal Portal- L&T Scape, Employee surveys, structured performance management, systems, Any Time Learning (ATL) portal, Leadership Development Academy (LDA) Lonavala, Project Management Institute                                      | Regular                 | Career growth, employee benefits, professional skill development, Effective and quality trainings programmes  | Providing functional and soft skill development programmes, development and continual improvements in training programmes / workshops to ensure structured learning and development of workforce, improving leadership skills, promoting people wellness and attracting & retaining talent.   |
| Community                       | Base line surveys, need assessment programmes, Interactions with NGO's, Local Communities  | Regular                 | Expectation for livelihood creation, water and sanitation, health & education improvement, development of community infrastructure, improvement in overall living standard.   | Working in the areas of water & sanitation, education, health & skill development for the benefit of communities around L&T establishments and project sites as part of its Corporate Social Responsibility (CSR) activities. Implementing Integrated Community Development Programmes with providing access to drinking water & sanitation |
| Customers                       | Customer meets, workshops and conferences, exhibitions & trade Fairs, bulletins, newsletters and collaterals, online media, brand-building, product Advertising Campaigns, periodic review, meetings across all levels, print and TV media, Annual Review (synopsis of our business and the organization), company website | Regular                 | Successful completion of projects, Timely executing project. Confidentiality w.r.t. project design, engineering and execution, competitive bids, innovation, use of state of the art engineering techniques, ensure utmost EHS standards, transparency in energy, water, GHG and Emission performance | Detailed approach and performance status provided in product stewardship  |

|       | Stakeholders | Mode of engagement  | Frequency of engagement | Concern areas  | Action Plan for Addressing the concerns   |
|-------|--------------|---|-------------------------|--|---|
| G4-26 | Government   | Annual Reports, Compliance filing, interactions for policy development, interaction with regulatory bodies, through local & global forums & industry associations | Regular                 | Practicing fair and ethical business practices in all spheres of operations, i.e. economic, environment and social aspects | L&T aims at continual improvement in efforts for ensuring complete transparency in the triple bottom line (people, planet and profit) performance & reporting |
| G4-27 |              |   |                         |  |   |
| G4-37 |              |   |                         |  |   |

## Engagement Framework

Our engagement framework is built on values intrinsic to the organization - transparency, inclusiveness and trust. Tools and techniques of communications are periodically reviewed and re-configured to meet the needs of stakeholders.

## Modes of Engagement

The Company uses multiple communication platforms, including formal and informal channels of communication, in its dialogue with stakeholders. Based on feedback, the framework is remodeled to enable the Company to customize its communication and undertake engagement initiatives for internal and external stakeholders. Informed interaction helps in strategy formulation, superior decision-making and accountability.

The Company has a dedicated Corporate Brand Management & Communications department

which facilitates an on-going dialogue between the organization and its stakeholders. Existing communication channels include:



## External Stakeholders

- Stakeholders engagement sessions
- Client satisfaction surveys
- Regular business interaction with Suppliers, dealer and stockiest meets
- Periodic feedback mechanism
- Press Releases, Info desk - an online service, dedicated email id for investor grievances
- AGM (Shareholders interaction)
- Investors meet and shareholders visits to works
- A Corporate website that presents an updated picture of capabilities & activities
- Access to the business media to provide Information & respond to queries

## Internal Stakeholders

- Employee satisfaction surveys
- Employee engagement surveys to determine satisfaction level and indicate areas for improvement
- Circulars, messages from Corporate and line management
- Large scale interactive process for CSR
- Welfare initiatives for employees and their families
- News bulletins to convey topical developments
- A large bouquet of print and on-line in-house magazines - some location specific, some business specific, a CSR programme newsletter.
- L&T Helpdesk, toll free number

## Shareholders

L&T's Annual Report provides shareholders with comprehensive information about the Company's performance and capabilities. Quarterly financial reports are published in local and mainstream newspapers and are also posted on the corporate website – [www.larsentoubro.com](http://www.larsentoubro.com). Announcements, invitations for the Annual General Meetings are published in accordance with statutory requirements. Our Shareholders'/Investors' Grievance Committee comprises two Non-executive Directors and one Executive Director.

We also make presentations to institutional investors and equity analysts on the Company's quarterly performance. Information to Stock Exchanges is now being filed through Corp-filing and can be accessed at [www.corpfiling.co.in](http://www.corpfiling.co.in).

As part of our effort to protect the environment and in accordance with the circular issued by the Ministry of Corporate Affairs, Govt. of India, shareholders have been given the option of receiving documents related to General Meetings (including AGM), Audited Financial Statements, etc. through electronic mail.

## Engagement with Customers

We have constant dialogues with customers to assess their requirements and satisfaction level. Engagement mechanisms include-

|  |
|--|
| Customer Meets   |
| Workshops and Conferences  |
| Exhibitions and Trade Fairs  |
| Bulletins, Newsletters and Collaterals                             |
| Online Media   |
| Brand- building and Product Advertising Campaigns                  |
| Periodic Review  |
| Meetings across all levels   |
| Print and TV media   |
| The Annual Review- a synopsis of our business and the organization |
| Company Website  |

A dedicated email id – [igrc@larsentoubro.com](mailto:igrc@larsentoubro.com) addresses investor grievances. This single-window touch-point improves response time and accessibility.



*Interaction with delegation from Oman.*



Customer meets at various exposition

We periodically track customer satisfaction through surveys and focus group discussions conducted by independent agencies.

We are committed to transparency, clarity and continuity in all our dealings.

For more information on how we engage with our suppliers and communities around our areas of operation please refer to the economic and social performance sections respectively.



*Touching  
the high  
notes*

# People Performance



**G4-DMA** Organizations need healthy cultures, and such cultures are created intentionally, by design. We place great value on inculcating a positive culture which is nurturing, democratic and progressive.

We nurture and value the contributions of our employees and as a result ideas grow and flourish at L&T. This has helped us be flexible to change and be adaptable to meet the requirements of our stakeholders.

This positive culture ensures that L&T can actively pursue the challenges of the future.

## Working on Wellness

Employees' health and well-being are crucial to a company's culture. A healthy workplace is a productive one so we place great importance on employees engaging in health and wellness activities. We take a comprehensive approach to promoting health and wellness, encouraging workers to take responsibility for their own health, safety and wellness and contribute to creating a healthy work environment.

**We have a 5 R approach to ensure recruitment and retention of talent:**



### Recruitment

Intensified recruitment of lateral hires at the management level



### Remuneration

Competitive remuneration policy to attract, motivate and retain the industry's finest talents



### Recognition

Idea-generation reward programmes to encourage engagement, innovation and ownership



### Retention

A balance of opportunity, responsibility, growth, purpose and engagement to ensure long-term employee retention



### Recreation

Setting up facilities and organizing cultural and welfare programmes to provide work-life balance.

## Talent Management

At L&T we have a well laid out framework to determine the organization's talent needs and accordingly plan people management interventions that will meet those needs. The human resource function has a robust and sustainable model that drives employee engagement in a way that ensures employees are committed to the organization's goals and values, motivated to contribute to organizational success, and are able to enhance their own sense of well-being.

We also provide employees continuous training on functional and behavioral areas. Our Leadership Development Academy at Lonavala, a hill station near Mumbai, is a unique corporate university in India. It collaborates with the world's most reputed institutions to provide a global perspective for L&T's multi-tier leadership process.

## Talent Acquisition & Retention

At L&T we believe that our most valuable resource is our people – a select group of individuals that combine exceptional talent, innovative thinking, ingenuity and a passion to do better every day. We are committed to investing, engaging, and developing our employees, and providing them with the tools and guidance to excel in everything they do.

Guided by a global leadership with deep industry experience and records of accomplishment at every level, we recognize that we will achieve our long term strategic goals, and become the most respected and trustworthy partner in the industries we serve, by encouraging and promoting talent. We lay a lot of emphasis on acquiring the best talent available and retaining the same with good HR practices.

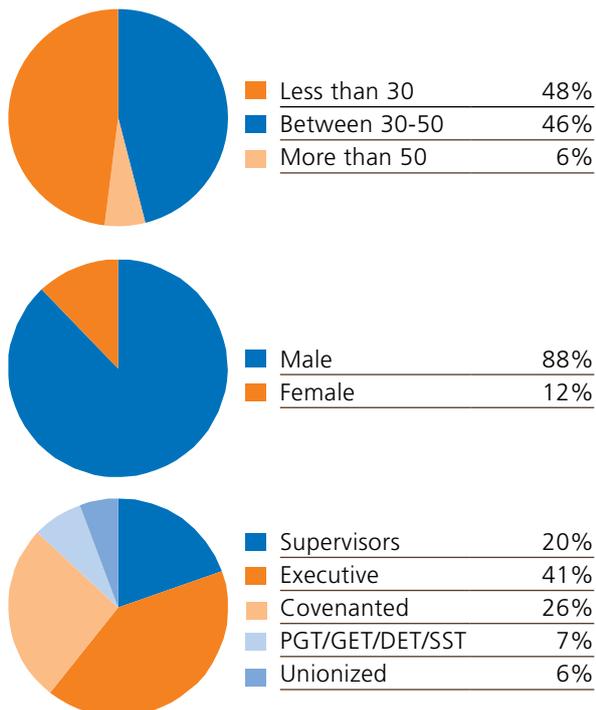
**G4-LA11** The Company is an 'equal opportunities' employer and embraces diversity in race, nationality, religion, ancestry, marital status, gender, age, ethnic origin, physical ability and sexual orientation. Our recruitment decisions are merit-based, determined by qualification, experience levels, special skills if any and performance. 100 % of our employees receive periodic performance and career development review.

## Workforce Dashboard

| <b>G4-9</b>  | <b>Workforce</b>                 | <b>2014</b>    |
|--------------|----------------------------------|----------------|
|              | L&T Excluding InfoTech*          | 49,711         |
| <b>G4-10</b> | L&T Infotech*                    | 18,088         |
|              | Subtotal**                       | 67,799         |
|              | Total Full-term Contract workers | 411,604        |
|              | <b>Total Workforce</b>           | <b>479,403</b> |

\* Full time employees | \*\* Number of employees as per 2015 report scope and boundary refer page 35

## Workforce Composition



## Preferred Employer

### L&T among the most innovative company

L&T ranked as the world's 58th 'Most Innovative Company', the only Indian engineering and construction company to be included by Forbes - The reputed US-based international business magazine.

### L&T Wins Most Attractive Employer in Infrastructure Industry from Randstad

L&T was ranked among India's Top 10 Most Attractive Employers in a survey done by Randstad, the leading career advisory services firm.

### L&T in Top 5 'Best Companies to Work For' - Business Today Survey

L&T ranks First in Engineering & Automotive Sector say Business Today survey. People Strong Survey has ranked L&T among the Top 5 companies to work for, and the first in the Engineering & Automotive sector.

## New Hires

|               | <b>Including Infotech</b> | <b>Excluding Infotech</b> |
|---------------|---------------------------|---------------------------|
| Unionized     | 19                        | 19                        |
| Male          | 8,473                     | 4,769                     |
| Female        | 2,224                     | 295                       |
| Less than 30  | 8,370                     | 4,032                     |
| Between 30-50 | 2,208                     | 933                       |
| More than 50  | 119                       | 99                        |

Rate of New Hire: 15.8%

## Employee Turnover

|                  | <b>Including Infotech</b> | <b>Excluding Infotech</b> |
|------------------|---------------------------|---------------------------|
| Unionized        | 17                        | 17                        |
| Male             | 7,976                     | 5,625                     |
| Female           | 1,449                     | 415                       |
| Less than 30     | 5,608                     | 3,524                     |
| Between 30 to 50 | 3,519                     | 2,240                     |
| More than 50     | 298                       | 276                       |
| <b>Total</b>     | <b>9,425</b>              | <b>6,040</b>              |

Attrition Rate: 13.9%

437 Females availed maternity leave off which 306 females returned to work and 294 females are still continuing with us after one year.

G4-DMA **Training**

Training is essential to the achievements of our business. For our employees, we offer several types of employee training programmes. Employees receive basic orientation sessions, interpersonal skills training, technical training, problem-solving training and diversity or sensitivity training and specific transition trainings for the retiring people. Each type of training targets a different facet of the organization's overall culture and performance.

**L&T employees had more than 3.5 Million training hours in the reporting period.**

**Structured Training Courses:**

G4-LA10

**Performance Oriented Development Plan (PODP)**

After identifying developmental and training needs of the business, PODP makes recommendations including on-the job-training, self-study, participation in external / internal competitions, special projects, voluntary assignments, external programmes / seminars, etc.

**Orientation Programmes**

These entry-level programmes ensure a smooth transition from the academic to the corporate world. It includes induction to L&T culture and values, information sharing about the organization, businesses and interaction with senior and top management.

**Core Development Programmes (CDP)**

It develops and grooms talent in general management and equips trainees to address higher-level responsibilities.

**Theme Based Programmes**

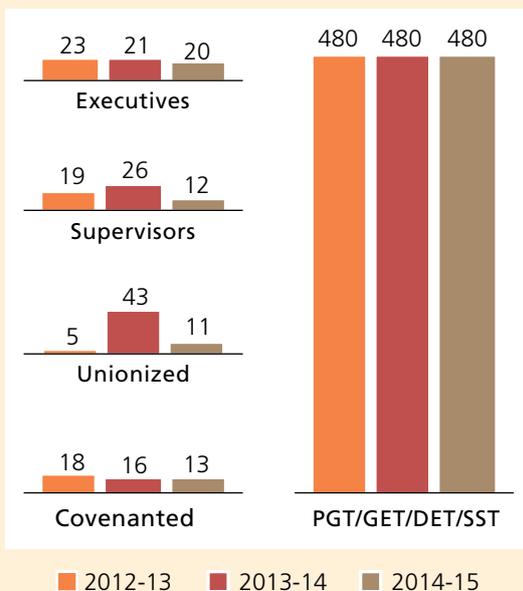
These need-based programmes help in spreading awareness and knowledge about a particular system, model or process.

**External Training Programmes**

They meet training needs at different levels, and are addressed through programmes offered by external agencies.

**Average Training Hours**

G4-LA9



Training session

**Average Training Hours - genderwise**

|                               |    |
|-------------------------------|----|
| Average male training hours   | 48 |
| Average female training hours | 90 |

**Training - genderwise Percentage (%)**

|        |     |
|--------|-----|
| Male   | 79% |
| Female | 21% |

## G4-LA10 Training Highlights

L&T is the first Indian corporate to be accredited as a 'course provider' by National Examination Board in Occupational Safety & Health (NEBOSH), United Kingdom (UK) for delivering the International General Certificate and Institution of Occupational Safety & Health (IOSH), UK for delivering their course 'Managing Safely'. The objective is to sustain a strong culture of EHS, across L&T businesses.

Training days per employee saw a significant increase during the current year.



Corporate HR, Learning & Development, in collaboration with Secretarial and Legal Department, institutionalized the process of sensitizing L&T employees on Corporate Governance and statutory compliance. This included development of on-line certification programme, developing a cadre of trainers and conducting specialized seminar for senior employees.

## Key training Institutes

Leadership Development Academy at Lonavala, Near Mumbai

Learning & Development Centre at Sharjah, UAE

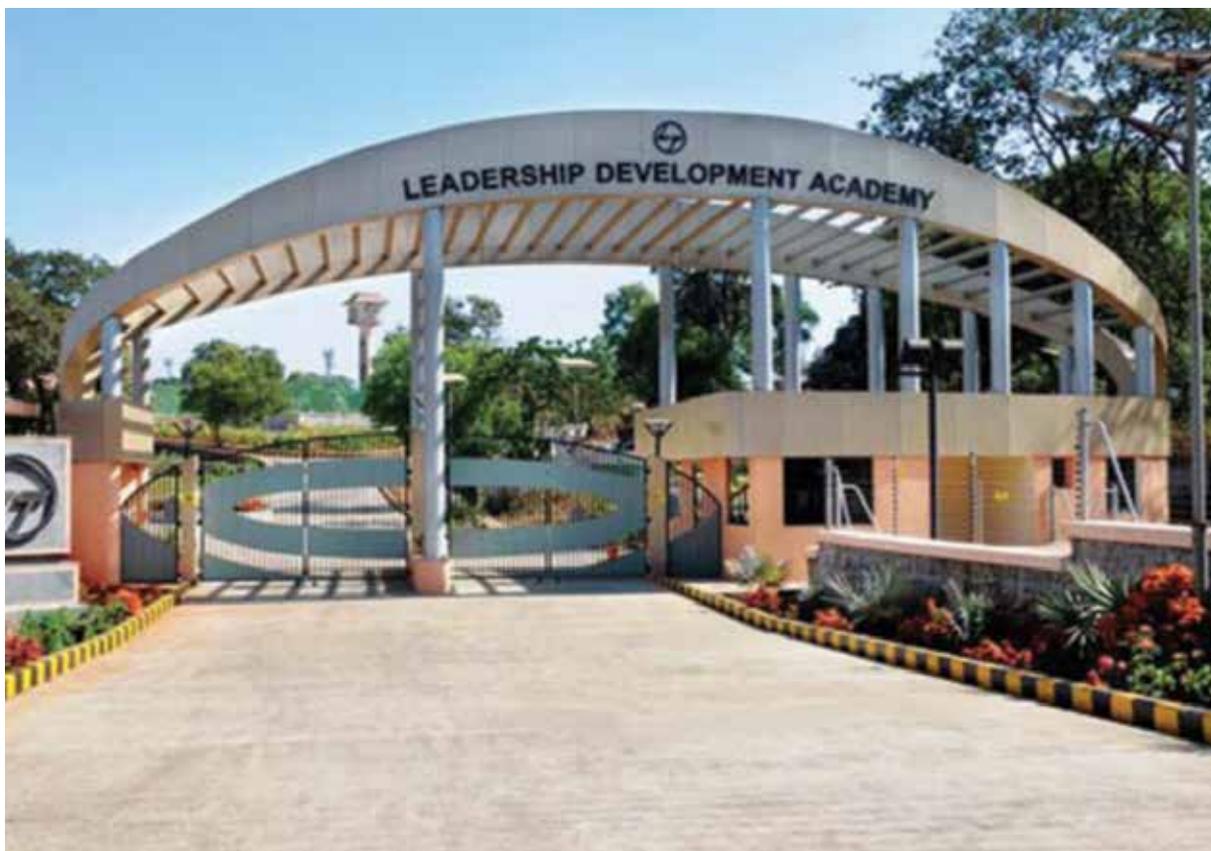
Project Management Institutes at Vadodara and Chennai.

