At L&T, we constantly try to improve technologies and make the most of them, enriching the way we work, and touching the lives of the communities in around our facilities.

Our technological capabilities enable us to reach various nodes and build a network spanning people, planet and profits. As a digital blanket covers all these aspects of our triple bottomline, our networked operations ensure that we maximise the good done at each instance.

We are embracing a digital future, where common good is derived from the power of connectivity, while we continue to deliver products and services designed to create a better world, for all.
Sustainability Report. 10 years and counting....
I am happy to present L&T’s 10th Sustainability Report. We are one of the few companies in the country to achieve the landmark of 10 years of consistent reporting. The 2017 report tracks our performance across the triple bottom-line, including environmental responsibility, stakeholder engagement and business sustainability. This year, L&T made new strides in all the three areas, employing newer technologies across its spectrum of operations, thereby delivering enhanced value to our stakeholders.

The report adheres to the Global Reporting Initiative (GRI) Standard and is independently vetted by a third party assurance agency. It is also our annual communication on progress, in line with the United Nation Global Compact. From this reporting year onwards (2016 -17), L&T Infotech (LTI) will publish an independent sustainability report, and hence its environmental and social performance for the period does not feature in this report.
Creating Sustainable Ecosystems

The first step on the ladder of sustainability is to see what you can do in your immediate environs. Over the years, our in-house water stewardship programme has helped enhance the sustainability of our campuses, and now, all our campuses are rated as ‘water positive’. We also ensure that communities in the vicinity have better access to water. This has been achieved by building rainwater storage structures along with water treatment, recycling and rain-water harvesting facilities across our campuses, project sites and surrounding areas. We also extended our green footprint, which now includes 16 green buildings along with a green factory within L&T campuses. We have planted more than 496,000 trees at our campuses and project sites.

It is our endeavour to spread environment consciousness across the L&T universe. This year, we integrated the ‘Environmental & Social Code of Conduct for Suppliers’ with the Business Code of Conduct. It is now applicable to new and existing vendors and suppliers.

A Picture of Growth

The Company has performed well in 2016-17, despite challenges in project award processes. The Group Revenues touched ₹ 1100.110 billion with a growth of 8% during 2016-17. The Order Book of the Company stands at a robust ₹ 2612.410 billion, providing good revenue visibility for 2017-18. The Company recorded an impressive growth of 43% in Group Profit After Tax for the year at ₹ 60.410 billion.

Expanding the Digital Transformation

Digitalization is revolutionizing the way the world operates, at a fundamental level. It is also at the core of our current 5-year Strategic Plan ‘Project Lakshya 2021’. We are imbibing the ‘digital way of thinking’ to bring path-breaking changes in the engineering, construction and manufacturing sectors.

The transformation has begun with the implementation of a major digitalisation programme in our construction business, and this will be extended across others as well. Not only will it cement our position as a pioneer and technological leader in the industry, but will also improve efficiencies, leading to better profitability. Thus, digitalisation has been adopted as our theme for this hallmark tenth report to highlight our march towards newer technologies.

Reducing our Carbon Footprint

Our Green Portfolio of products and services is one of our fastest growing businesses, due to a marked preference by customers for environment-friendly solutions. Some of our technology solutions include metro rail projects, Solar PV solutions, and efficient power transmission and distribution systems. The portfolio is meticulously designed to reduce consumption of natural resources like fuel and water, lower carbon emissions, and build infrastructure with low environmental impact, in a sustainable manner.

The Company also mapped out a green strategy, powered by innovative thinking and application of digital technologies. Our eco-friendly practices are designed to benefit the environment as well as our stakeholders — including customers, communities, shareholders and employees. Some of our initiatives have already paid dividends in the form of reduced costs, thereby delivering more value to our clients and investors.

Building the Other India.

There cannot be two Indias; One for the rich and one for the poor.

L&T strives to reduce the inequities in Indian society through a series of social development initiatives — based on the theme ‘Building India’s Social Infrastructure’. Over the last seven decades, we have been striving to achieve inclusive growth by empowering marginalized communities and accelerating development. Our Integrated Community Development projects focus on the areas of water conservation, health & sanitation, education and skill development.

In 2016-17, the total spends on CSR initiatives by L&T amounted to ₹ 1.010 billion as per the Company’s Act. This translates to more than two percent of the average annual net profits of the Company, over the last three years. More importantly, it means that we have touched the lives of over 1.47 million people in the last one year alone.

In the coming years, we intend to leverage our Group’s strength and scale even further, to expand our CSR reach and positively impact many more disadvantaged people across the nation. We wish to add value through affirmative steps towards building a robust social capital.

As we complete a decade of sustainability reporting, I look forward to the next one, and hope to see more stories of sustainable growth emerge across the L&T spectrum.

A. M. Naik
Group Executive Chairman
L&T has a rich legacy of financial performance, social consciousness and sustainable operations. Great achievements also bring great expectations that drive us to set higher standards for ourselves. We value our vast workforce and their families and hence, place their safety ahead of profits, at our campuses and project sites. Our three-dimensional approach to every product and service that we offer is about delivering excellence to our customers, safeguarding the environment and ensuring that the society at large, benefits. Balanced management of economic, environmental and social performance is the mantra of our operations.

Dear Stakeholder,

L&T has a rich legacy of financial performance, social consciousness and sustainable operations. Great achievements also bring great expectations that drive us to set higher standards for ourselves. We value our vast workforce and their families and hence, place their safety ahead of profits, at our campuses and project sites. Our three-dimensional approach to every product and service that we offer is about delivering excellence to our customers, safeguarding the environment and ensuring that the society at large, benefits. Balanced management of economic, environmental and social performance is the mantra of our operations.
Safety Above All

We have made ‘Safety First’ a way of life at L&T, having organized a slew of safety initiatives that include training and imparting knowledge of equipment and workplace safety and implementing digital tools to study behaviour and quickly resolve issues.

The Company’s Safety Roadmap – ‘Vision Zero Accident’ focuses on preventing accidents by identifying potential risks and taking pre-emptive action. We believe that everyone has the potential to be a change leader in safety practices, if they are committed to it. Our employees are encouraged to share ideas on implementation of the ‘Vision Zero Accident’ programme.

Riding the Digital Wave

We are always moving forward, modernizing and automating our processes to align them to the new requirements of the digital world. By harnessing the power of emerging new and frontier digital technologies, we are making significant improvements to our businesses by increasing productivity, reducing cost and enhancing efficiencies.

Geospatial technologies like GPS/GNSS, LiDAR, Photogrammetry, Satellite Remote Sensing and the like are making time-consuming and inconclusive surveys quicker, more economical with far less effort, producing accurate data that can be stored, analysed and presented in any way possible.

Assets lying in remote project sites hooked with telematics devices and sensors stream data about hours of usage, geo location, fuel consumption, etc. to arm planners to evolve strategies to improve efficiencies. The use of BIM (Building Information Modelling) and HoloLens have opened new collaborative methods of designing and delivering flawlessly without waste or rework.

Safety is a critical area that has been addressed: workmen, wired with RFID, can be prevented from venturing into unsafe or ‘no-go’ zones, while sensors on their equipment and bodies and safety apps are helping them to stay safe. Our aim is to create the ‘Connected Workman’ fitted with all life-saving sensors like beacons, altimeters and gas detectors. We have also been able to optimize labour, ensure their safety and improve their productivity. With finger printing and biometrics we are able to uniquely identified workmen, which makes it possible to place the right man for the right task at the right place.

A Legacy of Sustainability

The L&T story is close to 80 years old now and our work is transforming millions of lives around the world. We have a culture of giving back to society as a part of our CSR theme, ‘Building India’s Social Infrastructure’ with our key focus areas being water conservation, health & sanitation, education and skill development.

These programmes are executed in the same manner as our projects – with extensive planning, systematic implementation, and rigorous measurement of progress.

Our steps to reduce the impact on environment, cut natural resource consumption and decrease emissions have been well-recognized. We have been included in the Dow Jones Sustainability Index – Emerging Markets for the last four years. This motivates us to steadfastly move along our chosen path. We participate in the Carbon Disclosure Project (CDP) and align our efforts to the United Nations Global Compact principles. Our activities are in line with the Sustainable Development Goals of United Nations.

This report showcases our sustainability activities of the year, illustrates our philosophy at work, and the difference it makes to the lives of people. We look forward to your continued engagement in our journey towards a sustainable future.

S. N. Subrahmanyan
Chief Executive Officer &
Managing Director
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.
L&T signed a Joint Venture Agreement with MBDA in New Delhi on February 23, 2017 for the development of Sophisticated Missile Systems.
Sustainability is all about preserving our natural environment which is the source of our survival and well-being. We view sustainability as a way of creating value for our stakeholders in a responsible and socially acceptable manner. Conserving resources, reducing use of hazardous substances, minimizing air, water and land pollution; are our primary objectives.

We had our own share of achievements and challenges last year. They have helped us make the organization more robust and sustainable. We adopted digitalization to improve the efficiency of core business processes, to serve and interact with our stakeholders in innovative and sustainable ways.

For addressing the business potential of new customers and market through newer technologies and innovations, we have focused on customer requirements in-line with revised environmental regulations through Flue Gas Desulphurisation (FGD) and Selective Catalytic Reduction (SCR) technologies.

We are supplying equipment and services to refineries which are undertaking initiatives to meet the BS-VI fuel emission norms. We also participate in programmes to develop and supply indigenous equipment for the nuclear and aerospace requirements of India.

We shall continue to seek, develop and acquire technologies that will strengthen our commitment to sustainable development.

R. Shankar Raman
Whole-time Director & Chief Financial Officer

S. N. Roy
Whole-time Director & Sr. Executive Vice President
Power, Heavy Engineering & Nuclear

As a responsible corporate citizen, we strive to create a positive impact on the environment and society through robust and sustainable processes. Our business strategy incorporates the triple bottom line approach of people, planet & profit, and we are committed to growth in an inclusive manner. Our community programs are targeted in the areas of water & sanitation, education, health and skill development. These aim to create a meaningful change in the lives of the communities we work with.

We continue to invest across our facilities towards a reduction in energy consumption, the utilisation of renewable energy and implementation of energy-efficient processes. We are committed to the judicious use of resources, and we invest in minimising waste generation and managing treated wastewater utilisation. Our unwavering focus is on adopting the 3R (reduce, reuse & recycle) principle at our facilities and project sites.

Strong ethics and a robust governance structure form the backbone of our business processes. As the L&T Group, we operate with a purpose to take proactive steps for potential changes in the regulatory and business environment. We take management decisions which provide the impetus for growth, be it restructuring, opening new business lines or considering environmental and social safeguards. This year, we combined environmental, social and governance aspects into the Code of Conduct for suppliers, to build an environmentally conscious and socially responsible supply chain.

We have embraced digitalisation to improve the efficiency of our core business processes and to serve our stakeholders in an innovative and sustainable way. In this journey, we continue to seek, develop and acquire newer and greener technologies that will strengthen our resolve towards sustainable development and to “do more with less”.

Sustainability is all about preserving our natural environment which is the source of our survival and well-being. We view sustainability as a way of creating value for our stakeholders in a responsible and a socially acceptable manner. Conserving resources, reducing use of hazardous substances, minimizing air, water and land pollution; are our primary objectives.

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The Indian infrastructure industry is looking at considerable growth in the coming years, with flagship programmes driven by the Government of India, like ‘Housing for All’, ‘Digital India’ and ‘Smart Cities’. Augmenting the growth story are promising developments in aviation and healthcare sectors. This growth in turn will propel the demand for Steel and Aluminium, directly benefiting the metallurgical sector. L&T will continue its commitment towards providing best-in-class construction solutions, while scripting the growth story of the country. The solutions will comprise world-class quality and safety practices. Design and build solutions have always been our forte, with focus on cost optimization, faster construction procedures, and energy conservation. L&T has constructed more than 49 million sq.ft. of building space across 35 certified green buildings. Most of these buildings are Platinum and Gold rated.

L&T’s Metallurgical and Material Handling business’ sustainability initiatives include:

• Premium quality sand manufacturing plants to replace usage of scarce river sand.
• Advanced material-handling machinery such as blast-free surface miners, spillage-free pipe conveyors and Doppelmayr Ropecon conveyors to reduce the carbon footprint of industries.

Various energy conservation initiatives are implemented at the offices and project sites which include tree plantation, top-soil conservation, and usage of solar power. Our landscaped areas are designed with native and drought tolerant species to reduce water demand for irrigation. We are playing a part in raising the standard of living of some of the country’s most marginalised communities, through our CSR theme named ‘Building India’s Social Infrastructure’. Prayas, our Ladies Club, carries out welfare activities like blood donation camps, health awareness programmes and tree plantation, in rural India. Our Construction Skills Training Institutes build skills of rural youth, turning them into employable and financially independent members of society.
Sustainability is an all-encompassing value and not just about preserving our natural environment – which is the source of our survival and well-being. For an organisation, it embraces a continuing model of creating value for stakeholders in a responsible and socially acceptable manner. Being engaged in core, high impact sectors of the economy with integrated capabilities and downward leverages across the value chain, sustainability needs to be looked at holistically.

Defence technologies are strategic by nature. Their development is a high cost, laborious exercise and requires support and commitment from the Government, and associated national infrastructure. L&T Defence has teamed up with DRDO across domains and built a bouquet of home-grown technologies, which has cemented our stakeholders’ trust in a sustainable manner. Our forays in digitization date back to 1994, when we adopted integrated 3D Design modelling for simulation, analysis, and production of drawings to improve efficiency of core business processes. Since then, we have undertaken several initiatives such as digital manufacturing to sequencing simulations, pipe bending, cable pulling, composite hot work, laser projection systems, equipment laser scanning and laser measurement systems to replace the conventional piano wires and cross referencing equipment. All these have enabled us to build a sustainable productive and efficient environment.

L&T Defence continues to invest across work centres towards conserving and utilizing alternate sources of energy, bringing about efficient processes, minimizing / avoiding duplication / rework, and bringing about enhanced utilisation of resources while minimizing ‘waste’.

As we progress in our journey into the future, we continue to seek, develop, and acquire new technologies and blend them with innovation for sustained development across our spheres of operation.

Last year, many global events weakened economies, fuelling business uncertainty. However, at L&T Hydrocarbon Engineering (LTHE), business consolidation progressed well, as new projects took off. Several initiatives which were undertaken earlier, started bearing fruit.

We have launched major initiatives in digitalization, operational excellence and capability building to take LTHE to the next level. These initiatives will enhance efficiency and productivity across our value chain. Our safety performance has remained exemplary, having worked 160.48 million man hours without any significant incidents, this year.

Sustainability has been an integral part of LTHE’s progress over the years, and our commitment was recognized by Frost & Sullivan (Certificate of Merit – Challengers Category) and a TERI Sustainability 4.0 2017 Award.

We developed various CSR programmes to identify areas where we can make a tangible difference. Based on our CSR theme, ‘Building India’s Social Infrastructure’, we feel responsible towards local communities in our areas of operation, and work to improve their standard of living. LTHE is actively working on projects in the areas of education, skill building, healthcare, water conservation and sanitation; which are the cornerstones of our CSR manifesto.

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Sustaining the environment is no longer a ‘nice to have’ but as all the evidence suggests, has become a ‘must do’. Corporations, entities and individuals who use the resources of this planet have to make the effort to minimize degradation of resources and focus on renewal. This is a debt that we owe to the generations to follow. This is the focus that L&T has, i.e., to operate in a sustainable environment-friendly manner and utilize resources efficiently, minimize waste and reduce emissions. Equally, the safety and wellbeing of our workforce remains the highest priority.

An important achievement this year has been the water footprint assessment which led to a unique achievement of all 24 L&T campuses in India becoming Water Positive. This is a result of our constant efforts in the field of water conservation, recycling water and creation of community watershed structures. We have come a long way since achieving zero waste – water discharge status to making all campuses water positive. Also, L&T was conferred the ICC Water Stewardship Award 2017 as a commendation for our work in water conservation.

Last year, we released our Sustainability Roadmap 2021 - a commitment to implement company-wide sustainability targets. This report presents the status of our efforts and progress on the roadmap.

We will continue to find ways to improve our processes, systems and performance in the years to come. Our methods remain ‘continual improvement’ in all of our endeavours while supporting and protecting the communities in which we operate. We could not have made such progress without the efforts of our business sustainability teams and relying on their professionalism, dedication and motivation. We value the contributions made by each one of them.
L&T’s Power business provides integrated concept-to-commissioning of coal and gas-based power plants on a turnkey basis. It has project management centres in three cities, and integrated facilities for the manufacture of power equipment such as ultra-supercritical/ supercritical boilers, turbines and generators, axial fans, air-preheaters, electrostatic precipitators, pressure piping, etc.

India’s largest construction organisation and ranked among the world’s top 30 contractors; L&T offers total engineering solutions – encompassing design, E, P & C Capital (EPC) to the following segments:

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

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- Metallurgical and Material Handling

Larsen & Toubro is a major technology, engineering, manufacturing, construction and services conglomerate, with global operations. L&T is engaged in core, high-impact sectors of the economy – Infrastructure, Hydrocarbon, Power, Process Industries and Defence – and serves customers in over 30 countries. L&T has significant operations in India.
Heavy Engineering

L&T designs, fabricates and integrates custom-designed, engineered, critical equipment and systems for core sector industries like fertilizer, refineries, petrochemicals, chemical, oil & gas, thermal & nuclear power and aerospace.

Electrical & Automation

L&T offers a wide range of products and systems for electricity distribution and control, including low and medium voltage switchgear, electrical systems, marine switchgear systems, industrial and building automation solutions, surveillance systems, energy meters and protection relays.

L&T Hydrocarbon Engineering

This L&T subsidiary provides design-to-build turnkey engineering, procurement and construction solutions for the global oil & gas industry including oil & gas extraction and processing, petroleum refining, chemicals, petrochemicals and fertiliser sectors, and cross-country pipelines and terminals. It offers services through the following verticals: Offshore, Onshore, Construction Services, Modular Fabrication and Engineering Services

Defence

L&T has focused on building indigenous products and technologies with DRDO, for many decades. L&T offers design-to-delivery solutions across chosen Defence segments like naval platforms, artillery systems, air-defence systems, weapon delivery systems, communication systems, missile sub-systems, tracking systems for space-launch vehicles and more. L&T’s shipbuilding arm offers total solutions for warships – from design at a dedicated Warship Design Centre to construction and refit at its state-of-the-art shipyard at Kattupalli.
Global Presence

- Offices
- Engineering & Construction Projects
- Product & Equipment Supply
- Manufacturing / Fabrication Facilities
- Agents

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

★ Registered Office
■ Campus*
■ Power Plant
● Shipyards
■ Offices
★ Knowledge City
★ Leadership Development Academy
▲ Construction Skills Training Institutes*

* 'Campus' denotes facilities for design and manufacture
Part of L&T’s Corporate Social Initiatives
Management Approach

GRI 103-1, GRI 103-2, GRI 103-3
**Economic**

L&T’s project execution capabilities, timely implementation and qualified employees established it as a premier EPC solutions provider, in India and targeted markets overseas. Some of our key strengths include dedicated engineering design centres, competency cells, advanced formwork systems and digitized project controls. We utilize all our abilities to provide cutting-edge, concept-to-commissioning solutions that make us an ‘EPC provider of choice’ for various businesses. Our position allows us to provide sustained growth, consistent financial performance and thereby value to our shareholders and investors.

**Environment**

Use of green strategies and optimal use of resources in projects to ensure minimal environment impact, is ingrained in our culture. All our campuses, project sites and facilities follow the principles of conservation. In addition, we extend these to all stakeholders including employees, partners and suppliers, among others. Our sustainable initiatives cover a project’s entire lifecycle, right from design-to-commissioning. L&T’s Corporate Environment, Health & Safety Policy details our approach towards the management of energy, water, preservation of natural resources and environment.

**Corporate Social Responsibility (CSR)**

L&T executes Integrated Community Development programmes directed towards the upliftment of marginal communities. Since 2014, we are working as per our CSR theme ‘Building India’s Social Infrastructure’, through focused CSR programmes on Water & Sanitation, Health, Education and Skill Development. We have been working with communities near our project sites, campuses and even extend our programmes to the most water-stressed areas of the country. Through its programmes, L&T ensures that the benefits flow to all the stakeholders of the community, while empowering women and other marginalized groups. L&T gathers the support of its employees to participate in its CSR initiatives through ‘L&Teering’, an employee volunteer programme; in addition to dedicated CSR teams and NGO partnerships.

**Labour Practices and Human Rights**

Dedicated, talented and compassionate employees are the backbone of the Company, and its operations. Employees relentlessly execute tough projects, sometimes at remote sites, ensuring timely delivery and quality. To ensure that they grow along with the company, L&T nurtures individual learning and development. It conducts functional and technical training programmes regularly, to impart new skills and enhance capabilities. A seven-step leadership development programme is yet another endeavour to develop an in-house pipeline of future leaders. The Company’s Corporate HR policy and practices comply with ethical and human rights standards.