Switchgear Training Centres (STCs) at Pune, Lucknow, Vadodara, Delhi, Kolkata & Coonor

Safety Innovation School at Hazira

Corporate Technical Training Institutes in Madh, Mumbai and Mysore

## Leadership Development



*Leadership Development Academy at Lonavala, near Mumbai.*

G4-43

The following seven step Leadership Pipeline Development process has been meticulously developed:

|   |   |
|---|---|
| <b>Management Education Programme</b> 1                 | An exclusive L&T and Indian Institute of Management (IIM) Ahmedabad collaborative programme, its objective is to groom young leaders in the discipline of holistic management.      |
| <b>Leadership Development Programme</b> 2               | Designed for middle management, it focuses on the overall development of high performing executives to enable them to assume leadership responsibilities.                           |
| <b>Global Leadership Development Programme</b> 3        | Focuses on how to effectively compete in the global context and facilitates leadership skills.  |
| <b>Transforming L&amp;T into a Global Corporation</b> 4 | Designed for top management executives, the programme covers strategic choices including Mergers & Acquisitions, Risk Management & Leadership attitudes from the global perspective |
| <b>Global CEOs Programme</b> 5                          | Conducted by Harvard Business School, it is aimed at leaders handpicked for future roles such as CEOs, Business Heads, Board Members and Business Leaders.                          |
| <b>International Executive Education</b> 6              | Enterprise Leaders are nominated for Advanced Management Programmes (AMPs) offered by selected globally renowned business schools.  |
| <b>Mentoring</b> 7                                      | A systematic, internal mentoring process is put in place for very senior executives.  |

**The Leadership Development Academy (LDA) has been recognized by Symbiosis International University as a 'Research Centre' which enables L&T-ites to pursue their Ph.D. Programmes.**

G4-DMA

## Employee Benefits

At L&T we have built a positive work environment wherein employees' talent is rewarded. We offer professional and personal growth to our employees by providing a range of benefits at par with the best in the industry.

G4-11

### Collective Bargaining

G4-HR4

All unionized employees retain the right to exercise the option of collective bargaining. In the reporting year, no operations or suppliers were identified in which the right to exercise freedom of association and collective bargaining may be at significant risk. 3670 employees are covered under collective bargaining.

### Minimum Wages to Workmen

L&T follows a strict adherence to statutory & regulatory norms for payment of wages & benefits. The Company ensures that there is no violation of the rights of workmen and provides statutory benefits like PF and medical facilities etc. for their well-being. The minimum wages compliance is 100%.

G4-EC3

### Organizations' defined Benefit Plan Obligations

G4-LA2

L&T provides a host of benefits to the full-time employees like gratuity, insurance, healthcare, maternity leave, post-retirement medical benefits, pension and provident funds as per the company norms.

### Minimum Notice Period for Operational Changes

For notice period regarding operational changes L&T follows the mandated procedure in the Industrial Disputes Act of 21 days.

## Harnessing technology towards safety of workforce



To ensure safety at site L&T's building factories business has installed Safe Load indicator on its tower cranes being used at its major projects.

Safe Load Indicator (SLI) or an Automatic Safe Load Indicator (ASLI) is a device which is installed on portal cranes to alert the operator if the lift is exceeding the safe operating range of the machinery. SLI systems are usually composed of a microprocessor connected to various sensors on the crane itself. The SLI measures the angle and extension of the boom

along with the load weight and compares this with the manufacturer's specifications to determine if the lift is safe. A safe load indicator has the capability of detecting the angle, weight of load lifted, and ground radius of any lifting device. It controls the lifting equipment to the level that it tries to keep the machinery functioning as per the manufacturer's suggested safety charts. The crane is fitted with multiple sensors, for each of the measured parameters, which are then further displayed in the operator's cabin for his benefit.

## Occupational Health & Safety

Occupational Health and Safety is a core part of our business philosophy. We are committed to providing a safe and healthy workplace to our employees and stakeholders and thus its considerations is a critical component of any business decision made. Employees undergo periodic training on OH&S and the performance is reviewed during business meetings and management review meetings.



*Safety is accorded top priority at L&T.*

### Significant Safety Interventions

The company launched L&T LIFE a new safety management framework with vision of zero harm throughout its global operations.

The Control & Automation (C&A) business unit of EA business has successfully completed an Emergency Shut Down (ESD) project at the Panna-Mukta oil and gas producing fields in the Arabian Sea near Mumbai, off the west coast of India.

A number of employees and contractors underwent training at L&T's Safety Innovation School' at Hazira, India's 1<sup>st</sup> experiential safety training centre.

An IVRS (online Interactive Voiceover Response System) for recording safety incident towards Safety Improvement System (i-SIS) helps to register all safety related incidences / near miss.

Competency training and EHS leadership programmes conducted for L&T Construction.

Use of global positioning systems and SMS to ensure that the movements of vehicles and cranes are safely done.

EHS animation modules developed for L&T construction (including in regional languages).

### Significant Safety Achievements

B&F continued to bag various awards for 2 of their projects from the Royal Society for Prevention of Accidents (ROSPA), projects from British Safety Council and 12 projects from national Safety Council, India for showcasing best safety performance.

The Kakrapar Atomic Power Project was awarded the Golden Shield from National Safety Council for the third consecutive year. 7 British Safety Council awards were won apart from the ROSPA gold for a number of projects. 2 Safety Innovation Awards were bagged for related projects. Further, three sites have achieved more than 10 million safe hours.

During the year, Transportation Infrastructure business bagged 14 International Safety awards i.e., 4 RoSPA (Royal Society for the Prevention of Accidents) Gold, 1 RoSPA Bronze & 9 British Safety Council awards along with 7 prestigious safety awards from National Safety Council (NSC), India & 1 Safety Innovation Award.

PT&D has been certified ISO in Quality Management, OHSAS, Environment and Energy Management. Awards and recognitions won during the year include:

- Suraksha Puraskar and Sahabagyatha award
- ROSPA Safety Awards for 5 Projects.
- Appreciation from British Safety Council for 8 Projects.

➤ Hazira received RoSPA gold award for Occupational Health & Safety from IMEA.

- Hazira also received award at Frost & Sullivan Safety awards

Hazira Kattupalli & Sohar also received International Safety Award with 'Merit' by British Safety Council

Internationally, L&T Hydrocarbon Engineering received:

- HSE Award- 2014 from PETRONAS for exceptional HSE performance on Yetagun project
- ASSE Gold Award 2014 for Dolphin Project, Qatar
- Gold Award from American Society of Safety Engineers for SADARA project, Saudi.

**Specific initiatives taken by L&T Infotech for safety of female employees required to work during night hours include:**

|   |  |  |   |  |
|---|--|--|---|--|
| If needed for operational requirements, at least two female employees to be present on the same floor | Pickup and drop facility provided to all female employees through L&T authorized transport vendors | Appropriate scheduling of transport pick up and drop | Increased security checks on all floors | Mandatory communication to security regarding presence of female employees |
|---|--|--|---|--|

**Safety Dashboard**

| Accident statistics (YoY) | 2012-13 | 2013-14 | 2014-15 |
|---------------------------|---------|---------|---------|
| FR                        | 0.18    | 0.15    | 0.15    |
| SR                        | 272     | 218     | 225.94  |
| Fatality rate             | 11.09   | 8.83    | 8.98    |
| Fatalities                | 49      | 40      | 43      |

No fatalities related to woman employees were reported this year.

*Frequency Rate (FR): Number of reportable accidents per million man-hours worked*

*Severity Rate (SR): Number of man-days lost per million man-hours worked.*

*Fatality Rate: Number of fatalities per lac workforce*

Our workers of heavy engineering workshops, fabrication yards etc are at high risk of developing hearing disorders. We take utmost care and ensure that our noise levels are within the permissible limits. Similarly the workforce of our information technology are exposed to risk of having ergonomic disorders. For this, we ensure that enough ergonomic awareness is imparted to employees. Our workforce of construction business is exposed to risk of having heat strokes and dehydration at places with high temperature. For mitigating this, we prepare time schedules with most of the work being done in the morning and evening.

**Safety Framework**

Safety is a core value for all L&T employees. It is imperative that all our operations offer a safe & healthy workplace to our workforce. Towards this we have laid out policies and systems that guide our employees on how to remain safe and ensure a safe workplace. Our safety framework includes:

**Corporate Environment, Health & Safety Policy**

A well-defined Environment, Health & Safety Policy ensures compliance to all statutory EHS requirements and encourages implementing best practices. It

articulates our commitment towards environment conservation and building a workplace that is conducive to the mental and physical well-being of the workforce. It is periodically reviewed by senior management.

Additionally, the EHS policy is also explained to our sub- contractors and suppliers during induction training. Going forward, we are developing system to monitor our supplier’s environmental and social footprints and this would be reported from 2018 onwards. Our current Environment and social code of conduct for suppliers helps us in initial screening of all suppliers as it requires them to endorse it before entering into any business agreements with us. Safety capability evaluation of sub-contractors is carried out before awarding contracts. Compliance to policy is ensured through regular training, site visits, audits and involvement of sub-contractors in the safety management system.

**Environmental & Safety Management Systems Model and Elements**

The Environmental and Safety Management System helps translate our EHS policy into practice at project sites. EHS standards are uniformly deployed across the organization through procedures, guidelines and manuals. The elements of the management system comprise:



## Structure for EHS

In addition to Corporate EHS, each business has its own EHS department. Their key functions are:

|  |
|--|
| Formulation, implementation and improvement of quality system in safety department |
| Determining competencies and identifying training needs of safety professionals    |
| Regular safety audit & inspection  |
| Conduct safety review co- ordination meetings                                      |
| Report quarterly MIS to management   |
| Emergency preparedness   |
| Interaction with government officials on safety and environmental issues           |
| Safety promotional activities  |

Safety behaviour of workforce is further strengthened through regular trainings including - BBS (Behaviour Based Safety) Training. A helpline has been provided to report any safety concerns.

## Safety Committees

Dedicated safety committees comprising union office bearers and management representatives have been formed at L&T manufacturing locations and project sites to encourage employee participation in building a safety culture. The Safety Committees carry out the following functions:

|   |
|---|
| Seek relevant information on health & safety of the workforce                           |
| Assist the management in achieving the objectives related to EHS performance parameters |
| Create awareness & undertakes educational, training and promotional activities          |
| Review the implementation of recommendations  |
| Implement proactive safety measures   |
| Address the safety training needs of employees  |
| The ratio of management to workers representation in safety committee is 1:1            |

## Formal Agreements with Trade Unions

Formal agreements with trade unions include aspects on Occupational Health & Safety like audits and accident investigations, training and education, complaints mechanism, right to refuse unsafe work, and periodic inspections. Such agreements also cover aspects related to compliance with global agreement such as (ILO) Conventions and Codes of Practice, and arrangements or structures for resolving problems. 100% of our unionized workforce is represented in these agreements.

## Training



*Safety is a core value at L&T. Safety training is a prerequisite for all workers*

Training needs for safety are identified on the basis of the following periodic reports-

|   |
|---|
| Analysis of incident investigation reports  |
| Addition of any new process, technology or operational controls that require separate safety inputs |
| Hazard Identification & risk assessment details   |
| Suggestions by New & lateral recruits   |
| Management Review outputs   |
| Refresher trainings outputs   |
| Outputs from observations & interviews to decide behavioral trainings                               |

## EHS Training highlights

Employees are regularly trained in:

|  |
|--|
| Importance of EHS  |
| Defensive driving  |
| Construction hazards and preventive measures   |
| Precautionary measures during radiography  |
| Safety while working at heights  |
| Legal requirements   |
| Safety during material handling  |
| Confined space entry requirements  |
| Hot work permits   |
| Any Time Learning (ATL) portal also hosts various training programme on Environment, Health & Safety to inculcate safety culture |



*Workmen taking the safety pledge*

## Human Rights

G4-EN32

G4-DMA

L&T believes in the fundamental rights of all human beings and is committed to upholding human dignity. No grievances related to human rights breaches were observed in any of our operations. We condemn

G4-EN33

child or forced labour and ensure that human rights clauses are included in all our investments, contract documents with sub-contractors and are strictly adhered to within our premises and sites. Suppliers and contractors are screened about their compliance to environmental & social code of conduct which includes clauses related to human rights. In FY 2014-15 we have screened more than 400 suppliers.

G4-LA14

100% of our new joiners get training on human Rights. Apart from this, trainings on human right accounted for approximately 10000 training man hours. All our security personnel are regularly apprised of human rights and there were no grievances related to security personnel's breach of human right throughout our operations.

G4-LA15

We comply with all applicable legal requirements and contractual agreements. This approach cascades down to each business. All our campuses and majority of our supplier's manufacturing facilities fall in notified industrial zones and comply with legal requirements of the land, hence we protect the rights of indigenous people. None of our operations had any negative

G4-HR1, G4-HR2, G4-HR3, G4-HR5, G4-HR6, G4-HR7, G4-HR8, G4-HR9, G4-HR10, G4-HR11, G4-HR12, G4-SO9, G4-SO10

impacts on the local communities. Moreover, our work order is released only after ensuring that the suppliers or contractors follow the child labor laws, wages requirements and comply with the human rights clause of our code of conduct and that there had been no negative incidents related to supply chain.

## Diversity and Equal Opportunity

G4-DMA

G4-LA12

Given the nature of our operations we have evolved as a truly global employer. We have a diverse workplace which we feel introduces fresh perspectives and enables our people to integrate better in society.

G4-LA13

We are an equal opportunity employer and strictly adhere to statutory & regulatory norms. Our egalitarian work culture fosters diversity and equal opportunity. We do not discriminate on the basis of caste, religious or political affiliation, gender, nationality, age, sexual orientation or handicap. There had been no cases of discrimination in the reporting year. Remuneration ratio of male and female is 1:1. All board members are Indian nationals above the age of 50, and there is one female representation in the board.

The Company directly employs 94 persons with disabilities and value chain also employs 25 persons with disabilities.



*State-of-the-art factory of L&T Valves at Coimbatore, India. Leading the way in flow control solutions, the Company has been serving the needs of the oil, gas and power sectors for over five decades.*



*A Growth  
story-  
On song*

# Economic Performance



G4-DMA

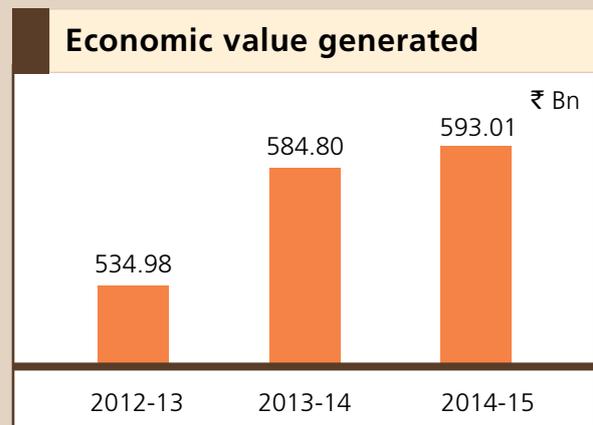
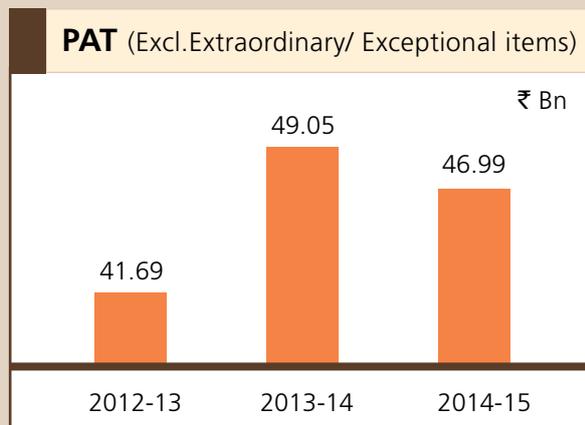
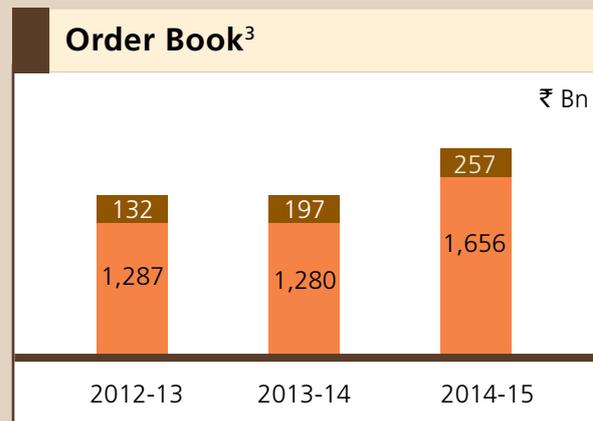
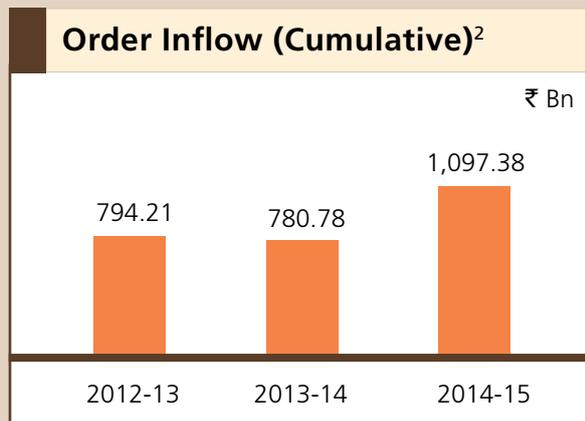
## Economic Value Generated<sup>1</sup>

G4-EC1

G4-9

We are recognized for our high delivery performance across the sectors we operate in. This year we have won major tenders for important infrastructure projects in India and GCC countries, predominately in the Engineering & Construction business.