**Product Stewardship**

Environment protection and conservation is a habit rather than practice at L&T. We put sustainable practices to use across the Company, in a way that benefits the company as well the environment. We have a portfolio of green products and services that help our clients reduce their resource consumption, carbon emissions and build a sustainable future. We maintain total customer confidentiality and provide detailed manuals to improve user experience. Customers and their employees are trained in plant operations and product usage to ensure that high standards of safety and environment protection are upheld.
Materiality Assessment

Materiality Assessment is conducted to identify relevant topics that potentially merit their inclusion in the report. The topics are important and reflect L&T's economic, environmental, and social impacts and influence the decisions of stakeholders. It is a dynamic process which continuously incorporates important topics, new challenges, stakeholder inputs and is compiled periodically. Materiality assessment is conducted across each business and the outcome is condensed into a list of topics critical for the Company.

Our methodology aims to identify the key economic, environmental and social issues that are material to us and society at large.

Materiality Matrix
Consolidated for the Company

Materiality Assessment Inputs
- Focus on significant sustainability challenges
- Strategic sustainability roadmap development
- Structured internal assessment of our risks and opportunities
- Feedback from customers, supply chain and employees
- Business strategy and market insights
- Parameters evaluated by third party
## Description of Material Issues

<table>
<thead>
<tr>
<th>Focus Issues</th>
<th>Relevance of Topic, Boundary and Limitations to the boundary (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupational health and safety of employees and contractors, and emergency preparedness</td>
<td>Our work requires utmost safety standards to work towards zero accident goal, and it is important to comply with regulatory requirements.</td>
</tr>
<tr>
<td>Project risk management, quality of construction and EPC services</td>
<td>The Company is predominantly in the ‘projects’ business and faces challenges like land acquisition &amp; right of way (ROW), pending approvals, clearances from Government agencies, working in difficult/harsh weather conditions/terrains, skilled manpower availability, etc., which make it critical to manage project risks and maintain the quality of construction and EPC services delivered.</td>
</tr>
<tr>
<td>Water conservation</td>
<td>Water is a critical requirement for our business and hence must be conserved. We have focused our efforts on water management and making our facilities water positive.</td>
</tr>
<tr>
<td>Natural resource conservation and material management</td>
<td>Our business is primarily dependent on the utilisation of natural resources including ferrous and non-ferrous materials. Judicious utilisation of such resources is aiding our efforts towards carbon abatements, while improving productivity and profitability.</td>
</tr>
<tr>
<td>Diversity and equal opportunity</td>
<td>The Company is a merit-based organization with operations worldwide. It important for us to have a diversified workforce while providing equal opportunity.</td>
</tr>
<tr>
<td>Employee training &amp; development and leadership development</td>
<td>Training is a necessary ingredient for growth. The Company has prioritised employee training as a key focus area. All talent-related investments are focused on increasing productivity, efficiencies and building a robust leadership pipeline.</td>
</tr>
<tr>
<td>Climate change mitigation and adaptation, and use of renewable energy</td>
<td>The future competitiveness and progress of companies are linked to low carbon economy. Regulatatory and client requirements relating to carbon emissions are increasing. Progressively, we have been investing in products and processes that promote sustainable growth – enhancing energy efficiency, developing low-carbon technologies for building infrastructure, using renewable energy at our campuses and increasing our green cover.</td>
</tr>
<tr>
<td>Energy conservation and efficiency improvement</td>
<td>The depletion of energy sources is detrimental to long-term business objectives. Increasing energy savings directly relate to reduced cost of power and fuel, and thus reduced operational cost and increased profitability.</td>
</tr>
<tr>
<td>Customer privacy and satisfaction</td>
<td>Our services are linked with sensitive customer information and hence customer confidentiality is paramount. Innovation in our products and services helps us serve larger market segments and repeat orders are testimony to client satisfaction.</td>
</tr>
<tr>
<td>Sustainability of supply chain</td>
<td>Suppliers are our strategic partners for timely completion of our projects. It is important for us to encourage our suppliers to join us in our quest for sustainable growth. Implementing sustainability practices in supply chain will also help them to improve their economic, environmental, and social performance.</td>
</tr>
<tr>
<td>Corporate social responsibility</td>
<td>Under the banner of ‘Building India’s Social Infrastructure’, we are providing underprivileged sections of society with opportunities. The Companies Act has given us an opportunity to relook at our CSR programme. We have made it more robust and included specific thrust areas like water conservation, health &amp; sanitation, education and skill development.</td>
</tr>
<tr>
<td>Human rights</td>
<td>We ensure that employees are sensitised to human rights clauses. These are extended to our sub-contractors as part of their contract documents, and our Subsidiary and Associate companies are encouraged to follow our Corporate Human Resource Policy.</td>
</tr>
<tr>
<td>Increasing share of Green Portfolio</td>
<td>The Company is working towards sustainable development. We offer dedicated and niche green products and services to customers to help them follow low carbon economy path.</td>
</tr>
<tr>
<td>Talent acquisition and retention</td>
<td>Our work requires expertise and high engineering skills. L&amp;T is proactive in engaging and retaining the best talent.</td>
</tr>
</tbody>
</table>
About the Report

This Sustainability Report of Larsen and Toubro Limited (L&T – ‘The Company’) is published in accordance with Global Reporting Initiative (GRI) Standards ‘Comprehensive’ option and covers L&T’s Environment, Economic and Social performance between April 1, 2016 and March 31, 2017. The last Sustainability Report 2016 ‘Rooted to the future’ was released in 2016 with an electronic, print and interactive online version – sustainabilityreport.Larsentoubro.com. An Annual reporting cycle has been maintained for all our Sustainability Reports, since 2008 and these are available on the Company’s website Lntsustainability.com.

This is the 10th year of reporting and L&T has a mature system for compilation and reporting of sustainability performance. The report is compiled in-house by the Corporate Sustainability Team with data inputs from all businesses. A data management software certified by GRI is used along with techniques comprising of actual measurement, computation and estimation (specified). The data presented in the report is verified through systematic internal and external assurances. The data for economic performance has been extracted from L&T’s Annual Report FY 2016-17.

Report Scope

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This is the 10th year of reporting and L&T has a mature system for compilation and reporting of sustainability performance. The report is compiled in-house by the Corporate Sustainability Team with data inputs from all businesses. A data management software certified by GRI is used along with techniques comprising of actual measurement, computation and estimation (specified). The data presented in the report is verified through systematic internal and external assurances. The data for economic performance has been extracted from L&T’s Annual Report FY 2016-17.

Reporting Boundary

This report is for the Larsen & Toubro standalone and its key subsidiaries. The reporting scope covers all manufacturing locations, projects sites and offices across India, and overseas projects managed from India. L&T Infotech made its stock market debut on July 21, 2016 at the National Stock Exchange in Mumbai and its shares have been listed on NSE and BSE.

From 2016-17, L&T Infotech will publish a separate Sustainability Report. Apart from this, there are no significant changes during the reporting period in reporting scope, boundaries, organizational size, structure, ownership and locations.

L&T Subsidiaries included in the Report:

- L&T Hydrocarbon Engineering (LTHE)
- TAMCO Malaysia
- L&T Infrastructure Development Projects Limited (IDPL)

Restatement

From 2016-17, L&T Infotech will publish a separate Sustainability Report. This has led to changes in financial and non-financial data. The changes are mentioned as ‘Note’ on the same page. Apart from this, the economic figures for 2016-17 & 2015-16 are restated as per Ind AS changed from earlier reporting as per IGAAP.

Queries may be directed to:

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Head,
Corporate Infrastructure & Administrative Services,
Larsen & Toubro Limited, Saki Vihar Road, Powai, Campus, Mumbai 400072, India
Email: sustainability-ehs@Larsentoubro.com
About the Report

Assurance
The report is externally assured by Bureau Veritas, India. The limited assurance was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 and Type 2 Moderate Level of the AA1000 Assurance Standard 2008, covering qualitative and quantitative information. Assurance statement is included in this report.

Locations Reported

Corporate Locations: L&T House and Powai at Mumbai, and Leadership Development Academy (LDA), Lonavala, near Mumbai.


L&T Power: Project Sites at Malwa Phase-II (Madhya Pradesh), Chhabra (Rajasthan), NPCIL RAPP 7 & 8 (Kota), Khargone (MP), Darlipali (Orissa), Kudgi IDCT+CW (Karnataka), Koradi (Nagpur), Lara (Raigarh), Vindhyachal (Uttar Pradesh) and Mouda STPP (Maharashtra) and 3 Sites in Bangladesh.

Heavy Engineering: Powai, Ranoli, Talegaon, Coimbatore, Visakhapatnam, Bengaluru, Hazira and Sohar (Oman).

Shipbuilding: Shipbuilding facilities at Kattupalli near Chennai and Hazira, Gujarat.

Electrical and Automation: Powai, Mahape, Ahmednagar, Mysore, Coimbatore, Rabale, Vadodara and TAMCO (Malaysia).

L&T Hydrocarbon Engineering: Offshore and onshore projects worldwide, offices within India at Powai, Vadodara, Faridabad, Bengaluru and Chennai and modular fabrication facilities at Hazira, Kattupalli and Sohar (Oman).

Domestic Marketing Network: 17 Offices in India

L&T declares that the Sustainability Report 2017 has been prepared in accordance with the GRI Standards:
Comprehensive option
L&T's risk identification framework provides the basis for identification and risk management. The framework involves periodic risk identification at the Company level for assessing the new and upcoming challenges. ‘Top risks that matter’ are identified and the Company’s response measures are integrated into respective business plans. ‘Execution Risk Reviews’ are conducted periodically for resolving the challenges associated with the projects under execution. The key challenges and opportunities for the Company, across significant businesses are listed below:

### Infrastructure Business

<table>
<thead>
<tr>
<th>Risks</th>
<th>Strategic &amp; Operational Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exposure to Government projects (delays due to budget / funding issues)</td>
<td>• Target high value projects with national/state importance&lt;br&gt;• Due diligence of the project financing structure&lt;br&gt;• Strong networks with various stakeholders within Government bodies</td>
</tr>
<tr>
<td>Impact of demonetization on real estate</td>
<td>• Target major clients with healthy financials and customer reach&lt;br&gt;• Securing project funding&lt;br&gt;• Optimizing project progress in line with funding capabilities of the client</td>
</tr>
<tr>
<td>Increased competition in the construction industry</td>
<td>• Continued focus on cost and time optimization to maintain profitability levels</td>
</tr>
<tr>
<td>Lack of availability of skilled workforce</td>
<td>• Improved focus on mechanization and introduction of automation and robotics.&lt;br&gt;• Continued focus on developing skilled workforce through Construction Skills Training Institutes.&lt;br&gt;• ‘On job’ skill-based, training programmes on site by the Workmen Management Centre.</td>
</tr>
<tr>
<td>Availability of skilled sub-contractors and vendors</td>
<td>• Employing sub-contractors/vendors with healthy credentials&lt;br&gt;• Developing various sub-contractors and utilizing their skills in future projects</td>
</tr>
<tr>
<td>Project delays</td>
<td>• Majority of contracts have escalation clauses supporting the price increase of basic materials&lt;br&gt;• Mitigated through resource optimization and claims with the clients</td>
</tr>
<tr>
<td>Construction costs will rise due to increased material and labour costs</td>
<td>• One of the most common concerns that the industry faces in 2017, is the escalating cost of doing business. With rising material and labour costs, firms are likely to struggle to maintain their margins in the coming year.&lt;br&gt;• Contractors have been expecting an increase in material costs after several years of relatively flat growth. Construction costs continue to outpace inflation. On the labour side, skilled-worker shortage has led to employers raising average pay, which is higher than the national average. <strong>We are trying to overcome this by:</strong>&lt;br&gt;• Further strengthening internal processes&lt;br&gt;• Developing the required skill sets and ensuring proper planning to envisage delays&lt;br&gt;• Develop and absorb new technologies, and vendors&lt;br&gt;• Back-to-back arrangement with sub-contractors</td>
</tr>
</tbody>
</table>
## Infrastructure Business