Order inflows<sup>2</sup> clocked in at INR 1097.4 billion representing a 40.5% growth over the previous year. International order inflows represented 14% of the total inflows during the year under review.



<sup>1</sup> Figures for the year 2014-15 do not include IES business which has been transferred w.e.f. April 1, 2014 to a wholly owned subsidiary

G4-22

<sup>2</sup> To facilitate like-to-like comparison, the figures for 2012-13 and 2013-14 have been restated to exclude IES business

<sup>3</sup> Figures for the 2012-13 and 2013-14 exclude Joint Venture and Hydrocarbon orders.

## EPS/ROCE<sup>1</sup>

| Particulars        | 2012-13 | 2013-14 | 2014-15 |
|--------------------|---------|---------|---------|
| EPS* (₹ Per share) | 53.33   | 59.36   | 54.46   |
| ROCE (%)           | 13.7    | 14.9    | 12.5    |

\* Including extraordinary and exceptional items

## Liquidity and Capital Resources<sup>1</sup>

₹ Bn

G4-EC4

| Particulars  | 2012-13 | 2013-14 | 2014-15 |
|--|---------|---------|---------|
| Cash and cash equivalents at the beginning of the period | 19.06   | 14.57   | 17.94   |
| Add: Net cash provided/ (used) by:                       |         |         |         |
| Operating Activities                                     | 14.72   | 10.47   | 31.43   |
| Investing Activities                                     | 2.69    | -19.42  | -23.44  |
| Divestment Proceeds                                      | 3.88    | 7.27    | 4.35    |
| Financing Activities                                     | (33.16) | 5.04    | -14.37  |
| Discontinued Operations                                  | 7.78    | -       | -       |
| Cash and cash equivalents at the end of the period       | 14.96   | 17.94   | 15.91   |

No financial assistance was obtained from the government in the reporting year.

## G4-9 Economic Value Distributed<sup>1</sup>

The Company continues to have a steady growth, generating significant value in form of revenues thus providing an outstanding return across the entire spectrum of stakeholders.

₹ Bn

G4-EC1

| Particulars  | 2012-13 | 2013-14 | 2014-15 |
|--|---------|---------|---------|
| Manufacturing, construction and operating expenses | 402.05  | 433.52  | 433.97  |
| Employee wages and benefits                        | 38.61   | 46.57   | 41.51   |
| Payments to providers of capital                   |         |         |         |
| • Interest   | 9.55    | 10.76   | 14.19   |
| • Dividend   | 11.38   | 13.21   | 15.11   |
| Community investments                              | 0.73    | 0.77    | 0.77    |

Figures for the year 2014-15 do not include IES business which has been transferred w.e.f. April 1, 2014 to a wholly owned subsidiary

## Enriching Stakeholders

As an Indian company that participates actively in nation building, we continue to improve the value proposition for all our stakeholders.



Construction of a critical structures in progress at Kakrapar Nuclear Power Project in Gujarat

## CASE STUDY

### Power Bills Down by 7%

Conservation is not only about spectacular quantum jumps in reducing consumption. It's also about small steps which, when consistently maintained, make a big difference to the annual numbers. L&T's Jaipur office is leading the way. Here, natural lighting is being used more than ever before. Appliances are being switched off promptly. The AC runs at 25 deg. Maintenance schedules of equipment

are followed rigorously so that machines operate at high efficiency levels. Result: power costs down by 7%.

Good reports have come in from L&T's other branches as well. At the Lucknow office, waste water pipeline of Reverse Osmosis (RO Plant) is used for gardening. The Delhi office building has been rated 4 Star by the Bureau of Energy Efficiency.



*Saving Electricity*

## Customers

We are a company known for made to order products across segments, satisfying our clients with on-time delivery.

Our Infrastructure business segment accounts for 70% of our sales and profits.

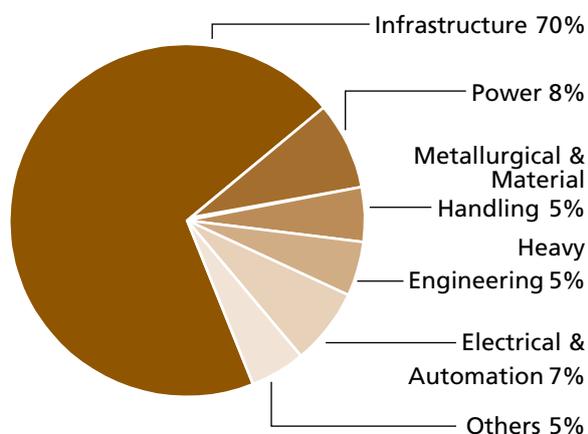
In the reporting year, key projects commenced by L&T Construction include a prestigious national order for the 'Statue of Unity Project' on the river Narmada; super-specialty hospitals and medical colleges in Delhi, Bihar, Odisha and West Bengal; greenfield airports at Kannur and Kochi; repeat orders in the IT space; major high-rise residential towers across the country; automotive test tracks in Chennai and Indore; cement plants in Chhattisgarh, Rajasthan and Karnataka secured during the financial year.



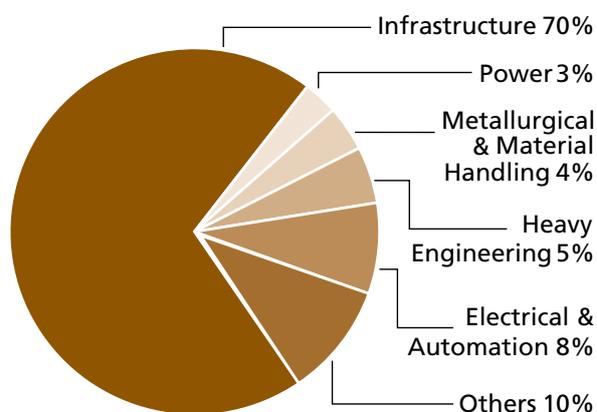
Salalah International Airport, Oman

*Major achievements include Salalah International Airport, Oman - L&T has constructed a swanky Passenger Terminal Building (PTB), Runway, Air Traffic Control Tower and Management Complex, Utility & Ancillary Buildings and infrastructure with car park facilities.*

### Sales Composition



### Profit contribution - PBIT breakup by business



## Employees

The staff expenses for the year 2014-15 stood at INR 41.51 Bn, a decrease of 10.8% as compared to the previous year.

Apart from all statutory benefits like provident fund, family pension, medical, gratuity and leave

encashment, we provide additional benefits such as holiday homes, medical insurance in accordance with company norms. 100% of our senior management is from India.

| Employee Costs (₹ bn)                     | 2012-13 | 2013-14 | 2014-15 <sup>1</sup> |
|---|---------|---------|----------------------|
| Cost towards wages / salaries (a)         | 30.99   | 38.07   | 33.75                |
| Other benefit costs (b)                   | 7.62    | 8.50    | 7.75                 |
| Total personnel cost = a+b                | 38.61   | 46.57   | 41.51                |
| Average pay out per employee (in million) | 0.76    | 0.85    | 0.94                 |

<sup>1</sup> Figures for the year 2014-15 do not include IES business which has been transferred w.e.f. April 1, 2014 to a wholly owned subsidiary

## Innovative Ideas, Concrete Benefits

Cement is critical for construction. Any value addition here is certain to yield wide ranging benefits - greater strength, lower environmental impact and higher savings. It was a challenge L&T engineers at the Kochi Metro project site welcomed.

They used two additives that contributed to higher performance concrete.

**1. Silica Fume Alccoffine** - A by product of the production of silicon metal or ferrosilicon alloys, its chemical and physical properties make it more reactive. Concrete with silica fume has been proven to be stronger and more durable.

**2. Slag**- A hydraulic binder, slag cement reacts with water like conventional Portland pozzolana. Slag goes a step further. It consumes a by-product from the hydration of Portland cement to form additional calcium-silicate hydrate or CSH. This makes the cement denser and improves concrete quality, and improves its resistance to moisture and aggressive chemicals.



Adopting this innovative approach, L&T engineers also gained an environmental bonus - conservation of material and a lower carbon footprint.

## Indirect Economic Impacts

We view our contractors, distributors, SME vendors, capital contributors and communities as our partners in inclusive business growth. Time, resources and technical know-how is contributed towards their growth by the Company to ensure their success.

G4-12

### Vendors and Local Sourcing

At L&T we encourage local sourcing for both our people and raw materials. We also invest in local manufacturing wherever possible. We closely work with our customers and local vendors to identify potential suppliers and provide resources to help them become our business partners.

The Company conducts capacity building programmes for vendors, sub-contractors and provides training & technical expertise towards business efficiency improvement so they can benefit from our expertise

Local sourcing has helped us improve logistics through better response time, faster turnaround, efficient and cost-effective transportation as well as being beneficial to developing the local economy. More than 80% of the Company's requirements in FY 2014-2015 were met by local suppliers.

*For the purpose of this report, vendors & suppliers within India are considered as local sources.*

## Climate Change

The Company remains committed to the eight missions of the National Action Plan on Climate Change (NAPCC) instituted by the Government of India.

We have been increasingly investing in products and processes that assist sustainable economic growth – enhancing energy security, developing low-carbon technologies for building infrastructure, spreading sustainability knowledge and greening the nation's landscape. Numerous initiatives have been undertaken for energy and Greenhouse gas (GHG) emission intensity reduction. These include increased use of renewable energy, promotion of green building construction and energy efficiency, enhancement of green cover, provision of solar & renewable energy solutions to customers through our green product and services portfolio.

In addition to the Annual Sustainability reports, the Company proactively discloses its carbon emissions annually to the Carbon Disclosure Project.

## CASE STUDY

### Technology Change Leads to 10% Savings in Natural Gas



At L&T's Special Steels and Heavy Forgings unit in Hazira, the forging re-heating furnaces are known to be fuel guzzlers. The two furnaces RH-250 and RH-300 account for almost 40% of the total gas used. On-going attempts to enhance efficiency included changing a few operating parameters, reducing leakage through specific maintenance and clubbing of jobs for simultaneous heating, etc. Then came Magnetic Resonators.

Magnetic Resonance is a patented technology, and L&T engineers soon realized it was a game changer. It enables effective combustion by maximizing contact between air and fuel molecules. The benefits were significant: On a macro-scale, saving of around 10% on consumption of Natural Gas. There was also an environmental bonus: efficient combustion helped conserve natural resources and reduce atmospheric pollution.

## Green Portfolio

L&T serves the core sector of the economy and builds infrastructure critical to industries, businesses and public well-being. We recognize the far reaching impact of our products and projects, and ensure that safety and sustainability are integrated into engineering and design. While designing products to meet the specific needs of customers, we ensure minimal environmental impact in the course of production. Societal good, environmental impact

and economic value are taken into account in the development process of all products.

G4-EC2

Our green products and services portfolio steadily increased to INR 107.67 billion in the FY 2014-15, an increase of 31.58 % over the previous year. The percentage contribution of green products and service portfolio to overall sales grew to 18.16 % in the reporting year.

## Construction

### Green buildings

Green buildings constructed by the Company's Construction Business help customers to reduce energy and water consumption, utilize recycled material and locally source most of construction material.

We have 14 certified green buildings and one certified green factory within our campuses. Around 46 million sq. ft. of green buildings constructed by the company.



### Solar EPC

L&T is a leading EPC solution provider for Solar power plants helping customers save on the energy bills and contribute to reduction of GHG emissions from consumption of indirect energy.



*World's largest single rooftop (7.5 MWp) solar power plant in Punjab.*

## Mass Rapid Transit

L&T has successfully executed metro rail projects in multiple cities across the country, since most State-level urban development authorities view metro rail as the most viable solution for urban traffic decongestion. Execution of two large metro rail projects in the Middle East won in FY14 is progressing satisfactorily.

## Hydropower Projects

Hydropower is a renewable energy resource wherein power is derived from the energy of falling water or running water which is harnessed. Drawing from its rich experience of providing EPC services to various industrial sectors, the Company is one of the key players in the country's hydro-electric segment providing complete turnkey 'Water to Wire' solutions. The company's Singoli-Bhatwari Hydro Electric Project in Uttarakhand is in its advanced stage of construction.



*Hydroelectric power plant at the foothills of the Himalayas*

## Water Infrastructure

Opportunities targeted by this business segment include bulk transmission & treatment of water, waste water treatment, effluent treatment plants and lift irrigation programmes.

## Power Efficient Transmission and Distribution System

L&T is a leading EPC player in Power Transmission and Distribution. It offers integrated solutions encompassing design, manufacture, supply, installation and commissioning of transmission lines, underground cable networks, substations, distribution networks, electrical, instrumentation & communication works for power, process & infrastructure projects. The company has executed projects in both domestic and international markets.

## Power

### Supercritical Thermal Power Plant Equipment

Supercritical technology employs higher temperature and pressure resulting in better efficiency, reduced fuel and less greenhouse gas (GHG) emissions with added benefits of lesser water & land requirements and lower expenses over the project life cycle.

---

**L&T has successfully executed an order of a 2x800 MW supercritical thermal power plant in Krishnapatnam, Andhra Pradesh during the year.**

---

## Packing in Savings



L&T's electrical and automation products are packed to ensure that they reach the customer intact. To maximize savings without compromising on quality, L&T's experts scouted for the optimum material and subjected a host of alternatives to rigorous testing. They emerged with a combination of CFB (carton), honey comb paper board and EPE foam.

The new material unpacked a number of benefits:

- Cut down on storage space as the volume is reduced by 20%.
- 30% more products can be transported in the same container.
- Reduced use of EPE foam by almost 40%, replacing it with ecofriendly honey comb pads. This makes disposal easier.
- Honeycomb pads take up less storage space in production, contributing to savings in space required for EPE buffers.
- When put together, it added up to a savings in packing cost of 36%.

## Heavy Engineering

### Coal Gasifiers

Coal gasification is a technology that results in lower emissions. It is used to produce synthesis gas (syn-gas) - an economical alternative to natural gas feedstock for fertilizer, coal liquefaction, chemical and power plants. Syn-gas power plants are being considered as a superior alternative to conventional power plants in both economic and ecological terms.

## Electrical & Automation

### Energy Efficient Equipment

L&T offers a range of ecofriendly products, systems, services and software, for industrial, commercial

and residential applications, such as low-watt loss fuses, AC drives, soft starters, power factor improvement capacitors, systems like industrial & building automation solutions, smart metering systems, building management systems. Also services offered include energy audits and software functions like energy performance analysis, integrated energy management.

Our Green Product portfolio is helping our customers to meet energy efficiency.

*In step  
with  
the rhythms  
of  
nature*



# Environment Performance

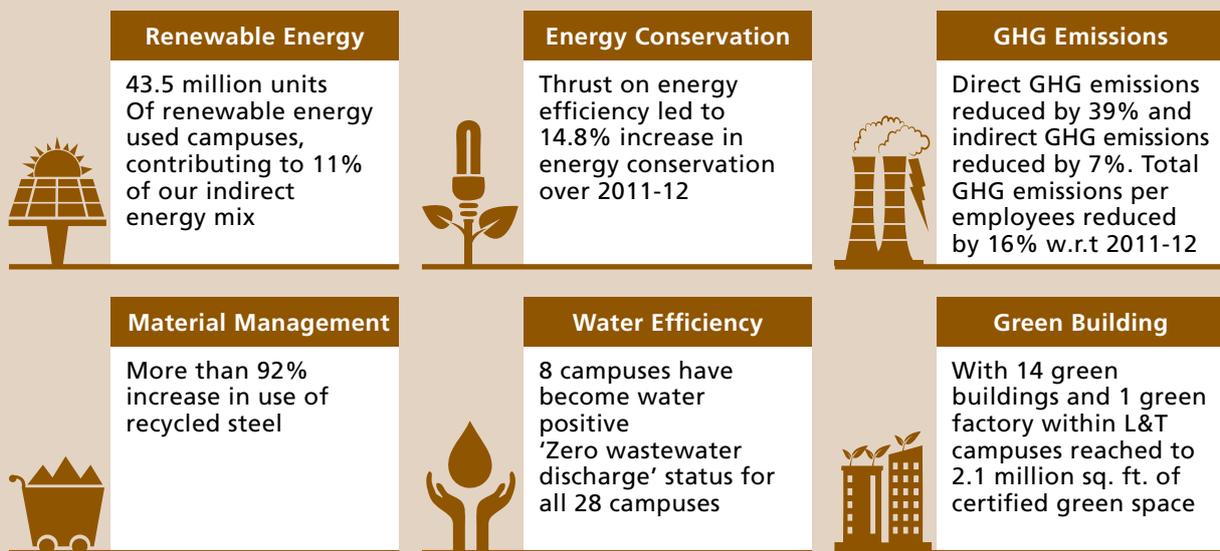


At L&T, we have this year been constantly integrating more sustainable ways of working across our business – from design to production to logistics. While offering the best in class products we are limiting our ecological footprints.

While this work propels us forward, we also recognize that as a leader from the industry we are in a position to leverage the power of our corporate brand to drive positive change across our entire value chain, within our industry and beyond and are working towards the same.

We strive for performance that goes beyond the regulatory compliances by reducing our environmental impacts. We work towards conserving the natural capital and preserve the resources for future generations. We have seen examples of these from our project sites, campuses and offices.

Our sustainability performance is monitored periodically and aligned to the sustainability goals set by us.



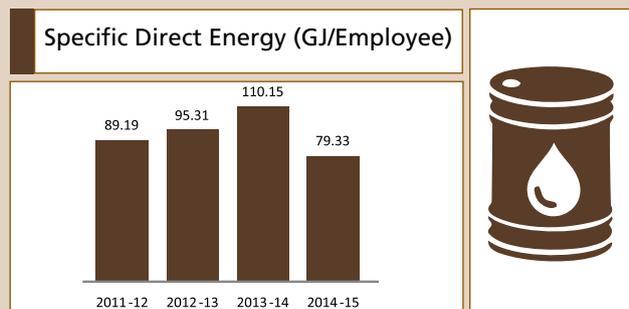
## G4-DMA Energy

Energy is a key material issue for us due to the nature of our operations. We lay a lot of stress on energy conservation and resource optimization across the companies businesses.

## G4-EN3 Direct Energy<sup>4</sup>

Our direct energy consumption reduced by 28 % in 2014-15, with implementation of fuel efficiency programmes a decrease from 7,470,949 GJ in 2013-14 to 5,378,650 GJ in 2014-15.

The direct energy consumption intensity (GJ/employee) also reduced by 11% w.r.t 2011-12

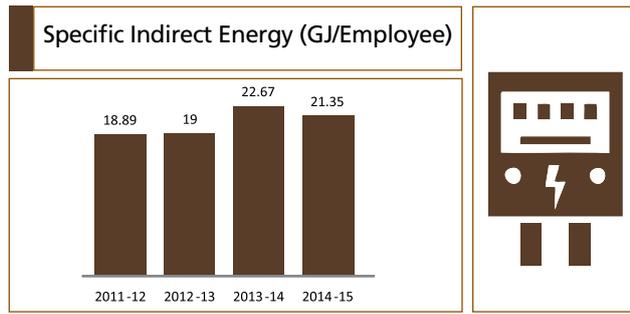


<sup>4</sup> The energy, GHG emissions and Water consumption intensity per employee has been derived w.r.t 2011-12 of reporting.

**G4-EN4 Indirect Energy<sup>5</sup>**

G4-EN5

Our indirect energy consumption reduced by 6%, with implementation of energy conservation programmes, a decrease from 1,537,374 GJ in 2013-14 to 1,447,468 GJ in 2014-15.



<sup>5</sup> The energy, GHG emissions and water consumption intensity per employee has been derived w.r.t 2011-12 scope of reporting.

**Green Energy**

Focusing on renewable energy our businesses utilize water, wind and solar energy towards a cleaner environment.

| 2014-15 Highlights   |  |   |
|--|--|---|
| Wind   | Solar  | Biogas  |
| More than 43 million units of electricity is supplied by wind powered turbines     | Solar energy equivalent to 15 million units harvested within the campuses          | The food waste processing plant at four campuses contribute to more than 4000 Cu.m of bio-gas |
|  |  |           |

In our roadmap for 2015 to 2018, we aim to report on energy consumption outside of the organization.

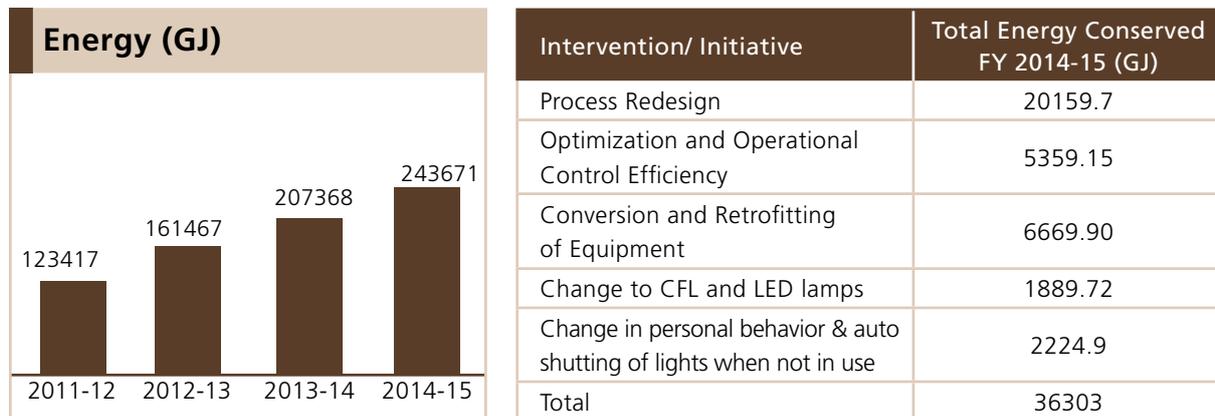
**Energy Conservation**

G4-EN6

Across the businesses employees' ensure that we take steps towards conserving energy. Right from the designing of the product this is a key requirement for efficient business processes.

G4-EN7

The cumulative energy conserved this year was up by 17.51 % as compared to 2013-14, 97.44 % as compared to 2011-12



### Key Conservation Initiatives

Replacement of existing aged inefficient split AC units with energy efficient units.

Retrofitting of LED tube in place of FTL.

Replacement of LED tubes and lamps in place of FTL and Metal Halide lamps at TLT factories.

Providing Magnetic Resonators for increasing the combustion efficiency of Fuel (LPG).

Replacement of Metal Halide lamp with LED lamp for LMS shop overhead lighting and CNC machines lighting.

Use of LED lighting in confined space and job lighting.

Installation of magnetic resonators in PFS and HFS1 Furnace to reduce NG consumption.

Use of astronomical timers for street lighting and yard/shop lighting to conserve energy.

Introduction of VFDs for boom & turntables.

Retrofitting of SKODA & pegard indexing table with CNC and energy efficient servo motor and drive.

Conversion of shop wagons from petrol engine to electric motor.

Special chemical treatment using Scacil / Bionil for condenser water of EPC AC plant.

Upgrading and qualifying Hot Air Oven (50 kW) in place of horizontal autoclave (450 kW) for curing of components.

Optimized operation of centralized chiller for offices and DFES.

Use of transparent PE based false ceiling / roof sheets in workshops / assembly sheds to utilize day light.

70% use of inverter based welding machines for project construction.

Modification of conventional machines lubrication pumps for intermittent operation as per requirement.

### Operational Control Efficiency

Conversion of VAM based air-conditioning plant to water cooled screw chiller in SBU block, Hazira.

100 kVA UPS for furnace to reduce diesel consumption of DG set during power cuts.

Installation of lighting transformer for shop & area lighting at Heavy Engineering at Hazira.

Initiation of additional investment & proposal for replacement of existing MHL 250W shop lights with LED or induction lights.

Introduction of power factor incentive by WESCO to help maintain power factor to unity resulting in saving in monthly electricity bill by approximately 0.15 million per month.

Trial run of impactor / crusher to be carried out by AC VFD drives replacing conventional Start-delta starter to save energy.

Installation of dedicated portable compressor at undercarriage shop & detachment of air connection from central compressor to save air consumption



### Alternate Energy Source

Power generation through Solar Roof top PV installation. All buildings in L&T Construction campus at Chennai have Solar PV roof top installations.

Installation of Solar powered street light with 36W LED Fittings at TLT, Pondicherry.

Installation of 113.9 kWp Solar Photovoltaic (PV) system consisting of crystalline and CIGS modules with fixed tilt, single-axis and dual-axis tracking systems installed at Construction Skills & Training Institute (CSTI) at Jadcherla, Telangana. This system shall generate approximately over 0.2 million units of clean energy per annum and which will prevent approximately 136 tons of CO2 emission.

Purchase of green power from third party wind farm to reduce the carbon footprint.

Installation of Solar street light replacing conventional Metal Halide lighting.

## Clean Development Mechanism (CDM) status

L&T's Infrastructure Development arm (L&T IDPL) has a project registered on Clean Development Mechanism (CDM) under United Nations Framework Convention on Climate Change (UNFCCC) related to Green Power Generation Project which aims to reduce approximately 16,128 tonnes of CO2 equivalent per annum.

## Green Premises

Fourteen green buildings and one green factory stand tall covering 2.1 million square feet of built up area within our campuses and yield following recurring benefits:

### Green Building



Technology Block, Hazira



Office Complex, Ahmednagar



Green Factory, Vadodara



Administrative Building, Kattupalli



Unnati building at C&A Mahape (Navi Mumbai)



EDRC, Chennai



Office Complex, Talegaon



Knowledge City, Vadodara



L&T TC III, Chennai



SBU Block (2nd floor), Hazira



North Block II, Mumbai



Administrative Building, Vadodara



Administrative Building, LTSSHF, Hazira



Learning Centre - LDA, Lonavala



L&T TC II, Chennai

To view L&T's green building portfolio and details on total green built-up area constructed for clients, refer to the NAPCC section on page no.65

## Planning Equals Saving

Careful planning can be an energy saving tool. At the Kansbahal Campus of L&T's Metallurgical and Material Handling business, our managers have planned operations of facilities to maximize energy conservation.

Conventionally, a 60 HP pump was used to circulate furnace cooling water for all melting furnaces during 'Load' and 'No-load' conditions. The same motor was also used to

cool the furnace coil and lining even after the heat tapped out, in 'No-load' condition, on weekends and public holidays. This was quite clearly a waste of electric power.

The solution that the engineers came up with was to replace the 60 HP pump with a 20 HP alternative. This was used for furnace water circulation during 'No-load' condition, weekends and public holidays.

### Results

Savings on energy per year  
**INR 4, 70,000**

Energy saved  
**72616 kWh**

Co-2 emissions reduced  
**58 MT**

G4-DMA

G4-EN15

## Emissions<sup>6</sup>

G4-EN16

We achieved decrease in specific direct carbon emission intensity (Tons / employee) by 25.2% as compared with 2011-12 as a result of specific actions for fuel efficiency improvement. Our direct carbon emissions significantly reduced by 38% to 381,690 Tons/year w.r.t 2013-14.

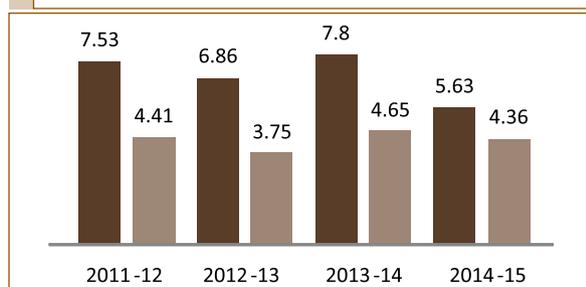
G4-EN17

G4-EN18

Specific direct GHG emissions (tons/employee)

G4-EN19

Specific indirect GHG emissions (tons/employee)



Our indirect carbon emission intensity (Tons/employee) decreased marginally by 1.12% from 4.41 to 4.36 Tons / employee in 2014-15. Our indirect carbon emissions reduced by 6.83% to 295,345 Tons/year w.r.t. 2013 - 14

<sup>6</sup> The energy, GHG emissions and Water consumption intensity per employee has been derived w.r.t 2011-12 scope of reporting. The sources of Scope1 emissions are consumption of petrol, high Speed Diesel, furnace oil, Natural gas, LPG, CNG, PNG BMCG and Acetylene. Sources of Scope 2 emissions are utilization of grid electricity. Calculation methodologies are based on ISO 14064-1 and all the global warming potential used in calculations are based on IPCC and WBCSD GHG protocol

## Enhancement of Scope 3 emissions reporting

We continued to report our Scope 3 GHG reporting system with following sub-categories of other Indirect GHG emissions with reference to GHG Protocol. This Protocol is developed by World Resource Institute (WRI) and WBCSD for Corporate Value Chain emissions:

Purchased Goods and services

Fuel & Energy related activities not included in Scope 1 & Scope 2 GHG emissions

Waste generated in operations

Business travel

Employee commuting

Emissions from leased assets (upstream) and investments are continued to be included in the Company's Scope 1 and Scope 2 emissions.

### Scope 1

Absolute Direct GHG Emissions

381,690 tons of CO<sub>2</sub>e



### Scope 2

Absolute Indirect GHG Emissions

295,345 tons of CO<sub>2</sub>e



### Scope 3

Absolute Other Indirect GHG Emissions

364,660 tons of CO<sub>2</sub>e



**G4-EN20** **Ozone Depleting Substance (ODS), Particulate Matter (PM), NOx and SO2 emissions**

**G4-EN21** Our efforts are focused on phasing out usage of chemicals that damage the ozone layer, across all our operations.

We periodically measure the ODS, PM, NO<sub>x</sub> and SO<sub>2</sub> emissions and ensure that they comply with regulatory requirements.

This year, use of cleaner fuels & process redesign measures led to reduction of 54% in Particulate Matter emissions. NO<sub>x</sub> and SO<sub>2</sub> emissions demonstrated significant reduction in their emissions. Consumption of ODS witnessed a marginal increase due to cyclic nature of Air Conditioning servicing / replacement done at the project sites.

| Year    | SO <sub>2</sub> (Tons) | PM (Tons) |
|---------|------------------------|-----------|
| 2012-13 | 10.21                  | 41.09     |
| 2013-14 | 84.6                   | 82.06     |
| 2014-15 | 23                     | 36.6      |

*The values of 2013-14 are restated after correction in the values reported by project sites*

| Year    | NO <sub>x</sub> (Tons) | ODS (R-22 Equivalent) Tons |
|---------|------------------------|----------------------------|
| 2012-13 | 6.76                   | 0.80                       |
| 2013-14 | 456.00                 | 1.27                       |
| 2014-15 | 91.7                   | 2.5                        |

*The values of 2013-14 are restated after correction in the values reported by project sites*

G4-22

**G4-DMA** **Water**

**G4-EN8**

**Key Highlights**

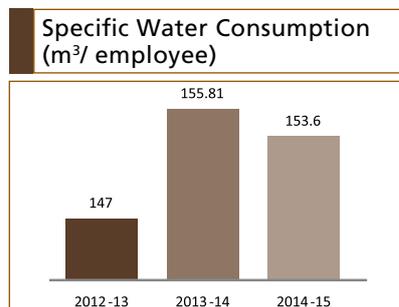
**G4-EN9**

All major 28 L&T campuses achieved zero waste-water discharge status

Eight L&T campuses Powai (West), Talegaon, Ahmednagar, Hazira, E&A Mahape, LTSSHF Hazira, Ranoli and MFF - Hazira (East) will become water positive

We cannot afford to waste a resource as precious as water. This thought is well reflected in the way we operate our business with an endeavor to be the most efficient of the campuses. We continued to maintain all 28 campuses status as a zero wastewater discharge.

This year, our specific water consumption per person decreased to 153.60 cubic meters per employee as compared to 173.69 cubic meters per employee in 2011-12. This is achieved with better water management practices at project sites and manufacturing locations, implementation of water conservation projects and increased awareness.



G4-22

*The values of 2013-14 are restated after correction in the values reported by project sites*

**Water Consumption by Source (m<sup>3</sup>/year)**

| Source of Water  | 2011-12          | 2012-2013        | 2013-2014         | 2014-2015         |
|------------------|------------------|------------------|-------------------|-------------------|
| River / Lake     | 2,475,405        | 1,689,846        | 2,991,156         | 2,869,540         |
| Ground water     | 342,613          | 1,189,571        | 2,173,743         | 535,840           |
| Rainwater        | 7,060            | 7,689            | 8,803             | 71,694            |
| Municipal Supply | 889,364          | 1,443,246        | 1,301,963         | 2,321,394         |
| Other            | 6,067,727        | 4,014,371        | 4,096,076         | 4,615,700         |
| <b>Total</b>     | <b>9,782,169</b> | <b>8,344,723</b> | <b>10,571,741</b> | <b>10,414,440</b> |

**G4-EN10**

Total water consumption as per current scope: 10,414,440 m<sup>3</sup> & total wastewater discharge: 76,409 m<sup>3</sup>. 95% of total waste water produced was recycled and reused.

*\* We have installed meters to monitor the water consumption both at source and treatment facility. However, at few places, where the meter at discharge has not been installed, we have estimated the discharge based on water procured.*

## Map, Measure... Save

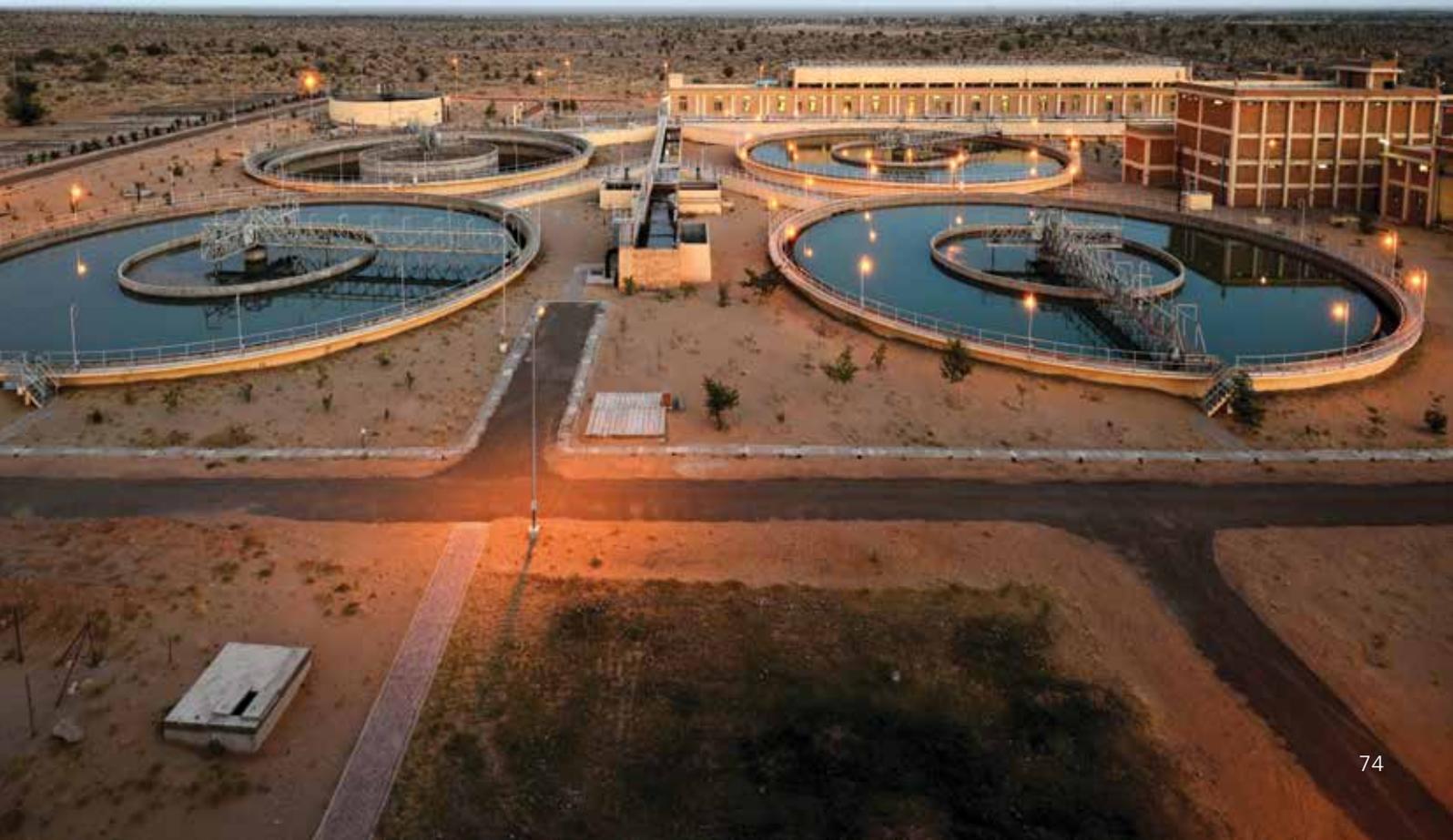
**Like money, water too is best saved when you go about it in a structured, systematic manner.**

L&T's Kattupalli campus has adopted a corporate water sustainability framework, crafted using a globally recognized water tool of the World Business Council for Sustainable Development.