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<th>Risks</th>
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</table>
| **Construction firms will face increased scrutiny and prosecution over instances of safety violations and fraud** | • On-job training of workmen on safe work methods and sharing of incident information at sites  
• Rewarding the workmen for reporting unsafe conditions at project sites  
• Periodic health check-ups  
• Ensuring basic hygiene at labour colonies by providing and maintaining drinking water and sanitation facilities  
• Propagating Employees’ Code of Conduct |
| **Talent gap** | • Leadership pipeline development to recognize and develop future leaders  
• Skill-based training to staff to foster leadership qualities |
| **Reducing environmental impact and enhancing positive social impact** | • Harvesting solar energy by installing solar LED lights at staff and labour colonies, at sites  
• Replacement of halogen bulbs with LED Lights at project sites  
• Planting and maintaining trees at construction sites and office campuses  
• Wastewater treatment plants at larger sites to reduce pollution |
| **Reduced capital investment in steel industry** | Increased business focus on non-ferrous, mining, mineral beneficiation, material handling and coal washery projects in India. |
| **Delay in land acquisition and environmental approvals impacting project schedules** | • Incorporate proper contract clauses for delay  
• Adoption of proper dispute resolution mechanism  
• Mobilization based on clearances available |
| **Safe and congenial working environment** | Cultivating a culture of safety among staff and workmen across sites including:  
• Increased training and demonstration  
• Preparation of work methods by engineers on the activities, safety analysis, and training imparted to workmen |
| **Rising demand for trained and skilled labour force** | • Engaging skilled workmen on site trained at the Company’s dedicated Construction Skill Training Institutes  
• Retention and tracking of skilled workmen through a database that is compiled in-house. |
| **Right of Way (ROW) issues** | Continuous follow-up with clients and taking proactive steps to get ROW clearances. |
| **Longer Operations & Maintenance (O&M) periods are bundled with EPC Contract** | Dedicated O&M segment is formed to streamline O&M operations. |
| **Budgetary issues with client (State Government)** | Detailed analysis of client’s financial status during pre-bid stage and review of the same by Risk Committee. |
| **Bulk materials shortage due to mining issues at various projects** | Project level detailed material planning to procure in advance, to avoid material shortages. |
| **Motivating staff in remote locations is a challenge** | Preference is given to local staff, ensuring that safety and basic requirements are taken care of. |
## Infrastructure Business

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Strategic &amp; Operational Initiatives</th>
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</thead>
<tbody>
<tr>
<td>Government thrust on infrastructure</td>
<td>Infrastructure spending saw enhanced focus during 2016 and we foresee huge investments on track. We are trying to enhance our market share by developing core competencies to optimize costs, mobilizing resources effectively, augmenting in-house capabilities, and networking with various stakeholders.</td>
</tr>
<tr>
<td>Major airport projects</td>
<td>Develop networks with airport developers and leading consultants to capture prospects.</td>
</tr>
<tr>
<td>Mass housing programmes</td>
<td>Develop competencies like fast construction methodologies to optimize costs and time.</td>
</tr>
<tr>
<td>Increased foreign funding for mega projects</td>
<td>• Organizational capability building for handling future mega projects&lt;br&gt;• Conducting workshops and training programmes to understand the requirement for handling future mega projects&lt;br&gt;• Competency mapping and imparting competency development training to employees</td>
</tr>
<tr>
<td>Collaborative project delivery methods will become more popular</td>
<td>The days of design-bid-building might be slowing down, as experts expect collaborative approaches to become more common for projects. Design-build, public-private partnerships and integrated project delivery are three of the most frequently cited methods that are altering the industry, and are likely to gain ground in 2017.</td>
</tr>
<tr>
<td>Offsite/Modular construction</td>
<td>Emphasis on compressing the construction schedule of a project and saving cost, are two very important points in any development scenario. The Modular method can truncate project schedules, if fabrication/precast modules are constructed in a factory. It is easier to control quality despite varying weather conditions.</td>
</tr>
<tr>
<td>Internet of Things (IoT) holds the potential to revolutionize work sites</td>
<td>• The Internet of Things (IoT) encapsulates several aspects of the construction technology landscape, including equipment and employee tracking, wearables, drone surveying and other information collected on the work site. As contractors and sub-contractors continue their quest to cut costs and improve efficiencies, IoT can be adopted to improve site operations.&lt;br&gt;• Wearables, for instance, can track workers on the field and ensure that they are protected from, or at least aware of job site hazards and other potential injuries. Equipment sensors can monitor and send alerts as and when machinery needs repair.&lt;br&gt;• The construction industry is in the process of embracing new technologies, with a group of progressive contractors leading the way. Companies that fail to keep up with the latest technologies risk getting left behind. To provide a thrust to digitalization, the following steps are being taken:&lt;br&gt;• A dedicated team to track technology enhancement and explore prospects&lt;br&gt;• Process improvement and strengthening of internal systems</td>
</tr>
<tr>
<td>Virtual Reality (VR)/ Augmented Reality (AR) technology will pick up steam</td>
<td>• Virtual and augmented reality technology is a growing trend in the construction technology space. It can enhance collaboration amongst stakeholders before the construction begins.&lt;br&gt;• VR and AR help the construction team detect errors ahead of time and avoid expensive mistakes. They have the potential to improve on-site safety, by letting managers and workers view site conditions without subjecting them to safety hazards.</td>
</tr>
<tr>
<td>Enhancing productivity and controlling costs</td>
<td>• Digitalization and capacity building of workforce&lt;br&gt;• Timely mobilization and demobilization as per plan&lt;br&gt;• Optimize inventory and enhance usage of equipment to reduce costs</td>
</tr>
<tr>
<td>Conservation of energy</td>
<td>Usage of energy-efficient products at campuses and project sites</td>
</tr>
<tr>
<td>Capability building</td>
<td>Organizational capability building via competency mapping and imparting competency development training to various employee cadres.</td>
</tr>
<tr>
<td>Government’s thrust on water and wastewater projects</td>
<td>Government’s thrust to improve water security opens up opportunities in areas like desalination, water management and river interlinking. In-house capacity and capability building is in progress to address the opportunities and enhance presence in new geographies.</td>
</tr>
<tr>
<td>Growing potential in ASEAN/ Africa/SAARC Regions</td>
<td>Plans are in place to increase presence in these emerging markets.</td>
</tr>
</tbody>
</table>
### Heavy Engineering Business

#### Risks & Opportunities

<table>
<thead>
<tr>
<th>Safety</th>
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<tbody>
<tr>
<td>• Employees, vendors and contractors are encouraged to report and resolve potential/actual safety concerns (near-miss, unsafe acts and unsafe conditions)</td>
</tr>
<tr>
<td>• Competency and awareness of all personnel towards safety aspects</td>
</tr>
<tr>
<td>• Sharing and implementation of safety practices across locations</td>
</tr>
<tr>
<td>• Implementation of behaviour-based safety</td>
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<tr>
<td>• Implementation of Workplace Management System (WMS)</td>
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<table>
<thead>
<tr>
<th>Reliability and delivery performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Y-o-Y reduction in cycle time and sustained efforts for on-time delivery</td>
</tr>
<tr>
<td>• Restructuring and aligning product business units and marketing with a key accounts manager</td>
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<th>Community development projects</th>
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<td>• Systematic gap analysis to identify the needs of underprivileged communities around our campuses</td>
</tr>
<tr>
<td>• Driving standardization in addressing community needs</td>
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<td>• Using audits to gauge their impact on beneficiaries</td>
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<th>Energy, water and waste management</th>
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<td>• Continuous monitoring of energy/water conservation, consumption and greenhouse gas emissions at our campuses to identify areas for improvement</td>
</tr>
<tr>
<td>• Projects identified based on the corporate thrust areas</td>
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<td>• Spreading awareness of Sustainable Development Goals (SDGs) across locations</td>
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<th>Sustainability in supply chain</th>
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<tbody>
<tr>
<td>• Signing of Code of Conduct by suppliers</td>
</tr>
<tr>
<td>• Measuring impact of transportation on the environment and sustainability awareness for transporters</td>
</tr>
<tr>
<td>• Organizing business specific buyer-seller meets</td>
</tr>
<tr>
<td>• Involving suppliers in understanding sustainability, and reaping benefits</td>
</tr>
<tr>
<td>• Import substitution to build local supply chain</td>
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</tbody>
</table>

#### Strategic & Operational Initiatives

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<th>Talent acquisition and retention</th>
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<tbody>
<tr>
<td>• Digitization of annual rewards exercise and contract labour payments at sites.</td>
</tr>
<tr>
<td>• Preparation of site HR manual.</td>
</tr>
<tr>
<td>• Initiation of Promoting Perpetual Leadership for Tier 1 - Tier 3 level employees.</td>
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<tr>
<th>Protectionism in overseas markets (norms related to local content and local hiring, etc.)</th>
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<tbody>
<tr>
<td>Consortiums with established EPC contractors/local players enable entry into specific overseas markets (Sri Lanka, Indonesia and Oman).</td>
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<thead>
<tr>
<th>Limited domestic opportunities (especially in gas), delays in finalization of projects in coal</th>
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<tbody>
<tr>
<td>• Target increased exports (Japan, Indonesia, Vietnam) through strategic tie-ups</td>
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<tr>
<td>• Internationalization/entry into selected overseas markets to provide Gas EPC (Middle-East, South East Asia and Sri Lanka) and engineering services (Africa, South East Asia, Middle East and Turkey)</td>
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<thead>
<tr>
<th>Intense competition/aggressive bidding</th>
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<tbody>
<tr>
<td>Implementing cost reduction and execution excellence initiatives to enhance competitiveness.</td>
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<tr>
<th>Declining share of coal-based generation in overall energy mix owing to an increased thrust on renewables</th>
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</thead>
<tbody>
<tr>
<td>Advocate importance of coal sector (with necessary policy framework) in ensuring grid stability and meeting 24x7 steady and quality power demand, especially in core sector industries (steel, cement and refineries).</td>
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<table>
<thead>
<tr>
<th>Project cost and schedule overruns</th>
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<tbody>
<tr>
<td>• Conduct due diligence on prospective projects/clients/suppliers/technology licensors/consortium partners</td>
</tr>
<tr>
<td>• Usage of robotics in welding to reduce manufacturing cycle time</td>
</tr>
<tr>
<td>• Improve working capital management (up-to-date documentation, timely invoicing and change order claims)</td>
</tr>
<tr>
<td>• Execution excellence (timely receipt of inputs from customers and vendors, waste reduction, design standardization, digitization of engineering documents)</td>
</tr>
</tbody>
</table>
### Power Business