The new roadmap is comprehensive. It accounts for water usage inside the Company's plants as well in the supply chain. It assesses sustainability and efficiency of consumption and helps to ensure that distribution is equitable. The roadmap also keeps an eye on pollution.

Kattupalli has in place a strategic response plan. Clearly, the road ahead for saving water is well mapped.

172 MLD Lift Water Supply Project, Jaisalmer, Rajasthan. L&T has designed and constructed water reservoirs, pumping stations, pipeline networks and distribution systems.



## The Mix Matters

Water is so precious that responsible organizations are constantly looking for newer and better ways of conservation. At L&T among the many activities we considered was the process of making concrete.

L&T's Chennai Metro rail project provides an illustrative example. By replacing the admixture used at site across the period of one year, our water consumption reduced by as much as 30%.

Estimated demand for water without admixture (March'14 to Feb'15)

5,348,450 Litres

Actual consumption using admixture

4,304,850 Litres

Water saved at the project

1,043,600 Litres



G4-DMA

## Material Management

G4-EN1

G4-EN2

The 3R (Reduce, Recycle and Recover) are sacrosanct to our operations. They help us to optimally utilize material that extend product usability and reduce waste while responsibly ensuring disposal of waste.

| Materials (Partially Reported) | Tons      |
|--------------------------------|-----------|
| Ferrous                        | 975,834   |
| Non-Ferrous                    | 12,163    |
| Hazardous Chemicals            | 110,373   |
| Oils & Lubricants              | 70,999    |
| Hazardous Gases                | 233,884   |
| Packaging Materials            | 2,970     |
| Cement and Sand                | 6,387,446 |

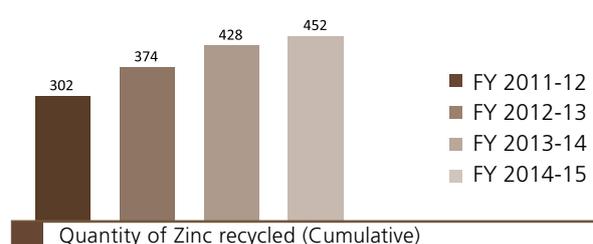
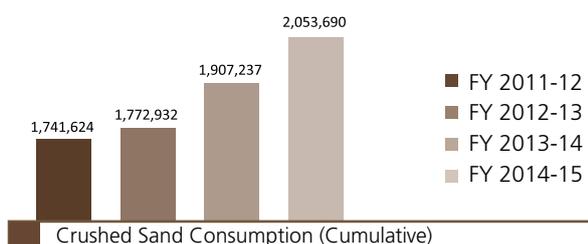
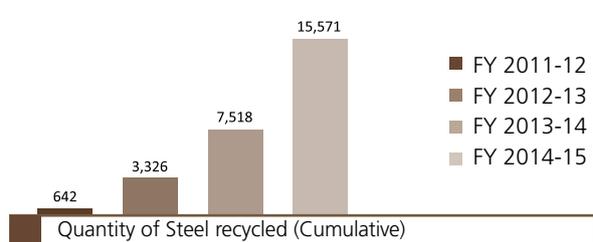
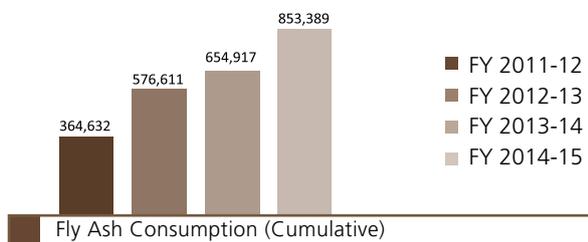
### Alternative Material

We promote the use of alternative material such as fly ash, crushed sand, and Ground Granulated Blast Furnace Slag (GGBS) in our construction business.

This year, the cumulative fly ash use increased by 21.9%, while the cumulative crushed sand use increased by 4.5%

### Recycling

As our products are Engineered To Order (ETO) and adhere to stringent customer requirements, the scope of using recycled material is limited. However, we continue to recycle steel and zinc in our operations. With thrust on material recycling, the steel recycling increased by 92% w.r.t. 2013-14.



## CASE STUDY

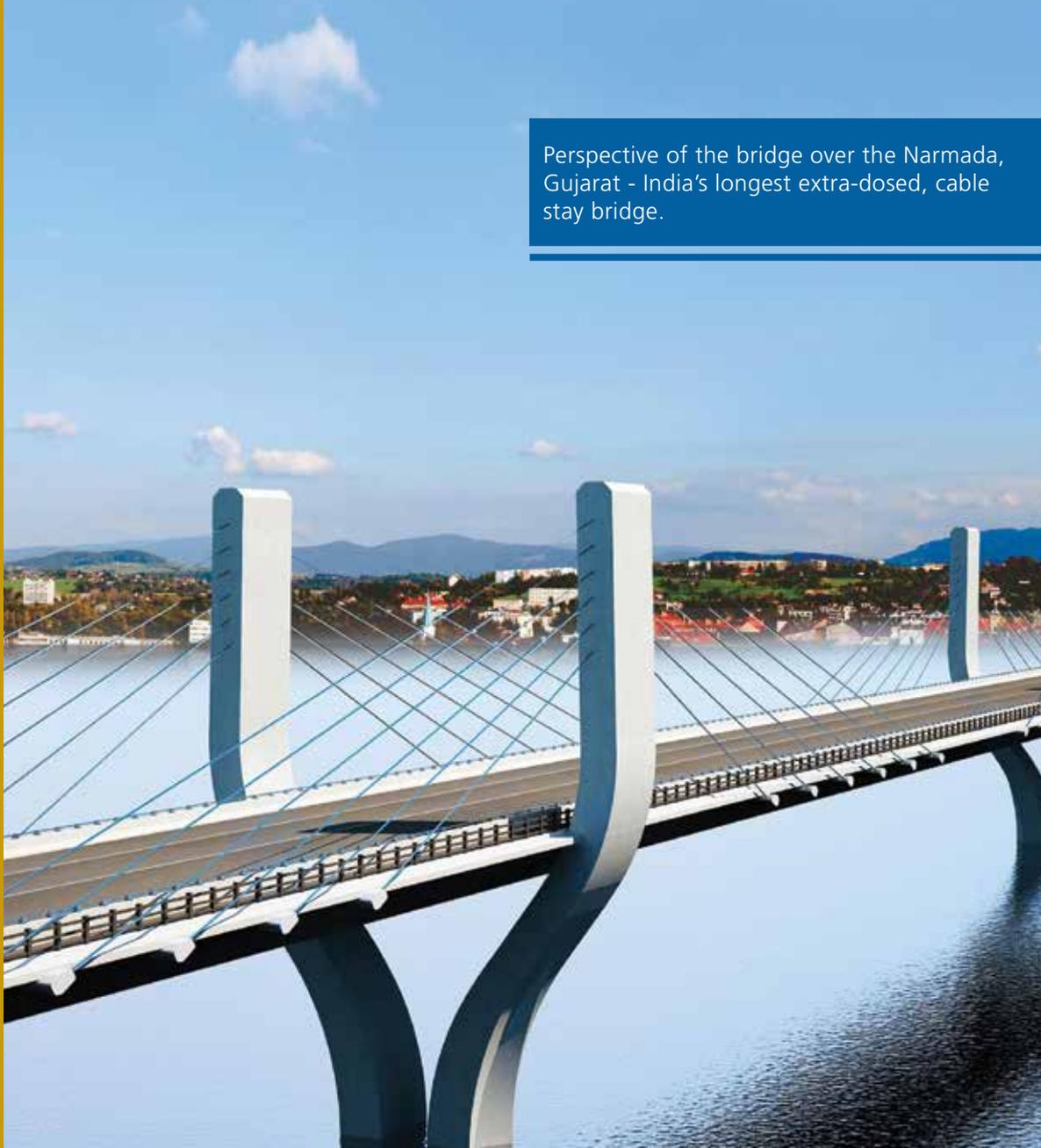
### A 'Greener' Bridge

India's longest 'extradosed bridge' is being built at Bharuch over the Narmada. It is the first bridge of its kind in Gujarat. And it will also have yet another distinction: it will be greener than many others. Engineers of L&T Heavy Civil Infrastructure business are following the cardinal sustainability principle - Recycle, Re-use, Reduce.

At the site all surplus concrete is used in casting of crash barriers. These barriers are built for the road as well as for the survey reference pillars. A small step in recycling and reusing has contributed to conservation of resources.

**Net savings: 150 Cum of Concrete.**

Perspective of the bridge over the Narmada, Gujarat - India's longest extra-dosed, cable stay bridge.



## Revenue from Waste

Sludge from the effluent treatment plant of L&T's manufacturing facility at Ahmednagar used to be disposed of through channels approved by Maharashtra Pollution Control Board at a cost of INR 1200 per ton. Team L&T Electrical & Automation felt this was a waste, in more senses than one. The effluent, L&T engineers reasoned, came from a plating plant and therefore would contain metal residues with potential use.

Could metal concentrates be drawn out of the sludge and used to make metal concentrates?

This in turn would provide feedstock for non-ferrous material. It was an idea worth exploring.

The team then found a buyer for the sludge - the World Resources Institute. Consent for this manner of disposal was received from the state pollution board. Soon the waste began generating revenue.

The Ahmednagar factory now sells sludge at INR 55,611 per ton. There's a bonus: a precious resource is conserved.

## Waste and Spills

Ensuring responsible waste disposal is part of our operations strategy. We have a waste management framework wherein we segregate waste at source, comply with all regulations while adopting zero waste practices.

Some of our waste management strategies are:

No import, export, transport or treating of any hazardous waste covered under the Basel Convention

Regular checks are conducted by internal and independent auditors, to ensure compliance with relevant pollution control regulations

Regular reporting of waste and spills as part of ISO 14001 and OHSAS 18001 compliance

Hazardous waste generated in various production processes like used oil, non-ferrous metals etc. is disposed through MoEF / CPCB registered recyclers / re-refiners / re-processors and is transported as per the statutory requirements

Authorized vendors for e-waste management

Responsible disposal of bio-medical waste by dispensaries within campuses and by L&T health centres

Bio gas plant / Organic waste converter for treating canteen waste at our Powai, Chennai, Hazira, Mysore, Mahape, LDA, Knowledge City - Vadodara, Bengaluru and Ahmednagar campuses

Bio composting of garden waste to produce compost for landscaping and green belt development

Recycling of zinc salts and using them in our processes

## Waste Disposed

|                                      | FY 2014-15 |
|--------------------------------------|------------|
| Hazardous Waste and Waste Oil (tons) | 15,538     |
| Non-Hazardous Waste (tons)           | 56,109     |

## Packaging Material

We ensure that minimum packaging materials are used for the products. Whenever applicable like for our E&A business we continue to use green packaging materials. Being a global company and given the nature of products, reclaiming packaging material is not feasible.



## Sustaining PROJECT GREENHANDS NURSERY

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L&T Construction with the help of an NGO started an in-house "Nursery" in April 2001. Within this 2400 square feet saplings are grown from its seeds, nurtured and distributed free to various government schools, colleges, institutions for planting.

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*L&Ters at the forefront of the Greenhands initiative.*

A full time gardener drives the entire initiative with employee participation - right from packet filling, seedling, transplanting, packet shifting, housekeeping, de-weeding, watering etc. With the help of these Green Brigades and the CSR team, these saplings find new venues- to grow and give shade and much needed fresh Oxygen in public places like Government schools, parks, institutions etc.

The employees are also encouraged to plant tree saplings in and around their colonies

including the lanes and by-lanes. The nursery has transplanted more than 350,000 saplings across Tamil Nadu through the collective efforts of all its Green Brigades

The Green Hands team has also demonstrated and converted 7 tonnes of campus garden dry leaves into usable mulch for horticultural use. This is truly an example of the power of green!

## Biodiversity

As a responsible corporate we understand the need to protect nature's precious resources. Our facilities are located in notified industrial areas and do not fall under biodiversity rich or protected habitats.

This year we have planted more than 295,000 saplings across locations and over 150,000 fully grown trees are being nurtured across major campuses.

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A guidance document on scientific method of tree plantation along with operation and maintenance has been made available across campuses and project sites.

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We have taken up an initiative to present a tree

certificate instead of a flower bouquet to the guests visiting L&T campuses. The certificate demonstrates that a tree sapling would be planted on behalf of the guest. This is in line with the Company's objective to increase the tree cover and create natural carbon sinks in a sustainable way.

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## Compliance

Before commencement of operations at units and project sites all approvals are taken from the relevant Government authorities. At L&T there is a 'system compliance report' which is reviewed internally at all units and regional offices.

There was no incidence of non-compliance and no fines were imposed within the reporting period.

*In tune  
with the  
community's  
needs*



# Social Performance



**G4-DMA** At L&T working towards growth includes responding to its social responsibility. L&T has been working in the areas of education, health & skill development for the benefit of communities around L&T establishments and project sites as part of its Corporate Social Responsibility (CSR) activities. This year the Companies Act 2013 provided a unique opportunity for the Company to augment its existing CSR programmes and realign them more closely with the nation's developmental requirements.

L&T's efforts in nation building & contribution to industrial progress as well as efforts in building society & community are helping to co-create a more resilient environment for all concerned. We are leveraging our country-wide presence to reduce disparities through interventions in water and sanitation, healthcare, education and skill development. Our close interactions with the local community members have enabled us to identify and address their most pressing needs and we have specifically aligned our social interventions for community development.

## CSR Thrust Areas

Simultaneously, L&T through its CSR initiatives has been providing educational enrichment programmes in schools, increasing income generating capabilities of individuals and focusing on building healthy communities around our campuses and project sites.

| Thrust Area  | No of Beneficiaries |                  |
|--|---------------------|------------------|
|  | 2013-14             | 2014-15          |
| Health   | 517,837             | 950,929          |
| Education  | 242,024             | 378,743          |
| Skill development (Including CSTI, vocational training and Neev) | 45,209              | 42,963           |
| <b>Total</b>   | <b>805,070</b>      | <b>1,372,635</b> |

## Marking the inclusion of all Stakeholders in 'Investing' on Social Impact

L&T is all about its people. So when the opportunity arose to give a new direction to our Corporate Social Responsibility programmes we went to them for the best way to spend our CSR budgets.



A series of workshops across our various campuses addressing L&T-ites were undertaken. Workshops were held in Mumbai, Kolkata, Chennai, Delhi and Vadodara. Mini workshops of 2 hours each were also held in Kattupalli, Powai, Mysore, Vizag, Chennai, Hazira and Vadodara. Through this large scale interaction process covering over 3,500 employees, one on one meetings with top management and guidance from the CSR Committee, L&T revisited its CSR thrust areas

and developed a new CSR theme 'Building India's Social Infrastructure'.

The objective of the theme is to pursue holistic and integrated social development programmes at identified locations which are most needy. This will be achieved through interventions in water & sanitation, education, health and skill development.

G4-SO1 **Integrated Community Development Programme**

G4-SO2 Unavailability of safe drinking water results in increasing morbidity and mortality rates. It also impacts educational attainments, migration and livelihood opportunities. For our flagship programmes, locations for interventions were identified as water stressed on the basis of water availability, quality and uncertainty. Further access to sanitation, health, education, availability of drinking water and Human Development Index (HDI) were also taken into consideration. To begin with districts and tehsils were identified in the states of Tamil Nadu, Maharashtra and Rajasthan.

In these states "Integrated Community Development Programme" have been launched by L&T towards holistic development in the following areas based on need assessment:

- Water & Sanitation
- Education
- Health
- Skill Development



## Education

L&T's social interventions covering educational initiatives are focused on providing primary education, infrastructure development and enhancing the learning experience for children in several schools in the vicinity of its units across India.

The emphasis is on enriching the education in primary schools through innovative learning methodologies focusing on subjects like Mathematics & English which many children find challenging. Our Science on Wheels van visits schools and provides hands on opportunity to children to perform science experiments.

Other initiatives include support to pre-schools, setting up computer lab, providing teaching aids and uniforms to the needy, capacity building of teachers, organizing summer camps, sports activities and upgrading school library.



## Equipping the Young Ones

L&T'S Transportation Infrastructure IC rolled out a community initiative programme -'Back to School' aimed at providing relevant study kits to students from the economically weaker sections of the society.

This enabling scheme has reached out to 9840 students spread in 71 schools across various project sites in 2014-15. The distribution of the kits were organized through a series of functions by involving the local authorities such as Sarpanch, Sub Divisional Magistrate, Safety & Health Officer and Additional Divisional Magistrate as Chief Guests, along with the

business Cluster Heads, Project Managers and other key site personnel.

The colorful school kits brought big smiles to the faces of the tiny tots who were literally all geared up for a new academic session.



## CASE STUDY

### Single Teacher School "A Second School"

It is 5 'O' clock in the evening and twilight spreads over Maduramanagalam –a rural village in the Kanchipuram district of Tamil Nadu. You follow the beautiful voice reciting in union and they lead you to the Single Teacher School (STS) centre running in that village.

Single Teacher School as a concept is reinforcement, multi grade class education for children post their normal schooling hours. Children who come to STS are either attending Government schools or have dropped out of the schooling system.

L&T Construction business through its CSR intervention is aiding 150 such centers in

over 125 rural villages spread over Thiruvallur and Kancheepuram Districts of Tamil Nadu and is reaching out to 4500 rural children through this initiative which is being run in collaboration with a local NGO. The aim of this project is to impart quality based education at primary and middle level and thus holistically improve children's learning achievement rates and bring them up as educated and disciplined citizen of the country. The teachers of the STS centers are provided regular training on child centered methodologies and they follow a syllabus which is developed by eminent retired educationalists and is in line with the Government curriculum.



G4-S01 **Health**

Around its establishments, across India, L&T has been organizing health and welfare activities for communities. Some of the initiatives in this thrust area include :

G4-S02 setting up of health centres with a focus on reproductive health, conducting diagnostic and clinical health camps that support maternal and child health care, immunization and health education. Health camps are conducted by a combination of teams and mobile clinics that provides access to healthcare for the underprivileged.

Our HIV/AIDS prevention initiatives include conducting awareness camps in the community, Anti-Retroviral Therapy (ART), integrated counseling and testing at company's health centre in Mumbai.

The first health centre for the community was set up by L&T at Andheri, Mumbai in the year 1967. Today, there are seven community health centres at key campuses of L&T located at Ahmednagar, Surat, Kanbahal, Coimbatore, Chennai and Vadodara including Mumbai which provide health care for the community as well as employees and their family members. The Surat health centre and ART centre in Mumbai were inaugurated this year.

L&T has also set up artificial kidney dialysis centers for benefit of the underprivileged at Mumbai, Thane, Vadodara and Chennai community health centres.



### Healing Hands of L&T



L&T, one of the pioneers from the corporate world who responded to the HIV/ AIDS threat, this year inaugurated their new Anti-Retroviral Therapy (ART) Centre in Koldongri, Andheri (East), Mumbai. The exclusive 2500 square feet facility is built and operated by L&T and owned by the Municipal Corporation of Greater Mumbai (MCGM). Mumbai District Aids Control Society (MDACS) has also partnered for this initiative.

This centre is an expansion of the erstwhile ART centre housed within Andheri Health Centre which was initiated by Mr. A M Naik, Group Executive Chairman, Larsen & Toubro with the support from Health Department of Government of India in 2009.

The increasing number of patients propelled L&T to build and shift into a larger facility. The new

ART Centre has been designed to accommodate up to 2,000 HIV positive patients - a 100% increase from its current capacity of 1000.

At the centre, HIV/AIDS positive patients can undergo the entire range of pathology tests for their treatment and also receive free medical consultation. Medicines are also issued at the facility as per the NACO protocol.

L&T is one of the first few corporates which responded to HIV/AIDS in India as early as 1985. Over the years, L&T's awareness campaigns' on HIV/AIDS have sensitized over 30,000 employees through street plays, lectures, and games conducted in colleges. The company has also started Self Help Groups for daily living practices, meditation, vocational guidance and nutrition etc. for those fighting against the infection.

## G4-SO1 Skill Development

G4-SO2

India is a developing country and infrastructural growth has created a demand for quality workmanship and deployment of latest techniques in construction methodology. In 1995, L&T took steps to provide formal vocational training in construction for largely unorganized workforce in this sector by setting up its first Construction Skills Training Institute (CSTI) at Chennai. CSTIs provide training in construction skills to rural and urban youth in various trades such as bar bending, formwork carpentry, masonry, scaffolding and welding etc. This training is a transformational process that improves the skill set of the underprivileged youth and enhances their employability.

Currently, L&T has set up nine CSTIs on its own and has collaborated with 27 ITIs for imparting industry oriented training across the country. L&T has also introduced vocational training programmes in the areas of tailoring, beautician, home nursing and food processing for women providing means for self-reliance through its L&T Public Charitable Trust.



## Empowering Women Empowering Families



L&T's Talegaon office has been witness to an incredible story of empowerment, a story of women power.

The Navlakhumbre village near L&T's Talegaon office was like any other village with women toiling on the fields or at home, always short of finances to better their lives. Their self-help group started selling 30 cups of tea to L&T offices 3 years back through which they came in touch with L&Tites.

Through close interaction with the L&T team the women were encouraged to further expand the tea business, slowly moving up to delivering 200 cups of tea to L&T offices.

Through L&Tites encouragement the self-help group also bought a van for transporting tea.

Today the group is selling 1,200 cups of tea daily to not only L&T offices but nearby offices too. The group of 30 women also was encouraged to supply mid-day meals to the primary school in the village and have successfully been servicing 500 meals for the school in addition to chapattis being supplied to nearby offices.

From a small set up the self-help help group today is sustaining 12 women and their families for the last 3 years.

## Contribution towards Swachh Bharat Abhiyan

L&T's ongoing CSR programme is also aligned to the mission of 'Swachh Bharat Abhiyan', announced by Prime Minister Mr. Narendra Modi, following which we are committed to addressing the needs of a clean and healthy India through our CSR programme.

### Want to Change a Person's Life

As they say charity is self-consolatory. But how does one make a sustainable impact and change the course of someone's life without giving handouts?

At Larsen & Toubro we are looking for permanent changes- we believe in investing in people, making them self-sufficient so that they can support themselves and their families.

One such endeavor is L&T's basic skills training programme Aadhaar, run by Hazira manufacturing campus. Women from the nearby villages have benefitted from the Basic Tailoring Skills Training Programme. Through this 6 months course run 5 days a week for 2 hours each the ladies are equipped with skills related to tailoring.

Such vocational courses not only help women empowerment but also ensure that the family benefits from their earnings by using these skills.



### L&Teering with a heart!



'Making Science fun for children'- with this thought in mind, Mr. Arvind Gupta, an engineer from IIT Kanpur, since the last 30 years has been making simple toys and short video clips on scientific experiments using locally available materials or trash. These simple toys, he found not only fascinated children but also helped them to understand different concepts of Science through fun learning method.

Enthusiastic L&Teers have been volunteering to dub these short films in various regional languages like Gujarati, Marathi, Odiya,

Bengali, Bhojpuri and Punjabi such that they are accessible to children across the country who are deprived of getting an access to quality science education. The videos being available in their native language helps them to comprehend and understand the concepts better. More than 350 videos have already been dubbed by L&Teers. These videos have been uploaded on YouTube and on [www.arvindguptatoys.com](http://www.arvindguptatoys.com) such that they are freely available to all. The name of the volunteers who have dubbed the film are acknowledged in the video.

Over 1.3 million people were benefitted through L&T's social interventions in 2014-15.

Through our healthcare programmes for women and children we have reached out to over half a million individuals in a year alone.

Presently, L&T is supporting over 250 schools across India and reaching out to over 2,50,000 underprivileged children besides also undertaking interventions in over 100 Balwadis and Anganwadis towards enabling better infrastructure and learning environment in schools.



The 200 check dams constructed by L&T Public Charitable Trust in drought prone rural areas of Maharashtra provides irrigation, facilitates ground water recharge and has resulted in the villagers being able to cultivate two crops instead of one. This in turn has stemmed migration to cities from these communities

The programmes on 'Integrated Community Development' will reach villages in states of Maharashtra, Rajasthan and Tamil Nadu, by providing water & sanitation and improving access to health, education and increasing livelihoods.



Through the CSTI's and other vocational training programmes we have reached out to over 43,000+ youth and women from underprivileged backgrounds and have provided them with viable skills to earn a livelihood. This in turn elevates the socio economic status of the family.



## Aligned to the Millennium Development Goals (MDGs)

Our CSR programmes are geared towards addressing the global time-bound targets as prescribed under MDGs.



1

### Eradicate Extreme Poverty and Hunger

- Nutritional support in pre-schools
- Vocational and life skills training
- Income generation for underprivileged youth, the differently abled and migrants



2

### Achieve Universal Primary Education

- Improve quality of education
- Promoting girl child education
- Creating sanitation & drinking water facilities
- Nurturing talent
- Providing early childhood education
- Promoting education in communities
- School infrastructure development & learning aids, enhancing curriculum and impacting classroom learning



3

### Promote Gender Equality and Empower Women

- Skill development & vocational training programme
- Empowering women in communities
- Livelihood opportunities for women



4

### Reduce Child Mortality

- Immunization
- Providing access to maternal, pediatric & general healthcare
- Regular health check-up in schools & pre-schools

Aligned with  
**MDGs**



5

### Improve Maternal Health

- Pre- and post-natal care
- Health education
- Access to family planning methods
- Anemia control



6

### Combat HIV/ AIDS, Malaria and Other Diseases

- Integration with national health programmes
- Awareness drives and medical care for malaria and other diseases
- Counselling, testing & Anti-Retroviral Therapy (ART) for HIV/AIDS



7

### Ensure Environmental Sustainability

- Developing and enlarging L&T's green products & services portfolio
- Watershed development in rural areas
- Large scale tree plantation drive



8

### Global Partnership for Development

- Collaboration & partnership with state governments, NGOs and ITIs
- Skill building programmes in the Middle East
- Sharing best practices with stakeholders

*A melody  
of  
successes*



# Product Stewardship



L&T has a long history of product stewardship with the company placing emphasis on reducing the life cycle impacts of its products. At L&T we have an integrated business process for identifying, managing and minimizing the health, safety and environmental risks throughout all stages of a product's life in the best interest of society and our key stakeholders i.e. customers, employees and shareholders.

The sustainability factors are considered at every stage of the lifecycle of a product including procurement of raw materials and components, research and development, manufacture, distribution, customer use and customer disposal or end-of-life. L&T uses these life cycle considerations not only to reduce sustainability risks but also in the business decision-making process in order to create sustainable competitive advantage for the company.

We ensure optimization of resources which consists of achieving desired results within a set timeframe and budget with minimum usage of the resources.

## Highlights

**The percentage contribution of our green portfolio to overall sales was 18.16% in the reporting year.**

During the year, E&A business filed as many as 152 Patents, 14 Trademark, 5 Design and 5 Copyright applications in India, along with 6 foreign applications (all patents; 5 Patent Cooperation Treaty - PCT National Phase; 1 Convention application). This was the 8th consecutive year of filing more than 100 patent applications.

E&A won the "Top Organizations for Designs" award from "The Indian Intellectual Property Office" which confers annual National Intellectual Property (IP) Awards on outstanding innovators, organizations and companies in the field of patent, designs, trademarks and geographic indications

E&A entered the Confederation of Indian Industry (CII)'s list of Top 26 Most Innovative Companies in India and was awarded during CII's Industrial Innovation Awards 2014.

For Value Engineering (VE) efforts, E&A won the Handa Golden Key Award instituted by Indian Value Engineering Society (affiliated to SAVE International) for its value engineering efforts



## CASE STUDY

### Midnight Metro

For over a month, between 12.30 am and 3.30 am when the world slept, a team of L&T engineers and technicians at Guindy station were busy completing a critical section of the Chennai Metro. Their task was to launch a massive structure that would support an over-bridge for the Metro. Rail authorities insisted that existing traffic could not be disrupted. This meant working in the wee hours of the morning and within extreme space constraints.

Meticulous planning and skillful execution helped put the structure in place. Thirty-eight days later, the chief engineer reported 'Mission Successful'.

A product quality review carried out by the client Southern Railways rated the L&T project '10 on 10'. The Union Minister for Urban Development Mr. M. Venkaiah Naidu was equally effusive. He called it 'an engineering marvel'. And of course, millions of Chennai's citizens will thank the L&T team for helping to build the metro that will keep the city on the move.



## Construction



The solar business commissioned around 82 MWp which is the highest by any pure play EPC player in India.

L&T commissioned its first i-LSTK based solar PV project capacity of 11 MWp in Warangal district, Telangana.

The Water & Effluent Treatment business has commissioned several important water projects in 2014-15. These include:

- Melur and Attur combined water supply schemes for Tamil Nadu water supply & drainage board, providing drinking water to more than 2700 rural habitations in Madurai and Salem districts of Tamil Nadu
- 25 MGD Dahej Water Supply Project for Gujarat Industrial Development Corporation
- Rajanahalli and Shiggaon Lift Irrigation Schemes for Karnataka Neeravari Nigam Limited (Government of Karnataka)
- Botad Branch Canal Lift Irrigation Project for Narmada Water Resources, Water Supply & Kalpsar Department (Govt. of Gujarat).

More than 14000 villages were electrified across India as part of 'Electricity for All' programme by PT&D.

Hyderabad Metro Stage 1 Viaduct trial run was completed with Uppal and Miapur Depots energized.

The Smart World & Communication Business signed a contract with Government of Maharashtra for a CCTV-based Surveillance Project in Mumbai city. It is the largest of its kind in India, which involves design, development, implementation and maintenance of CCTV cameras, data centers, command & control centers, viewing centers and network connectivity across multiple locations of strategic importance.

Kansbahal unit supplied one large size (1600 Tons per Hour) rotary breaker type crusher to Rio Tinto, Mount Thorley Mines at Singleton, Australia, custom built to suit specific site requirements.

Launched its new range of eco-friendly 'Advanced Sand Manufacturing Solutions' in technical collaboration with Kemco, Japan. The 1st sand classifier was supplied to L&T's Western Dedicated Freight Corridor project.

## L&T Hydrocarbon Engineering



Successfully completed its first ever dome air raising activity for a Cryogenic Ethylene Tank Project.

Commissioned the largest single train Paraxylene complex in India, consisting of nine process units.

Achieved substantial completion for Petroleum Development Oman's Lekhwaier gas field development project in Oman.

## Heavy Engineering



The business is proud to be associated with International Thermonuclear Experimental Reactor (ITER), the world's largest 'first-of-its-kind' fusion reactor. Sections of the 30 m diameter, 3700 MT stainless steel cryostat for ITER project are being manufactured at the Hazira facility

## Power



Power business secured its first full EPC order from NTPC for 2x660 MW Khargone Thermal Power Plant (TPP) in Madhya Pradesh. The business will supply Ultra- Supercritical technology for the first time in India for the Khargone project.

After successful execution of Balance of Plant (BoP), EPC package for 2x600 MW SSTPP – State 1 (Malwa), received an EPC order from MPPGCL for full EPC package of 2x660 MW SSTPP – II (Malwa) in Madhya Pradesh

## Electrical & Automation



E&A business received a prestigious order from Tata Power to supply 5000 nos. 1 Phase Meter with LPR (Low Power Radio Modem), which when completed would be India's largest mesh network.

## L&T Infotech



L&T Infotech has 11 Fortune 100 clients and 34 Fortune 500 clients.

## CASE STUDY

### Forewarned by Technology



We live in uncertain times. None of us can predict when or where danger lurks or what shape it will take. Threats cannot be wished away - they need to be appraised, addressed and successfully resolved. Enter L&T - a Master Systems Integrator.

The Company was engaged to put technology at work to enhance security at three designated cities - Ahmedabad, Gandhinagar and Vadodara. L&T developed a city-wide surveillance system involving installation of closed circuit cameras at 288 locations

around a 100 sq. km area. Camera feed was transmitted to a control station and closely monitored by security officials.

Now all three cities are under 24/7 surveillance. And its citizens can lead more productive and meaningful lives, knowing that a Master Systems Integrator is at work, providing the assurance of security.

There is a further bonus: the system also helps overcome another recurring urban problem - traffic jams.

## CASE STUDY

### 2,900,000 Households Step Out of the Dark

Power. It's not enough that you generate it. To be socially meaningful, power must reach the people.

Over 2.9 million households in more than 30,000 villages now have access to quality, uninterrupted power thanks largely to the efforts of L&T's Power Transmission & Distribution business. L&T has been an active player in a number of programmes sponsored by successive Governments. These include the

Rajiv Gandhi Gramin Vidhyutikaran Yojana and the Backward Region Grant Funds for rural electrification projects. In the urban sector, L&T has executed 26 projects in 82 towns and cities as part of the Accelerated Power Development & Reforms programme.

L&T's capabilities span the entire value chain - from power plant to switchyard to transmission line to substation to the switch that turns dark into light.



G4-DMA **Intellectual Property Rights**

Patents, Trademarks & Copyrights protect our intellectual property. They help us retain our competitive advantage, remain environmentally friendly & deliver more safety and value to our customers.

| Nature               | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|----------------------|---------|---------|---------|---------|
| No. of Patents filed | 162     | 159     | 153     | 152     |

G4-DMA G4-PR5 **Customer Delight**

L&T prides itself on being customer focussed. We stress on not only meeting but exceeding customers' expectations. We continuously strive to deliver world class products and services.

There is continuous thrust on operational excellence through efficient supply chain management, resource utilization and cost optimization by adopting improved engineering models. Prompt analysis is undertaken through customer interaction and corrective measures are implemented and institutionalized for every complaint / feedback received.

G4-PR1 G4-DMA **Customer Health and Safety**

The health and safety issues of our customers are the non-negotiable aspect of all our products and services. Incorporating safety as a core in the design stage of the product itself, we additionally provide elaborate operation and maintenance manuals and training to customer's personnel so as to minimize the risks of our product-related health and safety issues.

We ensure best international practices and standards are being followed throughout the company. All our products and projects come with adequate labelling and signage systems.

No incident of non-compliance was reported with respect to regulatory and voluntary codes concerning

the health & safety and labelling aspects related to any of our products in the reporting period.

**Marketing Communication**

The marketing communication team helps us to identify, engage and communicate with multiple stakeholders - customers, channel partners, consultants, collaborators, etc.

We have a brand identity manual which specifies how the brand L&T can be depicted. All marketing communications conform to the recommended brand guidelines.

During the reporting period, no complaints were received from any of our stakeholders on the subject of incorrect or misleading marketing communications. None of our products are banned or disputed.

**Product Labeling**

We have taken specific steps on ensuring proper labeling across our products. These adhere to all relevant codes and specifications. All the electrical & automation products and industrial machinery carry the Bureau of Indian Standards (BIS) label. Most of these products are internationally certified, verified and tested at third party laboratories. Once products are dispatched the product specific documentation is shared with the client. During the reporting year, there were no incidences of non-compliance pertaining to product labeling and information regulations.