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Strategic &amp; Operational Initiatives</th>
</tr>
</thead>
</table>
| Internationalization / exports | • Increased focus on exports  
• Entry into selected overseas markets like South East Asia, Middle East and Sri Lanka  
• Continued focus on growth in Bangladesh to explore new opportunities viz. LNG-based plants, replacement and repowering |
| Technology enhancement and capability building | • Continuous ultra-supercritical technology upgradation to be on par, or better than competitors  
• Initiation of digitalization initiatives for manpower/consignment tracking, 3D printing/scanning and Internet of Things (IoT)  
• Identification of operating personnel and development of their domain knowledge through training sessions. |
| Replacement market for coal-based power plants | Advocate replacement for plants set up by state and central utilities. |
| Product related offerings for the domestic market | Target orders in services and spares for supercritical boilers and turbine generators. |
| Corporate Social Responsibility | Partner with communities by implementing sustainable development programmes. |

### Electrical & Automation Business

<table>
<thead>
<tr>
<th>Risks</th>
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</tr>
</thead>
</table>
| Low profitability                                          | • Operational excellence initiatives to improve cost optimization  
• Continue organization-wide emphasis on value engineering, lean manufacturing and procurement optimization  
• Product design initiatives to optimize material consumption |
| Technology obsolescence                                    | Resources deployed to identify and develop potential new technologies for the future. |
| Aggressive competition                                     | Increasing market share through constantly innovating across the business, product and business processes. |
| Inadequate sustainability practices in the supply chain     | Conduct risk assessment of suppliers based on their sustainability practices. |
| Wide gap in employee age profile                           | • Structured leadership and skill development programmes  
• Innovation programmes to tap entrepreneurial spirit  
• Engaging senior professionals as trainers for skill and knowledge building programmes |
| Uncertainties due to new tax regime                         | Measures to ensure preparedness in the business. |
| Opportunities                                               | Strategic & Operational Initiatives                                                                 |
| Enhanced awareness amongst all users, especially the industry segment, on the need to improve energy efficiency and power quality | Provide products and solutions that help customers reduce their carbon footprint and meet regulatory requirements to maintain power quality. |
| Increase in installed electricity generation capacity and rural electrification | Continue efforts to build capabilities with enhanced marketing efforts and sales reach to increase market share. |
| Growth potential in emerging economies                      | Business plans made to increase sales in select international markets. |
## Hydrocarbon Engineering Business

<table>
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<th>Risks</th>
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</tr>
</thead>
</table>
| Financial and operational risk with strategic partners | • Financial due diligence is pursued  
• Investigation into the background and reputation of prospective partners  
• Learnings from past projects are incorporated to strengthen the ‘Inter-se agreement’                                                                                     |
| Change in tax structure                    | Contractual protection under ‘Change in law’ clause to be sought.                                                                                                                                                                   |
| Aggressive bidding by competitors          | • Enhanced pre-bid engineering  
• Cost optimization through value-added solutions  
• Differentiate from competitors by bringing in more value and improving ability to complete projects on time  
• Using audits to gauge their impact on beneficiaries                                                                                                                     |
| Cost overruns                               | • Achieve operational excellence  
• Avoid time overruns  
• Change orders to cover changes due to extended scope or delays  
• Set fixed purchase price with vendors immediately after award  
• Long-term contracts with suppliers to limit the impact of unforeseen events and limit fluctuations in prices of the relevant commodity |
| Talent acquisition and retention           | • Enhance employee engagement and alignment  
• Capability building  
• Retention policies are renewed to minimize attrition  
• Introducing project incentives scheme                                                                                                                                        |
| Protection of Environment, Health and Safety | • Continue to ensure a culture of safety, human rights and organize wellness initiatives  
• Higher focus on accident prevention with meticulous training initiatives                                                                                                                                                   |
| Country risks                               | • Regional risks are evaluated  
• Appropriate risk responses are developed to mitigate the impact of identified risks (such as economic instability, legal, fiscal and regulatory uncertainty, sanctions, export controls and political unrest etc.) |

### Opportunities

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>International operators open to cost-effective EPC contractors</td>
<td>Stepping up pre-qualification efforts and entry into new geographies.</td>
</tr>
<tr>
<td>Large investments in Saudi Arabia</td>
<td>Leveraging long-term agreements and track record to pursue projects.</td>
</tr>
<tr>
<td>Growth in domestic gas demand</td>
<td>Pursue LNG regasification projects through strategic alliances</td>
</tr>
</tbody>
</table>
| Investments in petrochemical sector in Middle East and India | • Leverage track record to pursue international projects  
• Build strategic partnerships                                                                          |
| Digitalization                                    | Focus on digitalization through analytics, mobile and cloud technology.                                                                                                                                                           |
Larsen & Toubro’s climate change, energy efficiency and renewable energy programs are aligned with the National Action Plan on Climate Change (NAPCC), released by the Prime Minister’s office, Government of India in 2008. The Company’s programs are also being aligned to the Nationally Determined Contributions (NDCs) ratified by the Government of India during the COP 21 – Paris Agreement.

In harmony with the National Action Plan for Climate Change

Mission 1: Solar

- Solar business provides a single-point EPC turnkey solution for solar PV-related projects
- Solar business experience spans from flat to highly undulated as well as to landfill topographies with specialized technologies. The solar business has in-house capabilities of different module mounting structure types such as Fixed Tilt, Seasonal Tilt and HSAT to choose from for most optimal solutions

Key Projects

- Installed solar capacity of 567 MW till date for clients
- Executed two 60 MWp tracker-based solar PV plants and the largest solar tracker system at Panaiyur village, Tamil Nadu, within a span of 8 months
- 18 L&T establishments are generating onsite solar energy for campus usage

Mission 2: Enhanced Energy Efficiency

- Through focused energy conservation projects, more than 82 Million units (kWh) of energy saved avoiding over 68,000 tons of CO₂ emissions at our establishments, cumulatively.
- Over 20 certified energy auditors are working with L&T campuses and project sites.
- The E&A business helps its customers to improve their energy efficiency and reduce their carbon footprint through its products and services
- L&T’s Control & Automation business has an Automation Training Centre at Navi Mumbai which offers an ‘Integrated Automation Training Course’ with focus on energy efficiency for fresh graduates.
Mission 3: Sustainable Habitat

- L&T has 16 Green Buildings within its campuses including one green factory at Vadodara.
- L&T has constructed more than 49 Million sq.ft. of certified green space for its clients.
- As a part of the Sustainability Roadmap 2021, all new buildings within L&T campuses follow Green Building norms.

Mission 4: Water

- All 24 L&T Campuses in India are now Water Positive; a result of our painstaking efforts in constructing water storage structures, zero wastewater, discharge and rain-water harvesting facilities across campuses and communities.
- 8.71% of the total fresh water consumed at our campuses and project sites is reused / recycled.
- Over 20 million people in India have benefited from L&T’s water infrastructure projects.
- With a track record of constructing over 51,000 km of water and wastewater pipeline networks and more than 4,000 MLD (million liters per day) of water, wastewater and effluent treatment plants, L&T is India’s largest water infrastructure organization.
Mission 5: Strengthening the Himalayan Ecosystem

- L&T continues to undertake large-scale tree plantation in and around projects being executed in Himalayan regions
- Skill-building programmes are conducted for the local youth to enhance their employability during the project execution phases
- Health camps / medical camps are periodically conducted at project sites in this region

Mission 6: Green India

- Campuses have more than 35% of the available open area under green cover
- More than 1,50,000 trees are nurtured at L&T campuses
- In 2016-17, L&T planted more than 295,000 trees at campuses and project sites
- The Company monitors the tree plantation through a tree inventory portal
- Guests are felicitated either by planting a sapling or by presenting a Tree Certificate at key campuses
- Tree plantation and maintenance is a part of Integrated Community Development (ICD) – CSR project’s overall plan, adopted across villages in Rajasthan, Maharashtra and Tamil Nadu
• Through 200 check dams constructed by the L&T Public Charitable Trust, tribal farmers in Talasari block near Mumbai can grow two crops instead of one, along with vegetable cultivation

• At Vidisha, in Madhya Pradesh state, L&T has created more than 39 water reservoirs for the farmers. This intervention has led to 1159 million liters of water storage/year which is used for growing crops like wheat and rice in the area. These reservoirs are part of individual farmlands, the soil is fertile and hence India’s best quality wheat is grown in this region and up to two crops/year are harvested

• The ICD project focuses on increasing availability of water for agriculture at water-stressed locations

• The Water & Effluent Treatment (WET) business provides turnkey solutions in lift irrigation and canal rehabilitation

• The Electrical & Automation (E&A) business offers a wide range of products and solutions for electricity distribution and control in the agriculture sector

• The E&A business conducts training programmes for farmers in the use of motor starters and pump controllers which are widely used in agricultural fields across India

• Solar pumps are provided by E&A business to enable farmers to reduce their dependency on conventional pumps

Mission 8: Strategic knowledge on Climate Change

• The Company actively participates in institutional and industrial forums and employees attend various capacity building programmes on climate change and green initiatives.

• Many in-house functional and technical capacity-building programmes on sustainability and climate change are conducted, including:
  - CII - GBC certified programme on energy efficiency and climate change
  - Certified Sustainability Assurance Practitioners (CSAP) programmes
  - Preparatory programmes for the Energy Auditor and Energy Manager examination conducted by Bureau of Energy Efficiency (BEE)
  - Training programme on the GreenCo rating system for Companies
  - GRI standards reporting framework

• Prayag (the induction programme for new employees) covers sustainable development and climate change topics along with EHS and Human Rights.
L&T is one of the few companies in India that voluntarily sets sustainability targets for itself. Since 2008, it has been progressively working towards building a culture of sustainable practices within and beyond the organization. Our sustainability targets provide a comprehensive platform for accelerating best practices and performance across L&T.

The measurable targets are fixed by a structured process, after consultation with all our businesses. With learnings from previous sustainability roadmaps, peer analysis and stakeholder inputs, the third Sustainability Roadmap 2021 was released last year. Our progress against the targets with respect to 2015-16 can be viewed this year.

**Green Portfolio**

**Target:** Maintain Green product and service portfolio

**25%**

Status: Our green products and services portfolio contributed to 28.99% of overall sales; an increase of 22.7% over the previous year.

More information in Economic Performance Section.

**Energy Conservation**

**Target:** Increase energy conservation by

**10% YOY**

Status: 9.4% increase in energy conservation achieved in 2016-17.

More information in Environment Performance Section.

**Carbon Emissions**

**Target:** Reduce direct GHG emissions intensity per turnover by

**5% (direct CO₂ in tons/₹)**

Status: 14.3% increase in direct GHG emissions intensity per turnover in 2016-17, due to energy intensive project execution stage and variable project cycles across businesses.

More information in Environment Performance Section.
**Safety**

**Target:** Zero accident vision: work towards zero accident goal.

Status: Vision Zero Accident to enhance employee participation and integrate safety consciousness into work culture. 22 L&T Campuses, 17 Domestic Marketing Network offices, L&T House and Leadership Development Academy, Lonavala had zero reportable accidents in 2016-17. Severity rate reduced by 15% w.r.t. 2015-16.

More information in People Performance Section.

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**Corporate Social Initiatives**

**Target:** Reach 3 million beneficiaries

Status: Reach out to 1.47 million beneficiaries in 2016-17.

More information in Social Performance section.

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**Material Management**

**Target:** Increase recycling and use of recycled material by 5%

Status: In 2016-17, Zinc recycling increased by 2.1% and Crushed Sand recycling increased by 33%. It is our endeavor to increase recycling of steel and fly ash.

More information in Environment Performance Section.

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**Water Conservation**

**Target:** Reduce water consumption intensity by 10% (KL/workforce)

Status: Achieved 11% reduction in water consumption intensity (KL/Workforce) achieved in 2016-17. Rain Water Harvesting increased by 5%.

More information in Environment Performance Section.

---

**Target:** Increase water conservation and recycling by 5%.

Status: Increase in domestic wastewater recycling from 48% to 57%.

More information in Environment Performance Section.
## Key Initiatives

<table>
<thead>
<tr>
<th>Key Initiatives</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve carbon neutrality for major campuses</td>
<td>In process: Conducted detailed carbon assessment of 3 campuses (Chennai, Powai &amp; Hazira).</td>
</tr>
<tr>
<td>OHSAS 18001 certification for all businesses / establishments</td>
<td>All our businesses / establishments are certified to OHSAS 18001.</td>
</tr>
<tr>
<td>Achieve water positive status for all major campuses</td>
<td>All 24 L&amp;T campuses in India are now 'Water Positive'.</td>
</tr>
<tr>
<td>Implement sustainability data management software in key subsidiary and associate companies</td>
<td>Sustainability data management software extended to key subsidiary and associate companies including L&amp;T Infotech (LTI) and L&amp;T Hydrocarbon Engineering (LTHE).</td>
</tr>
<tr>
<td>Report on supply chain carbon footprint, along with conservation measures implemented</td>
<td>In process: Identified top 150 suppliers based on their business volume with the Company and initiated the carbon footprint mapping of their activities.</td>
</tr>
<tr>
<td>Report sustainability performance with Sustainable Development Goals (SDGs)</td>
<td>Alignment of L&amp;T’s sustainability performance with SDGs is included in Social section of this report.</td>
</tr>
<tr>
<td>Implement contractor safety management</td>
<td>Implemented SOPs and Work Permit Systems for contractors at project sites and campuses for high risk activities. Implemented safety passport system (safety training cards) for workmen at project sites and campuses. Implemented cardinal safety rules at project sites and campuses.</td>
</tr>
<tr>
<td>New buildings within L&amp;T campuses to follow Green Building norms</td>
<td>Ongoing: All new buildings constructed at L&amp;T campuses will continue to follow Green Building norms.</td>
</tr>
</tbody>
</table>
corporate governance

From Information to Trust
Commitment to Values

L&T’s stringent adherence to high standards of corporate governance is the key to the support and confidence it enjoys from its stakeholders. The Company is endowed with a rich legacy of accountability, responsibility, impartiality, and transparent disclosure practices. We are committed to uphold practices that enhance investor value, and excel in customer service.

Our corporate governance philosophy incorporates the principles of human values, individual dignity, ethical practices and professional conduct. The vision and policies that guide our activities and approach, are also extended to our subsidiaries and associate companies.

Governance Structure

Our governance structure entails systems, processes and principles that streamline our long-term business goals and deliver stakeholder value while protecting the environment. The governance structure consists of:

- **Strategic Supervision**
  
  By the Board of Directors comprising the Executive Directors, Non-Executive Directors and Independent Directors.

- **Executive Management**
  
  By the Corporate Management comprising of Group Executive Chairman, the Deputy Managing Director, four Executive Directors, one Non-Executive Director, three Senior Managerial Personnel.

- **Strategy & Operational Management**
  
  By the Independent Company Boards of each Independent Company (IC) comprising representatives from the Company Board, Senior Executives from the IC and independent members.

- **Operational Management**
  
  By the Business Unit (BU) Heads.
At the apex level, we have the Board of Directors to supervise management activities. The composition of our Board conforms to the provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

The Board of Directors has constituted five Board Committees i.e., Audit Committee, Nomination & Remuneration Committee, Stakeholders’ Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. The terms of reference of the Board Committees are governed by relevant legislation and / or determined by the Board at regular intervals. The Board is responsible for constituting, assigning and co-opting members of the committees.

The four-level governance structure provides independence to businesses, brings discipline in performance, accountability and credibility, while creating a leadership pipeline, thereby gaining public confidence. Further details on L&T’s governance structure, the Board of Directors, Board Committees, and their roles and responsibilities are provided in the Annual Report FY 2016-17, available on our website Larsentoubro.com

L&T’s sustainability structure consists of teams at the corporate level, business level and unit level. At the corporate level, the Sustainability Executive Board (SEB) consists of the Company’s Executive Management Committee (EMC) members. They oversee the functioning of the structure, provide guidance and review performance. The SEB is also responsible for formulating its sustainability policy and devising a roadmap for progress.

The Apex Sustainability & CSR (SCSR) team comprises sustainability coordinators from businesses, and members drawn from corporate functions like investor relations, secretarial and Corporate Brand Management & Communication. The team develops, drives and implements the sustainability roadmap of the L&T Group. Further, IC SCSR and Unit-level SCSR teams are responsible for implementing targets and various initiatives of respective businesses and units, as per the strategy. The teams are authorized to strategize the sustainability agenda, based on material issues. This top-down and bottoms-up approach enables the L&T Group to overcome challenges of individual businesses, and that of the company.
L&T has laid out the Code of Conduct (CoC) for all its employees, which acts as a standard professional guidebook. It outlines the Company’s expectations with regards to appropriate workplace behaviour and makes them responsible and accountable for their actions with regards to the Company. The CoC is a reflection of L&T’s vision, values and policies.

Every year, all the employees of the Company confirm their acceptance of the Code of Conduct, Corporate Governance policies and guidelines, online. This annual exercise reminds, encourages and motivates them to remain conscious of their responsibility towards the Company. The Group Executive Chairman makes an Annual Declaration to the shareholders on the compliance with the Company’s CoC by the senior management. The CoC is introduced to new employees through a detailed online module on the Company’s ‘Any Time Learning’ (ATL) portal as well. Critical aspects of the CoC are also included in the HR Orientation Programme. The Code of Conduct for the Board & Senior Management is available on the Company’s website Larsentoubro.com, while the Code of Conduct for the employees is available on the Intranet portal.

The Company’s CoC structure is designed to enable implementation of the Code of Conduct across the organization. At the Apex level, there is a CoC Apex Committee, with a minimum of five Executive Management Committee (EMC) members who meet twice a year. The Compliance Officer acts as the Ex-Officio Secretary of the Apex Committee. Its key function is to ensure implementation of the CoC across the Company and deal with instances of non-compliance, apart from overseeing the functioning of the unit level CoC committees. The committee interacts, informs and advises the EMC on all issues relating to the CoC.

At the unit level, there are Unit CoC Committees which consist of at least four members, chaired by the Unit Head, along with Head of Accounts, Head of HR and a senior member from the operations team. The Unit level Committees must meet at least once in a quarter. The role of the committee is to create awareness about CoC, motivate employees to follow it, monitor compliance and investigate instances of non-compliance. Senior officers of the Company based at various locations are appointed as coordinators for respective individual businesses / corporate departments.
Whistle Blower Policy

The Whistle Blower Policy was first established in 2004, and amended to meet the requirements of the revised Companies Act, 2013. The policy aimed at setting up a mechanism that would encourage employees and directors to report, without fear, any wrongdoings unethical behaviour, actual/suspected frauds and violation of Company’s Code of Conduct, which may adversely impact the Company.

The Audit Committee oversees the implementation of the Whistle Blower Policy. As on March 31, 2017, it comprised three independent directors and a non-executive director. A Whistle Blowing Investigation Committee comprising the CFO, Head-Corporate HR, Company Secretary and Chief Internal Auditor. Employees can either submit a written complaint or send verbal communication to the Whistle Blower Investigation Committee. While the policy requires whistle-blowers to identify themselves, the management assures that they shall safeguard the identity of whistle-blowers, at all times.

Since 2016-17, the Whistle Blower Policy has been extended to vendors and channel partners as well, in order to enable them to express their concerns about unethical behaviour, improper practices, misconduct, violation of legal or similar requirements, actual or suspected fraud by an official of the Company; without fear of punishment or unfair treatment. During 2016-17, a total of 15 complaints were received. 100% of these were investigated and dealt with in accordance with the Company's protocol, and none are under review. Senior management and the Audit Committee of the Board is periodically apprised on the internal processes of the Company with respect to internal controls, statutory compliances and assurance.

Internal Control System

The Company has a robust framework for internal controls, commensurate with the size and complexity of its business. There is a system wherein the senior management and the Audit Committee of the Board is regularly apprised of the internal processes of the Company, with respect to internal financial controls, statutory compliances and assurance. The Company’s Code of Conduct is based on company’s vision and values, and acts a standard guide for employee performance. The Company's whistle blower policy enables employees to have direct access to the members of the Board of Directors.

The Company has reviewed and ensured sustained effectiveness of internal financial controls by adopting a systematic approach to assess operational effectiveness. Additionally, independent professional firms are engaged regularly to review the effectiveness of internal control processes in businesses and support functions.

Corruption and Anti-Competitive Behaviour

We remain committed to behaviour that is in consonance with the principles of ethical and fair business practices. We will not be party to any act or measure that compromises, or is likely to compromise our values. No incidences of corruption were reported during the year. We also comply with relevant statutory requirements including anti-competitive behaviour.

Compliance

Operational and financial controls are in place across the L&T Group to prevent acts or behaviour which deviate from the Company’s stated policies on fair and ethical practices.