**Compliance**

As a responsible corporate we adhere to all statutory regulations and voluntary codes related to our products & services. At L&T we have implemented a structured system to monitor and report compliance to regulatory requirements.

During the reporting period, there were no incidents of non-compliance with statutory requirements, and no monetary fines were imposed.



L&T's 70th Annual General Meeting at Mumbai

## CASE STUDY

### L&T – Aiming for the Great Beyond

On the morning of September 24, 2014, as India's Mars Orbiter Spacecraft fired its 440 Newton Liquid Apogee Motor and eight other smaller liquid engines to casually settle into an orbit around Mars, the moment filled the hearts of L&T-ites everywhere with a special sense of pride and accomplishment. As the largest private-sector supplier to ISRO's historic Mars Mission, L&T had done its bit in advancing India's space quest and bringing glory to the nation.

PSLV, ISRO's workhorse launched vehicle which carried the spacecraft featured three motor casings as well as IRS-type mechanisms for deployment of satellite solar panels manufactured at L&T's Aerospace facility at Powai. The composite honeycomb deck panels used for mounting critical electronic packages on the craft's upper stage too were manufactured by L&T at its Advanced Composite facility at Ranoli, Gujarat.

Besides, L&T installed and commissioned the 32-m diameter Deep Space Network antenna which helps track the spacecraft at ISRO's Telemetry, Tracking and Command Network (ISTRAC) facility near Bengaluru. Not only that, but it also manufactured the antenna's mount structure and 13-m diameter bull gear – a first in India. Additionally, the C-band precision Mono-pulse tracking radar installed at Sriharikota was developed indigenously by L&T.

Mangalyaan which catapults India in the hitherto exclusive club of a handful of nations capable of sending interplanetary space missions has been a wholly indigenous effort. Made on a tiny budget, the mission is the result of years of labour and ingenuity of some of India's best and the brightest.

Congratulating ISRO on the remarkable feat, Mr. M.V. Kotwal, former Whole-time Director & President (Heavy Engineering), L&T, said that the success of the project places India at a stage where the world will respect our country for technological achievements and the low cost could be a crucial deciding factor in turning India into an international hub for space programmes.

L&T has been associated with India's space programme since its inception and has, over the years, played a vital role in several of ISRO's successes. As the country enters perhaps its most ambitious phase in space exploration yet, L&T remains firm in its commitment to helping India advance this important cause and take it further into the great beyond.



*PSLV-C25, carrying Mars Orbiter Mission spacecraft, takes off from Sriharikota, India.*

## Energy Efficient Datacenter

Knowledge is power. Data is a competitive advantage, and the Datacenter becomes an armory. The servers here need uninterrupted power and continuous air-conditioning. And yet, the overarching requirement is to maximize power savings.

So how does one reconcile both these seemingly opposite needs? L&T InfoTech's Airoli centre decided to address this challenge.

The team knew that prevention of hot and cold air mixing was key to efficient data center cooling strategies. It was decided to implement a Hot-Aisle Containment System (HACS) and create a separate path for Hot & Cold air to avoid their mixing. As HACS offer improved power density and efficiency, it was



found to be more effective as compared to traditional cooling.

Cooling set points were set higher while still maintaining a comfortable work environment temperature.

*All India Institute of Medical Sciences Hospital, Bhubaneswar- one of the many healthcare institutions built by L&T in India and the Gulf.*





### Awards for Top Management

#### **Mr. A.M. Naik conferred Business India's 'Businessman of the Year' recognition**

Appreciating Group Executive Chairman, Mr. A.M. Naik's efforts in transforming L&T in to one of the most respected Indian multinationals and his contribution to the development of infrastructure in India, Business India - India's premier business magazine - conferred on him the prestigious Businessman of the Year Award 2014.

#### **HM Queen of Denmark Confers Order of Dannenberg - First Class on Mr. A.M. Naik**

Mr. A.M. Naik, has been conferred the Order of the Dannenberg as Knight - First Class by Her Majesty Queen Margrethe of Denmark. The knighthood is

Danish Royalty's acknowledgement of Mr. Naik's role in fostering Indo-Danish ties in the fields of business, commerce and culture.

#### **Mr. A.M. Naik Honoured by Giants International**

Mr. A.M. Naik was honored with the GIANTS International Award 2015 for his pioneering contribution to the cause Business & Industry, in a ceremony on September 16, 2015.

#### **Mr. K. Venkataramanan Conferred BP Godrej Lifetime Achievement Award**

L&T's former CEO & MD, Mr. K. Venkataramanan, was conferred the prestigious BP Godrej Lifetime achievement award.

## Awards for Company

L&T Hydrocarbon Engineering (LTHE) won the SAP ACE Award for implementing Project PACE - eSourcing Portal (ARIBA) across the company. Over 140 companies had sent their nominations for SAP India's ACE Awards

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L&T-Engineering Centre, Mumbai won the prestigious Intergraph International Golden Valve Award 2014 at the HxGN LIVE conference 2014.

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L&T Hydrocarbon Engineering won the 'Project of the Year' Award, instituted by the Project Management

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Institute India (the Indian chapter of PMI, USA) for the Process-cum-Living Quarter Platform (PLQP) Project of Gujarat State Petroleum Corporation (GSPC).

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The aromatics complex at Mangalore, executed by L&T Hydrocarbon Engineering on a turnkey basis for ONGC-Mangalore Petrochemicals Limited was adjudged the second best project of the year by Project Management Institute, India (the Indian chapter of PMI, USA).

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### **L&T Wins Award for Excellence in Power Project Execution**

L&T won the Award for Excellence in Power Project Execution from the Central Board of Irrigation and Power (CBIP), a Government of India institute, for its outstanding contribution to the development of the Power Sector in India. The citation lauds L&T's execution of Nabha Power's 2x700 MW supercritical thermal power plant at Rajpura, Punjab, in a record time. This project is India's first full EPC job completed using indigenously manufactured supercritical Boiler-Turbine-Generator equipment.

### **F&S India Manufacturing Excellence Award for MFF-Hazira**

Frost & Sullivan (F&S), awarded L&T's Modular Fabrication Facility (MFF Hazira) the prestigious The Economic Times India Manufacturing Excellence Award (IMEA). MFF-Hazira's project titled 'Safety Cultural Transformation' under the theme 'Safe Factory' was evaluated by the IMEA Executive Committee and the Jury Panel for the award under the category 'Visionary Project'.

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### **L&T Wins Golden Peacock Award for Excellence in Corporate Governance**

L&T was adjudged the winner of the 'Golden Peacock Global Award for Excellence in Corporate Governance' for 2014 by the Institute of Directors (IoD).

### **L&T Technology Services Wins Frost & Sullivan Excellence Award**

L&T Technology Services won the prestigious Frost & Sullivan (F&S) 'Excellence in Engineering Services Award 2014'. The award cited L&T Technology Services' deployment of next generation technologies for innovation as well as its demonstrated record in boosting customer value in engineering design.

### **L&T Wins Most Attractive Employer in Infrastructure Industry from Randstad**

L&T won a 'Special Recognition Award' for being the "Most Attractive Employer" in the infrastructure sector in India. The award was presented by the reputed HR services firm Randstad.

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## Sustainability

### **L&T Wins ICICI Foundation-CNBC TV 18 'Inclusive India' Award**

L&T was conferred the 'Inclusive India' Award in the Corporate Foundation category by the ICICI Foundation and the leading business TV channel, CNBC TV 18.

### **L&T Ranks in Top 10 Companies for CSR – The Economic Times**

L&T's wide-ranging CSR efforts received further recognition as a survey by the leading business newspaper The Economic Times along with Futurescape and IIM Udaipur ranked us among the Top 10 of 'India's Best Companies for CSR'.

### **L&T won the CII-ITC Sustainability Award for Commendation for Significant Achievement 2014**

The CII-ITC Sustainability Awards a coveted award in the sustainability category honored L&T for its sustainability performance.

### **L&T Ranked Asia's 2nd Most Sustainable Company in Industrial Sector**

L&T has been ranked 2nd in Asia in the industrial sector in Channel News Asia's Sustainability Rankings. The analysis took into account the performance of the company in terms of contribution to social development, good governance and environmental protection.



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## INDEPENDENT ASSURANCE STATEMENT

### The Board of Directors and Management

Larsen & Toubro Limited  
Mumbai, India

Ernst & Young LLP (EY) was retained by Larsen & Toubro Limited (the 'Company') to provide independent assurance to its annual Sustainability Report (the 'Report') for the Financial Year 2014-15.

The development of the Report is based on the Global Reporting Initiative (GRI) G4 Guidelines (2013); its content and presentation is the sole responsibility of the management of the Company. EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the report content as described in the scope of assurance. This assurance statement is made solely to the Company, in accordance with the terms of our agreement. To the fullest extent as permitted by law, we do not accept or assume any responsibility to anyone, other than the management of the Company for our work or for the conclusions that we have formed, as mentioned in this statement, in course of the review carried out by us. We have no duty of care or any liability to any third party and cannot accept any responsibility for reliance by them, in acting or refraining from acting based on the contents of this statement. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

### Scope of Assurance

The scope of assurance covers the following aspects of the Report:

- Data and information related to the Company's sustainability performance for the period 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015;
- The Company's internal protocols, processes, and controls related to the collection and collation of sustainability performance data.

### Limitations of our review

The assurance scope excludes:

- Aspects of the Report and data/information other than those mentioned above;
- Data and information outside the defined reporting period i.e. 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015;
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company;
- Data and information on economic and financial performance of the Company.

### Assurance criteria

The assurance engagement was planned and performed in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) and the second edition of AccountAbility's AA1000 Assurance Standard 2008 (AA1000 AS). Our evidence-gathering procedures were designed to obtain a 'limited' level of assurance (as set out in ISAE 3000) on reporting principles and a 'Type 2 and Moderate' level of assurance (as per AA1000 AS), as well as conformance of sustainability performance indicators as per GRI G4 (2013) Guidelines.

### What we did to form our conclusions

In order to form our conclusions we undertook the following key steps:

- Interviews with select key personnel and the Apex Sustainability and CSR team responsible for the preparation of the Report to understand the Company's sustainability roadmap, mechanism for management of sustainability issues and engagement with key stakeholders;
- Review of information on GRI G4 (2013) indicators covering the Company's Corporate Office at Mumbai and at the following sites of operations, against evidences, on a sample basis: Ahmednagar, Chennai, Coimbatore, Hazira, Kolkata, Mumbai, and Vadodara;

- Review of relevant documents and systems for gathering, analyzing and aggregating sustainability performance data in the reporting period;
- Review of selected qualitative statements and sample case studies in various sections of the Report.

We have relied on the information, documents, records and explanations provided by the management of the Company and the stakeholders consulted for the purpose of our review. Contents related to – (i) technical assessment of efficacy of equipment, (ii) macro level economic, environmental and social scenarios of any locale, presented in the Report (iii) and any future scenario based statement made are beyond the scope of our review.

### Observations and opportunities for improvement

The Company continues to demonstrate its commitment on disclosure of sustainability performance by releasing its Sustainability Report aligned with 'In Accordance' Comprehensive GRI G4 guidelines. The Report provides the Company's progress update on its sustainability roadmap targets. The Report presents a description of the Company's materiality assessment and includes performance disclosures under all aspects identified as material. There is scope to provide further details on indicators pertaining to supplier assessments on environmental, labor practices and decent work, human rights and societal impacts criteria, in terms of percentage of new suppliers screened and description of significant actual and potential negative impacts in supply chain and actions taken.

### Our Conclusions

On the basis of our review scope and methodology, our conclusions are as follows:

- **As per AA 1000 AS:**
  - **Inclusiveness:**  
As per the information provided to us, we are not aware of any matter that would lead us to conclude that the Company has not applied the principle of inclusivity in engaging with the key stakeholder groups identified in the Report.
  - **Materiality:**  
As per the information provided to us we are not aware of any matter that would cause us to believe that material issues so identified have been excluded from sustainability reporting by the Company.
  - **Responsiveness:**  
We are not aware of any matter that would lead us to believe that the Company has not applied the responsiveness principle in its engagement with stakeholders identified in the Report on material aspects covering its sustainability performance.
- **As per ISAE 3000:**  
Nothing has come to our attention that causes us to believe that the performances presented in the Reports are materially misstated.

### Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our climate change and sustainability network and undertakes similar engagements with a number of significant Indian and international businesses. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics<sup>1</sup> for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

for Ernst & Young LLP



**Sudipta Das**

Partner

24 November 2015

Kolkata



**AA1000**

Licensed Assurance Provider

000-43

<sup>1</sup> International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. This Code establishes ethical requirements for professional accountants. The guidance related to network firms was updated in July 2006.



| GENERAL STANDARD DISCLOSURES                      |                |                |                     |
|---|----------------|----------------|---------------------|
| General Standard Disclosures                      | Page           | Omissions      | External Assurance  |
| <b>STRATEGY AND ANALYSIS</b>                      |                |                |                     |
| G4-1  | 1,2            | Not applicable | Yes, refer page 101 |
| G4-2  | 29,30,31,32    | Not applicable | Yes, refer page 102 |
| <b>ORGANIZATIONAL PROFILE</b>                     |                |                |                     |
| G4-3  | Back page      | Not applicable | Yes, refer page 101 |
| G4-4  | 11,12          | Not applicable | Yes, refer page 101 |
| G4-5  | Back Page      | Not applicable | Yes, refer page 101 |
| G4-6  | 13,14          | Not applicable | Yes, refer page 101 |
| G4-7  | 16             | Not applicable | Yes, refer page 101 |
| G4-8  | 13,14          | Not applicable | Yes, refer page 101 |
| G4-9  | 11,12,47,58,59 | Not applicable | Yes, refer page 101 |
| G4-10   | 47             | Not applicable | Yes, refer page 101 |
| G4-11   | 50             | Not applicable | Yes, refer page 101 |
| G4-12   | 62             | Not applicable | No                  |
| G4-13   | 35             | Not applicable | Yes, refer page 101 |
| G4-14   | 20             | Not applicable | Yes, refer page 101 |
| G4-15   | 21             | Not applicable | Yes, refer page 101 |
| G4-16   | 21             | Not applicable | Yes, refer page 101 |
| <b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b> |                |                |                     |
| G4-17   | 35             | Not applicable | Yes, refer page 101 |
| G4-18   | 33,35          | Not applicable | Yes, refer page 101 |
| G4-19   | 34             | Not applicable | Yes, refer page 101 |
| G4-20   | 33,34,35       | Not applicable | Yes, refer page 101 |
| G4-21   | 33,34,35       | Not applicable | Yes, refer page 101 |
| G4-22   | 58,73          | Not applicable | Yes, refer page 101 |
| G4-23   | 35             | Not applicable | Yes, refer page 101 |
| <b>STAKEHOLDER ENGAGEMENT</b>                     |                |                |                     |
| G4-24   | 40             | Not applicable | Yes, refer page 101 |
| G4-25   | 42             | Not applicable | Yes, refer page 101 |
| G4-26   | 40,41,42       | Not applicable | Yes, refer page 101 |
| G4-27   | 40,41,42       | Not applicable | Yes, refer page 101 |
| <b>REPORT PROFILE</b>                             |                |                |                     |
| G4-28   | 35             | Not applicable | Yes, refer page 101 |
| G4-29   | 35             | Not applicable | Yes, refer page 101 |
| G4-30   | 35             | Not applicable | Yes, refer page 101 |

| General Standard Disclosures                 | Page  | Omissions      | External Assurance  |
|--|---|----------------|---------------------|
| G4-31  | 110,111   | Not applicable | Yes, refer page 101 |
| G4-32  | 103 -107  | Not applicable | Yes, refer page 101 |
| G4-33  | 35  | Not applicable | Yes, refer page 101 |
| <b>GOVERNANCE</b>                            |   |                |                     |
| G4-34  | 16  | Not applicable | Yes, refer page 101 |
| G4-35  | 17  |                | No                  |
| G4-36  | 17  |                | Yes, refer page 101 |
| G4-37  | 17,33,40,41,42                                    |                | Yes, refer page 101 |
| G4-38  | 16, refer to annual report 2014-15: page 56-58    |                | Yes, refer page 101 |
| G4-39  | 16  |                | Yes, refer page 101 |
| G4-40  | 17,18, refer to annual report 2014-15: page 61,62 |                | Yes, refer page 101 |
| G4-41  | 19  |                | Yes, refer page 101 |
| G4-42  | 17,19,20  |                | Yes, refer page 101 |
| G4-43  | 21,50   |                | Yes, refer page 101 |
| G4-44  | 17,18   |                | Yes, refer page 101 |
| G4-45  | 21,22   |                | Yes, refer page 101 |
| G4-46  | 19,20   |                | Yes, refer page 101 |
| G4-47  | 29  |                | Yes, refer page 101 |
| G4-48  | 17  |                | Yes, refer page 101 |
| G4-49  | 33,34   |                | Yes, refer page 101 |
| G4-50  | 33,34   |                | Yes, refer page 101 |
| G4-51  | 17, refer to annual report 2014-15: page 64 -66   |                | Yes, refer page 101 |
| G4-52  | 17, refer to annual report 2014-15: page 64 -66   |                | Yes, refer page 101 |
| G4-53  | 17, refer to annual report 2014-15: page 64-66    |                | Yes, refer page 101 |
| G4-54  | 18  |                | Yes, refer page 101 |
| G4-55  | 18  |                | Yes, refer page 101 |
| <b>ETHICS AND INTEGRITY</b>                  |   |                |                     |
| G4-56  | 19  | Not applicable | Yes, refer page 101 |
| G4-57  | 20  |                | Yes, refer page 102 |
| G4-58  | 20  |                | Yes, refer page 103 |
| <b>SPECIFIC STANDARD DISCLOSURES</b>         |   |                |                     |
| DMA & Indicators                             | Page  | Omissions      | External Assurance  |
| <b>CATEGORY: ECONOMIC</b>                    |   |                |                     |
| <b>MATERIAL ASPECT: ECONOMIC PERFORMANCE</b> |   |                |                     |
| G4-DMA                                       | 21,58   |                | No                  |
| G4-EC1                                       | 58,59   |                | No                  |
| G4-EC2                                       | 29-32,64  |                | No                  |
| G4-EC3                                       | 50  |                | No                  |
| G4-EC4                                       | 59  |                | No                  |