Precautionary Approach

We recognize environmental challenges associated with our operations at our facilities and project sites. We have implemented a structured risk management system for early-stage identification, understanding and mitigation of environmental impact.
At L&T, the compensation paid to the executive directors is based on recommendations of the Nomination and Remuneration (NRC) Committee, approval of the Board and the shareholders. The Company constituted a Nomination and Remuneration Committee, in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder and Regulation 19 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Compensation reflects each board member’s responsibility and performance. The remuneration components are salary, perquisites and retirement benefits (fixed components) and commission (variable component). The commission component is based on the performance of the business as well as qualitative factors, and is calculated with reference to the net profits of the Company in the Financial Year, subject to the overall ceiling stipulated under the Section 197 of the Companies Act, 2013. The Committee has formulated a policy on director’s appointment and remuneration, recommendations on remuneration of the key managerial personnel and other employees, board diversity, composition and the criteria for determining qualifications, positive attributes and independence of a director.

The Non-Executive Directors (NEDs) are paid remuneration by way of commission and sitting fees. The commission is paid subject to a limit not exceeding 1% p.a. of the profits of the Company as approved by shareholders (computed in accordance with Section 197 of the Companies Act, 2013). In the case of nominees of financial institutions, commission is paid to the financial institutions. The performance criteria in the remuneration policy of the Board and senior executives evaluates performance on economic, environmental and social aspects of the Company.

The Company developed in-house workshops to sensitize employees on aspects of Corporate Governance, including Code of Conduct, Whistle Blower Policy, Protection of Women’s Rights at Workplace, SEBI Insider Trading Regulations, etc.

Commitment to External Initiatives

We support/follow/commit to the following:
- Global Reporting Initiative (GRI) framework
- United Nations Global Compact Network, India (GCNI)
- Applicable International Labour Organization (ILO) conventions
- The National Voluntary Guidelines (NVG), India
- 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 and project sites
  - Steps to measure, monitor and conserve materials and energy

Memberships

We engage with multiple business and trade organizations. Our senior executives are active members of industry bodies that participate in the formulation of public policy affecting our industry. We have active memberships with the following:
- 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)
- World Business Council for Sustainable Development (WBCSD) – India Water Tool
- Bureau of Indian Standards
- Construction Industry Development Council (CIDC)
- Indian Electrical and Electronics Manufacturers Association
- National Safety Council
- Indian Institute of Chemical Engineers (IIChE)
- National Fire Protection Association
- British Safety Council
- Association of Business Communicators of India
stakeholder engagement

The Connected Corporate
Our key stakeholders are customers, shareholders and investors, suppliers, contractors, employees, government bodies, media and the community in and around our establishments. Understanding and responding to the concerns of our stakeholders is integral to the way we work. We regularly engage with our stakeholders and strive to match their expectations.

Our stakeholder engagement framework stands on the pillars of transparency, inclusiveness and trust. Various formal and informal channels of communication are used for a continuing dialogue with stakeholders. Apart from these, the Company has a dedicated Corporate Brand Management & Communications department which facilitates dialogue between the organisation and its stakeholders.

**Shareholders and Investors**

Our responsibility to shareholders is reflected in the way we do business. The contribution of shareholders and investors in the growth of the Company is deeply valued and we work hard to ensure that we deliver positive returns to the shareholders. Every year, L&T releases an Annual Report, Sustainability Report, Business Responsibility Report and Quarterly Financial Reports to provide shareholders with comprehensive information about the Company's performance and capabilities. Also it makes presentations to institutional investors and equity analysts on the Company’s quarterly performance. Regular information updates are provided to the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, along with updates on L&T’s corporate website, Larsentoubro.com

We have a robust grievance handling and redressal framework. Investor queries are handled by our Company Secretary & Compliance Officer through igrc@Larsentoubro.com

As part of our effort towards environment conservation 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. Our Sustainability Report is also available on an interactive website sustainabilityreport.Larsentoubro.com
We have continual dialogues through customer meets, workshops and conferences, exhibitions and trade fairs, product advertising campaigns, corporate print and TV campaigns, bulletins and news, one-on-one interactions and periodic reviews. This brings in a customer perspective to our work and helps us meet expectations better. L&T also releases the Annual Review of the Company, which is a capability statement, with highlights of the year, specifically for customers.

The L&T Infodesk infodesk@Larsentoubro.com is a single-point contact for information and feedback on the entire range of L&T products and services. Customer satisfaction surveys are regularly conducted by each business and feedback forms are analyzed to understand the areas of improvement. The Buildings & Factories business has established a formal system for collection and review of customer feedback about its project sites. In this business, customer feedback is collected every quarter on a scale of 1 to 10 (10 = Excellent, 1 = Poor) and the feedback is reviewed during Management Review Meetings. Corresponding action plans are drawn up to improve the performance in the areas rated below the average 8.0.
Employees

A nurturing environment and a climate conducive to personal well-being and professional growth are intrinsic to the L&T culture. The engagement framework is built on the organization’s values which contribute a lot towards making the Company a great organization to work for. Larsen & Toubro’s vision states that it shall foster a culture of care and trust. This vision gets translated and integrated into our HR processes.

Regular communication from the Management forms an important driver for employee engagement. The employees are regularly informed about the Company’s activities, new businesses and accolades, management changes, through Spot News and Newsman e-mailers. Email communications also share information with all employees on the various contracts awarded to L&T and details of some of our best-in-class projects. Internal magazines focus on individual achievements of employees/teams, which serve as encouragement to all.

L&T Success Stories encourages employees to participate at such forums and showcase path-breaking product / process improvements they have executed.

The success stories competition that is conducted across the organisation is also instrumental in instilling a sense of pride among the employees. Apart from these initiatives, we conduct Town Hall sessions and departmental meetings for employees to communicate with the management.

There are also ‘HR connect sessions’ wherein employees across various levels get an opportunity to communicate their ideas and concerns regarding various HR processes / services. Companywide competitions are organized for showcasing technical and creative ideas, and important festivals are celebrated together.

L&T Scape – a collaborative, enterprise-wide portal, provides employees with an opportunity to communicate, collaborate and access all employee welfare benefits provided by the Company. ATL – ‘Any Time Learning’ facilitates online learning and knowledge sharing at the employee’s convenience. The Working on Wellness (WoW) initiative spearheaded by our Medical Health & Welfare team conducts regular programmes for employees to drive preventive healthcare practices. The Leadership Development Academy (LDA) has been recognised by Symbiosis International University as a ‘Research Centre’ which enables L&T-ites to pursue their Ph.D. Programmes.

At L&T, we believe that it is employees who shape the organization’s character and drive its performance. This year our workforce participated in an Annual Engagement Survey conducted by Corporate Human Resource department, which gave us valuable insights into employee satisfaction with the company, their jobs and other aspects of their workplace experience. They were encouraged to provide honest feedback; based on which an action plan was prepared. This is incorporated into the business planning review processes.
Suppliers, contractors and service providers are important partners for business growth and we engage with them on a continual basis. Our key suppliers, contractors and service providers include raw material vendors, machine suppliers, contract workmen providers and other service providers and we engage with them periodically through Partner meets.

The Supplier Meets act as an important platform to discuss their concerns, issues and expectations and the Company then plans to address the same. During these meets, the suppliers are also updated about the Company’s progress and plans on aspects relating to business, sustainability and CSR.

L&T uses the e-tendering system which is an e-procurement model for paperless buying, systematic information flow and reverse auctioning.

At L&T we respect human rights and our practices follow prohibition of child labour, prohibition of forced & compulsory labour, non-discrimination on the basis of gender, caste and nationality. Our practices are extended to our suppliers, contractors and service providers, through combined Environmental & Social Code of Conduct which is included in our contract agreements and purchase orders. This encourages our suppliers to work in an eco-friendly way and contribute to society.

The community is an important stakeholder to us and we believe in inclusive development. Regular engagement is an essential part of our approach to community development. We field concerns from a broad range of community stakeholders including village panchayats, school authorities and District Health Officials. We take their input seriously and make every effort towards addressing concerns and building relationships. Based on widespread stakeholder engagements, the Company has developed thrust areas of work with the community, which are Water & Sanitation, Health, Education and Skill Development. Our efforts are focused towards enhancing the quality of life and livelihoods. A quarterly review of our Integrated Community Development projects is done with the Village Panchayats and local authorities.

Regular interactive sessions with the community stakeholders.

Over the years, L&T has developed an ethos that is deeply rooted in the welfare of its stakeholders, the country and the planet at large – while enhancing productivity and growth through technology leadership.
Local Governments are our key stakeholders at L&T. In all the geographies that we operate, we abide by the laws of the land. We regularly interact with regulatory bodies and keep up to date with the latest laws and policy changes. We are a member of many industry associations and participate in national and international policy formulation and economic forums.

The media is regularly updated about our work and company changes. Through regular media engagement, we reach out to our stakeholders and keep them informed about critical business developments. Four media briefings and two media visits were organised during the year.

### Responses to Stakeholder Concerns

Key topics and concerns that have been raised through stakeholder engagement and our response to these are as follows:

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Concern areas</th>
<th>L&amp;T’s initiatives</th>
</tr>
</thead>
</table>
| Shareholders and Investors | - Business Performance  
- Improved ROI  
- Effective financial and non-financial risk controls  
- Fair business practices  
- No defamation | - Transparency of business plans to investors  
- Uninterrupted dividend  
- Showcasing performance on non-financial disclosures in Sustainability Report  
- Carbon Disclosure Projects  
- Dow Jones Sustainability Index |
| Suppliers/Contractors | - Timely payments  
- Repeat orders  
- Price reduction  
- Different purchase processes by businesses as per the projects/establishment requirements | - Regular visits to suppliers’ and contractors’ facilities  
- Combined Environmental & Social Code of Conduct for suppliers included in the Supplier Agreements  
- Screening, assessment, audits related to quality & EHS aspects are conducted. Providing support to implement resource conservation initiatives at select suppliers’ premises.  
- Cost effective-price negotiations. |
| Employees | - Career growth  
- Employee benefits  
- Skill development  
- Effective/high-quality training programs | • Attracting and retaining talent  
• Promoting people wellness  
• Functional and soft-skill development programmes  
• Improving leadership skills  
• Development and continual improvement in programmes for structured learning and development of workforce |
| Community | - Expectation of livelihood creation  
- Improvement in overall living standard  
- Water and sanitation  
- Development of the community infrastructure | • Education, health and skill development for the benefit of communities around L&T establishments and project sites  
• Access to drinking water and sanitation in water stressed regions  
• Implementing Integrated Community Development Programmes  
• 9 Construction Skills Training Institutes (CSTI) impart training in formwork, carpentry, bar-bending, steel-fixing, masonry, construction, electrician skills and welding. |
| Customers | - Timely completion of projects  
- Confidentiality  
- Competitive contract price bid  
- Innovation and state-of-the-art engineering techniques  
- High safety standards  
- Transparency in energy, water, GHG emissions performance | • On-time project completion  
• Deeper customer connect at multiple levels  
• Tighter project monitoring and control  
• Increased after-sales support  
• Regular monitoring of Project KPIs – Safety, water, energy, GHG emissions etc. |
| Government | - Practicing fair and ethical business trade in all spheres - Economic, Environment and Social aspects. | • Continual improvement in efforts for ensuring transparency in the triple bottom-line (people, planet & profit) disclosures through various mandatory and non-mandatory disclosures like BRR, DJSI and CDP. |
Networked to Nurture
People are central to L&T’s activities, achievements and the value it delivers to its stakeholders. The zeal, dedication and expertise of our people, powers L&T’s growth and prospects. We recognize their significance and in turn, motivate them further with training, performance rewards, while moulding them to handle leadership roles. A robust framework of people management, created as per the Company’s Corporate Human Resource Policy, provides them with opportunities for growth.