| SPECIFIC STANDARD DISCLOSURES                             |       |           |                     |
|---|-------|-----------|---------------------|
| DMA & Indicators  | Page  | Omissions | External Assurance  |
| <b>CATEGORY: ENVIRONMENTAL</b>                            |       |           |                     |
| <b>MATERIAL ASPECT: MATERIALS</b>                         |       |           |                     |
| G4-DMA  | 34,75 |           | Yes, refer page 101 |
| G4-EN1  | 75    |           | Yes, refer page 101 |
| G4-EN2  | 75    |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: ENERGY</b>                            |       |           |                     |
| G4-DMA  | 34,68 |           | Yes, refer page 101 |
| G4-EN3  | 68    |           | Yes, refer page 101 |
| G4-EN4  | 69    |           | No                  |
| G4-EN5  | 69    |           | Yes, refer page 101 |
| G4-EN6  | 69    |           | Yes, refer page 101 |
| G4-EN7  | 69,70 |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: WATER</b>                             |       |           |                     |
| G4-DMA  | 34,73 |           | Yes, refer page 101 |
| G4-EN8  | 73    |           | Yes, refer page 101 |
| G4-EN9  | 73    |           | Yes, refer page 101 |
| G4-EN10   | 73    |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: EMISSIONS</b>                         |       |           |                     |
| G4-DMA  | 34,72 |           | Yes, refer page 101 |
| G4-EN15   | 72    |           | Yes, refer page 101 |
| G4-EN16   | 72    |           | Yes, refer page 101 |
| G4-EN17   | 72    |           | Yes, refer page 101 |
| G4-EN18   | 72    |           | Yes, refer page 101 |
| G4-EN19   | 72    |           | Yes, refer page 101 |
| G4-EN20   | 73    |           | Yes, refer page 101 |
| G4-EN21   | 73    |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT</b> |       |           |                     |
| G4-DMA  | 34,55 |           | Yes, refer page 101 |
| G4-EN32   | 55    |           | Yes, refer page 101 |
| G4-EN33   | 55    |           | Yes, refer page 101 |
| <b>CATEGORY: SOCIAL</b>                                   |       |           |                     |
| <b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>      |       |           |                     |
| <b>MATERIAL ASPECT: EMPLOYMENT</b>                        |       |           |                     |
| G4-DMA  | 34,46 |           | Yes, refer page 101 |
| G4-LA1  | 47    |           | Yes, refer page 101 |
| G4-LA2  | 50    |           | Yes, refer page 101 |
| G4-LA3  | 47    |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: TRAINING AND EDUCATION</b>            |       |           |                     |
| G4-DMA  | 34,48 |           | Yes, refer page 101 |
| G4-LA9  | 48    |           | Yes, refer page 101 |
| G4-LA10   | 48,49 |           | Yes, refer page 101 |
| G4-LA11   | 47    |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY</b>   |       |           |                     |
| G4-DMA  | 34,55 |           | Yes, refer page 101 |
| G4-LA12   | 55    |           | Yes, refer page 101 |

| SPECIFIC STANDARD DISCLOSURES  |             |           |                     |
|--|-------------|-----------|---------------------|
| DMA & Indicators   | Page        | Omissions | External Assurance  |
| <b>MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN</b>             |             |           |                     |
| G4-DMA   | 34,55       |           | Yes, refer page 101 |
| G4-LA13  | 55          |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES</b>          |             |           |                     |
| G4-DMA   | 34,55       |           | Yes, refer page 101 |
| G4-LA14  | 55          |           | Yes, refer page 101 |
| G4-LA15  | 55          |           | Yes, refer page 101 |
| <b>SUB-CATEGORY: HUMAN RIGHTS</b>  |             |           |                     |
| <b>MATERIAL ASPECT: INVESTMENT</b>                                       |             |           |                     |
| G4-DMA   | 22,55       |           | Yes, refer page 101 |
| G4-HR1   | 55          |           | Yes, refer page 101 |
| G4-HR2   | 55          |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: NON-DISCRIMINATION</b>                               |             |           |                     |
| G4-DMA   | 22,55       |           | Yes, refer page 101 |
| G4-HR3   | 55          |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b> |             |           |                     |
| G4-DMA   | 22,50       |           | Yes, refer page 101 |
| G4-HR4   | 50          |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: CHILD LABOR</b>                                      |             |           |                     |
| G4-DMA   | 22,55       |           | Yes, refer page 101 |
| G4-HR5   | 55          |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: FORCED OR COMPULSORY LABOR</b>                       |             |           |                     |
| G4-DMA   | 22,55       |           | Yes, refer page 101 |
| G4-HR6   | 55          |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: SECURITY PRACTICES</b>                               |             |           |                     |
| G4-DMA   | 22,55       |           | Yes, refer page 101 |
| G4-HR7   | 55          |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: INDIGENOUS RIGHTS</b>                                |             |           |                     |
| G4-DMA   | 22,55       |           | Yes, refer page 101 |
| G4-HR8   | 55          |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: ASSESSMENT</b>                                       |             |           |                     |
| G4-DMA   | 22,55       |           | Yes, refer page 101 |
| G4-HR9   | 55          |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT</b>                 |             |           |                     |
| G4-DMA   | 22,55       |           | Yes, refer page 101 |
| G4-HR10  | 55          |           | Yes, refer page 101 |
| G4-HR11  | 55          |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS</b>                |             |           |                     |
| G4-DMA   | 22,55       |           | Yes, refer page 101 |
| G4-HR12  | 55          |           | Yes, refer page 101 |
| <b>SUB-CATEGORY: SOCIETY</b>   |             |           |                     |
| <b>MATERIAL ASPECT: LOCAL COMMUNITIES</b>                                |             |           |                     |
| G4-DMA   | 22,80       |           | Yes, refer page 101 |
| G4-SO1   | 81,83,85,87 |           | Yes, refer page 101 |
| G4-SO2   | 81,83,85,87 |           | Yes, refer page 101 |

| SPECIFIC STANDARD DISCLOSURES                                      |          |           |                     |
|--|----------|-----------|---------------------|
| DMA & Indicators   | Page     | Omissions | External Assurance  |
| <b>MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY</b> |          |           |                     |
| G4-DMA   | 22       |           | Yes, refer page 101 |
| G4-SO9   | 22,55    |           | Yes, refer page 101 |
| G4-SO10  | 22,55    |           | Yes, refer page 101 |
| <b>SUB-CATEGORY: PRODUCT RESPONSIBILITY</b>                        |          |           |                     |
| <b>MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY</b>                 |          |           |                     |
| G4-DMA   | 22       |           | Yes, refer page 101 |
| G4-PR1   | 22,96    |           | Yes, refer page 101 |
| G4-PR2   | 22,96    |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: PRODUCT AND SERVICE LABELING</b>               |          |           |                     |
| G4-DMA   | 22,34,96 |           | Yes, refer page 101 |
| G4-PR3   | 96       |           | Yes, refer page 101 |
| G4-PR4   | 96       |           | Yes, refer page 101 |
| G4-PR5   | 96       |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: MARKETING COMMUNICATIONS</b>                   |          |           |                     |
| G4-DMA   | 22,34,96 |           | Yes, refer page 101 |
| G4-PR6   | 96       |           | Yes, refer page 101 |
| G4-PR7   | 96       |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: CUSTOMER PRIVACY</b>                           |          |           |                     |
| G4-DMA   | 22,34,96 |           | Yes, refer page 101 |
| G4-PR8   | 22       |           | Yes, refer page 101 |
| <b>MATERIAL ASPECT: COMPLIANCE</b>                                 |          |           |                     |
| G4-DMA   | 22,96    |           | Yes, refer page 101 |
| G4-PR9   | 96       |           | Yes, refer page 101 |

## Acronyms

|                 |  |
|-----------------|--|
| <b>ASLI</b>     | Automatic Safe Load Indicator  |
| <b>ATL</b>      | Any Time Learning  |
| <b>CIDC</b>     | Construction Industry Development Council                                    |
| <b>CSAP</b>     | Certified Sustainability Assurance Practitioners                             |
| <b>IOD</b>      | Institute Of Directors   |
| <b>IP</b>       | Intellectual Property  |
| <b>ITER</b>     | Thermonuclear Experimental Reactor   |
| <b>NAPCC</b>    | National Action Plan on Climate Change                                       |
| <b>NSC</b>      | National Safety Council  |
| <b>PTB</b>      | Passenger Terminal Building  |
| <b>ROSPA</b>    | Royal Society For Prevention of Accidents                                    |
| <b>SLI</b>      | Safe Load Indicator  |
| <b>STS</b>      | Single Teacher School  |
| <b>UNGC</b>     | United Nations Global Compact  |
| <b>WRI</b>      | World Resource Institute   |
| <b>ABRR</b>     | Annual Business Responsibility Report  |
| <b>AC</b>       | Audit Committee  |
| <b>AGM</b>      | Annual General Meeting   |
| <b>AMPS</b>     | Advanced Management Programs   |
| <b>ART</b>      | Anti-Retroviral Therapy  |
| <b>ASSOCHAM</b> | Associated Chambers Of Commerce And Industry Of India                        |
| <b>BCCI</b>     | Bombay Chamber Of Commerce & Industry  |
| <b>BEEC</b>     | Energy Auditors And Energy Managers Certified By Bureau Of Energy Efficiency |
| <b>BIS</b>      | Bureau Of Indian Standards   |
| <b>Bn</b>       | Billion  |
| <b>BU</b>       | Business Unit  |
| <b>C&amp;A</b>  | Control & Automation   |
| <b>CBIP</b>     | Central Board Of Irrigation And Power  |
| <b>CDM</b>      | Clean Development Mechanism  |
| <b>CDP</b>      | Carbon Disclosure Project  |
| <b>CDP</b>      | Core Development Programs  |
| <b>CEO</b>      | Chief Executive Officer  |
| <b>CII</b>      | Confederation Of Indian Industry   |
| <b>CIS</b>      | Commonwealth Of Independent States   |
| <b>CO2</b>      | Carbon dioxide   |
| <b>CSP</b>      | Concentrating Solar Power  |
| <b>CSR</b>      | Corporate Social Responsibility  |
| <b>CSTI</b>     | Construction Skills & Training Institute                                     |
| <b>E&amp;A</b>  | Electrical & Automation  |
| <b>ECRI</b>     | Engineering & Construction Risk Institute                                    |
| <b>EHS</b>      | Environment, Health And Safety   |
| <b>EMC</b>      | Executive Management Committee   |
| <b>EPC</b>      | Engineering, Procurement And Construction                                    |
| <b>ERP</b>      | Enterprise Resource Planning   |
| <b>ESD</b>      | Emergency Shut Down  |

|                |  |
|----------------|--|
| <b>ETO</b>     | Engineered To Order  |
| <b>FICCI</b>   | Federation Of Indian Chambers Of Commerce and Industry     |
| <b>FR</b>      | Frequency Rate   |
| <b>FY</b>      | Financial Year   |
| <b>GBC</b>     | Green Building Council                                     |
| <b>GGBS</b>    | Ground Granulated Blast Furnace Slag                       |
| <b>GHG</b>     | Greenhouse Gas   |
| <b>GJ</b>      | Giga Joule   |
| <b>GRI</b>     | Global Reporting Initiative                                |
| <b>GSPC</b>    | Gujarat State Petroleum Corporation                        |
| <b>HACS</b>    | Hot-Aisle Containment System                               |
| <b>HDI</b>     | Human Development Index                                    |
| <b>HR</b>      | Human Resource   |
| <b>IC</b>      | Independent Company  |
| <b>ICD</b>     | Integrated Community Development                           |
| <b>IES</b>     | Integrated Engineering Services                            |
| <b>IICChE</b>  | Indian Institute Of Chemical Engineers                     |
| <b>IIM</b>     | Indian Institute Of Management                             |
| <b>ILO</b>     | International Labor Organization                           |
| <b>IMEA</b>    | India Manufacturing Excellence Award                       |
| <b>IOSH</b>    | Institution Of Occupational Safety & Health                |
| <b>ISAE</b>    | International Standard On Assurance Engagements            |
| <b>LDA</b>     | Leadership Development Academy                             |
| <b>MCGM</b>    | Municipal Corporation Of Greater Mumbai                    |
| <b>MDACS</b>   | Mumbai District Aids Control Society                       |
| <b>MDGs</b>    | Millennium Development Goals                               |
| <b>MNRE</b>    | Ministry Of New & Renewable Energy                         |
| <b>N&amp;R</b> | Nomination & Remuneration                                  |
| <b>NEBOSH</b>  | National Examination Board In Occupational Safety & Health |
| <b>NVG</b>     | National Voluntary Guidelines                              |
| <b>ODS</b>     | Ozone Depleting Substance                                  |
| <b>PCT</b>     | Patent Cooperation Treaty                                  |
| <b>PLQP</b>    | Process-Cum-Living Quarter Platform                        |
| <b>PM</b>      | Particulate Matter   |
| <b>PODP</b>    | Performance Oriented Development Plan                      |
| <b>R&amp;D</b> | Research & Development                                     |
| <b>RESCO</b>   | Renewable Energy Service Company                           |
| <b>RO</b>      | Reverse Osmosis  |
| <b>RoHS</b>    | Restriction Of Hazardous Substance                         |
| <b>ROW</b>     | Right Of Way   |
| <b>SEB</b>     | Sustainability Executive Board                             |
| <b>SEBI</b>    | Securities & Exchange Board Of India                       |
| <b>SR</b>      | Severity Rate  |
| <b>UNFCCC</b>  | United Nations Framework Convention On Climate Change      |

## UNGC – COMMUNICATION ON PROGRESS

| UNGC Principle | Category        | Description  | Page           |
|----------------|-----------------|--|----------------|
| Principle 1    | Human Rights    | Businesses should support and respect the protection of internationally proclaimed human rights                          | 22, 24, 55     |
| Principle 2    | Human Rights    | Businesses should make sure that they are not complicit in human rights abuses.  | 22, 24, 55     |
| Principle 3    | Labour          | Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. | 22, 50         |
| Principle 4    | Labour          | Businesses should uphold the elimination of all forms of forced and compulsory labour.                                   | 22, 46, 47, 55 |
| Principle 5    | Labour          | Businesses should uphold the effective abolition of child labour.  | 22, 55         |
| Principle 6    | Labour          | Businesses should uphold the elimination of discrimination in respect of employment and occupation.                      | 22, 46, 47     |
| Principle 7    | Environment     | Businesses should support a precautionary approach to environmental challenges.  | 20, 21, 34     |
| Principle 8    | Environment     | Businesses should undertake initiatives to promote greater environmental responsibility.                                 | 21, 68–78      |
| Principle 9    | Environment     | Businesses should encourage the development and diffusion of environmentally friendly technologies.                      | 21, 68–78      |
| Principle 10   | Anti-Corruption | Businesses should work against corruption in all its forms, including extortion and bribery.                             | 16–20          |

Thank you for your interest in L&T's Sustainability Report 2015. Your feedback is important to us as it helps to improve our reporting on sustainability performance. We request your response to the following questions.

**1. Which of the following describes your affiliation with L&T**

- Employee     
  Customer     
  Vendor/Supplier     
  Regulatory Agency  
 Other, Please specify .....

**2. Your view on entire report**

- Excellent     
  Good     
  Fair     
  Poor

**2.1 If you ticked "Excellent" or "Good", what did we do well? (You may choose more than one)**

- Navigation     
  Design & Layout     
  Readability     
  Comparability  
 Clarity in representation     
 Completeness

**2.2 If you ticked "Fair" or "Poor", what do we need to improve most? (You may choose more than one)**

- Navigation     
  Design & Layout     
  Readability     
  Comparability  
 Clarity in representation     
 Completeness     
 Flow of information



**3. Stakeholder inclusiveness (Prioritization and engagement of stakeholders)**

- Depth     
  Appropriate     
  Too detailed     
  Too brief  
 Coverage     
 Appropriate     
 Too broad     
 Too narrow

**4. People Performance**

- Depth     
  Appropriate     
  Too detailed     
  Too brief  
 Coverage     
 Appropriate     
 Too broad     
 Too narrow

**5. Economic Performance**

- Depth     
  Appropriate     
  Too detailed     
  Too brief  
 Coverage     
 Appropriate     
 Too broad     
 Too narrow

**6. Environmental Performance**

- Depth     
  Appropriate     
  Too detailed     
  Too brief  
 Coverage     
 Appropriate     
 Too broad     
 Too narrow

**7. Social Performance**

- Depth     
  Appropriate     
  Too detailed     
  Too brief  
 Coverage     
 Appropriate     
 Too broad     
 Too narrow

**8. Product Performance**

|                                   |                                      |                                       |                                     |
|-----------------------------------|--------------------------------------|---------------------------------------|-------------------------------------|
| <input type="checkbox"/> Depth    | <input type="checkbox"/> Appropriate | <input type="checkbox"/> Too detailed | <input type="checkbox"/> Too brief  |
| <input type="checkbox"/> Coverage | <input type="checkbox"/> Appropriate | <input type="checkbox"/> Too broad    | <input type="checkbox"/> Too narrow |

**9. Case Studies**

|                                   |                                      |                                       |                                     |
|-----------------------------------|--------------------------------------|---------------------------------------|-------------------------------------|
| <input type="checkbox"/> Depth    | <input type="checkbox"/> Appropriate | <input type="checkbox"/> Too detailed | <input type="checkbox"/> Too brief  |
| <input type="checkbox"/> Coverage | <input type="checkbox"/> Appropriate | <input type="checkbox"/> Too broad    | <input type="checkbox"/> Too narrow |

**10. How will you rate L&T's sustainability report compared to our peers**

|                                    |                               |                               |                               |
|------------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <input type="checkbox"/> Excellent | <input type="checkbox"/> Good | <input type="checkbox"/> Fair | <input type="checkbox"/> Poor |
|------------------------------------|-------------------------------|-------------------------------|-------------------------------|

**11. Any other comments/suggestions:**

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Kindly provide us your contact information for further correspondence.

Name \_\_\_\_\_ Company: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

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G4-3, G4-5



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