L&T embraces meritocracy and appreciates diversity in race, nationality, caste, age, physical ability and religion. There have been no cases of discrimination in the reporting year. L&T believes in equal career opportunities for all, and the remuneration ratio of male to female is 1:1. The Company employs 85 persons with disabilities, and the value chain also employs 48 differently-abled individuals.

All the Board members of the Company are Indian nationals, above the age of 50, with two female members. The senior management team too is entirely comprised of Indian nationals.

The Company employs various platforms for interaction with employees like Town Hall sessions, webcasts, video conferencing and e-mails. Information about the Company like management changes, company’s progress and achievements is disseminated to the employees via e-mailers called ‘Newsman’. The Company organizes events to promote engagement and team bonding, recognises innovations and presents technical and long-service awards. These events are crucial to motivate employees while recognizing their performance.

All the permanent employees go through an annual structured performance review and career development review, and we strive to make it transparent and engaging. This culminates in the annual compensation appraisal and insights from this review form the foundation of our annual training calendar.

### Workforce 2016-17

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>L&amp;T Full Time Employees*</td>
<td>51,058</td>
</tr>
<tr>
<td>Full Term Contract Workers</td>
<td>282,311</td>
</tr>
<tr>
<td>Total Workforce</td>
<td>333,369</td>
</tr>
</tbody>
</table>

*Note: Includes L&T Hydrocarbon Engineering
Human Rights and Labour Practices

Respect for human rights, individual dignity and professional conduct is crucial for L&T's operations. We are committed to operate in a manner consistent with the United Nations (UN) Universal Declaration of Human Rights, the 10 UN Global Compact (UNGC) principles and the applicable International Labour Organisation (ILO) Core Conventions on Labour Standards. We conduct our business in an ethical manner where our workforce is appreciated and valued.

L&T’s Code of Conduct defines our Human Rights commitments and practices, along with our policies and systems for effective implementation. Human Rights cover the issues of prohibition of child labour, prohibition of forced and compulsory labour, non-discrimination, freedom of association and collective bargaining. The Code of Conduct is available to all employees through the Company’s Intranet and Any Time Learning (ATL) portal. Our HR policies and practices for labour management are at par with the best in the industry. We follow all applicable local laws and regulatory requirements, which include among others, the Factories Act 1948, Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act 1996, Central Rules 1998, Industrial Disputes Act 1947 and amendments thereof.

L&T adheres to statutory and regulatory requirements related to payment of wages and benefits. The Company ensures that there is no violation of the rights of workmen and provides statutory benefits like Provident Fund and medical facilities. We comply with the Minimum Wages Act. All union employees retain the right to exercise the option of collective bargaining.

Our employees are trained regularly on aspects of human rights. All our security personnel are regularly apprised, and there were no grievances related to security personnel’s breach of human rights at our operations. There have been no significant fines or non-monetary sanctions for non-compliance pertaining to human rights or labour practices during the reporting period. There were no cases of child labour, forced or compulsory labour or discrimination, and no violations involving rights of indigenous people, during the reporting period.

At L&T, our investments and contract documents with sub-contractors include human rights clauses covering – the right to exercise the option of collective bargaining, prohibition of child labour, forced or compulsory labour or discrimination. All new vendors need to sign a combined Code of Conduct (CoC) as a pre-registration requirement. The Combined CoC covers financial as well as environmental and social aspects including human rights, wages and good labour practices. We lay emphasis on strict adherence of these clauses within our premises and at project sites. All our facilities have a grievance handling mechanisms in place to address concerns related to labour practices and human rights. Apart from this, we also conduct assessment of significant suppliers and contractors for compliance to the combined CoC.

Every business of L&T conducts workmen training programmes, as per the respective discipline. Our Heavy Civil Infrastructure business has workmen training centres at 15 of its project sites. They regularly train workmen in formwork, bar bending and masonry. We also have a Power Training Institute, Engineering Design & Research Centres, Switchgear Training Centres in Pune, Lucknow, Vadodara, Delhi, Kolkata and Coonoor, and a Safety Innovation School at Hazira, near Surat.

Female Workforce

We believe in gender equality and aim towards increasing the number of women in our workforce. We initiated a programme called ‘Renew’, a platform that enables women professionals to re-enter the corporate world after taking a break. Any woman on a career break is eligible, and those applying will be evaluated as per the current employment criterion.

L&T has a redressal system to handle complaints from female employees and it is covered under Protection of Women's Rights at Workplace Policy. We have constituted apex and regional complaints committees to address cases of sexual harassment at the workplace, if any.

All female employees are entitled to maternity leave. During the year, 105 female employees went on maternity leave. 84% returned to work after the leave ended, and 63% are still employed. The return-to-work retention rate for the Company is 83.8%.
L&T’s Water & Effluent Treatment business operates in harsh environments in remote areas, often leading to a drop in the attendance of workmen and increase in attrition of the workforce. The business addressed this issue by ensuring that its workers are provided with decent accommodation, with amenities and engagement activities. This motivated them to come to work regularly, focus on their work and have pride in what they were executing. The Company thus achieved the dual targets of high attendance and low attrition of workers with the following initiatives:

1. Comfortable accommodation near the site.
   a) Workmen’s Camp with pre-fab shelters along with clean toilet and bath facilities.
   b) Clean drinking water with RO and chiller.
   c) Fortnightly fumigation of camp and toilet areas to prevent mosquito breeding.
2. Engagement and motivation initiatives:
   a) Movie screening: A movie of choice, played for the workmen every month.
   b) Sports activities: Volleyball and cricket tournaments, indoor games are organized for staff, supervisors and workmen.
3. 100% screening for Aadhar and bank enrolment: Screening was done and dedicated Aadhar enrolment camps were organized.
4. 100% construction workers training: The entire workforce is trained in their relevant trade, depicting the importance of safe work execution.
5. Medical check-up camps
6. A provision store
7. On-the-job training
8. Celebration of festivals at Workmen’s camps.
Employee Development: Training and Capacity Building

Training and skill development are the pillars which uphold L&T’s capacity-building agenda. L&T imparts training in new skills in emerging fields to its employees. We offer several training modules for employee development and skill building to meet various facets of the organization’s growth and performance. Our training programmes can be categorized as follows:

Orientation Programmes: These entry-level programmes ensure a smooth transition from the academic to the corporate world. They include an introduction to L&T’s culture and values, information about the organization, its businesses and interaction with Senior Management. This programme also covers human rights related aspects.

Core Development Programmes: These programmes develop and groom talent in General Management and equip trainees to address higher-level responsibilities.

Centre of Excellence Programmes: The structured programmes provide end-to-end consulting on various business initiatives of operational excellence. These programmes assist L&T businesses in improving performance and effectiveness by organizing training and certification courses.

External Training Programmes: These programmes, conducted by external agencies, meet specific training needs on technical subjects.

Performance Oriented Development Plan: After identifying the developmental and training needs of an individual, support for performance improvement is provided through on-the-job-training, self-study material, participation in external and internal competitions, special projects, voluntary assignments, external programmes and seminars.

Theme-Based Programmes: These are need-based programmes conducted to spread awareness and knowledge about a particular system, model or process. These programmes also cover training modules for employees who are due to retire.

Certified Courses on Safety: L&T regularly conducts NEBOSH and IOSH courses for its employees. The objective is to sustain a strong culture of managing safety across L&T businesses.

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 by Institution of Occupational Safety & Health (IOSH), UK for delivering their course - Managing Safety.

L&T’s robust e-Learning platform (ATL) is available anytime and at any place to its employees. It encompasses modules on diverse topics by subject matter experts and various knowledge resources. These courses are user-friendly, interactive and engaging.

Average Training Hours

Gender-wise Training Hours

<table>
<thead>
<tr>
<th>Grade-wise Training Hours</th>
<th>2013-14</th>
<th>2014-15</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covenanted</td>
<td>11.66</td>
<td>18.72</td>
<td>14.59</td>
</tr>
<tr>
<td>Executive</td>
<td>16.36</td>
<td>21.45</td>
<td>18.42</td>
</tr>
<tr>
<td>Supervisors</td>
<td>10.62</td>
<td>16.60</td>
<td>15.86</td>
</tr>
<tr>
<td>Unionized</td>
<td>11</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>PGT/GET/DET/SST</td>
<td>480</td>
<td>480</td>
<td>480</td>
</tr>
</tbody>
</table>

Total Training Hours: 3 Million

Note: The values for 2014-15 and 2015-16 are restated after excluding L&T Infotech operations, which is not part of the scope of the report, from this year onwards.
Employee Benefits

Our full-time employees are provided with insurance, healthcare, maternity leave, post-retirement medical benefits, gratuity, pension, leave encashment and provident fund. Apart from meeting all the statutory requirements, L&T also provides additional benefits such as crèche allowance, scholarships and rewards to employees’ children, education for children of deceased or permanently incapacitated employees, annual health check-ups, holiday homes and medical insurance.

New Hires

<table>
<thead>
<tr>
<th>New Hires in 2016-17</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>7260</td>
</tr>
<tr>
<td>Female</td>
<td>466</td>
</tr>
<tr>
<td>Below 30 years</td>
<td>4754</td>
</tr>
<tr>
<td>Between 30-50 years</td>
<td>2679</td>
</tr>
<tr>
<td>Above 50 years</td>
<td>293</td>
</tr>
<tr>
<td>Total</td>
<td>7726</td>
</tr>
</tbody>
</table>

Employee Turnover

<table>
<thead>
<tr>
<th>Turnover in 2016-17</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>8483</td>
</tr>
<tr>
<td>Female</td>
<td>422</td>
</tr>
<tr>
<td>Below 30 years</td>
<td>4033</td>
</tr>
<tr>
<td>Between 30-50 years</td>
<td>4288</td>
</tr>
<tr>
<td>Above 50 years</td>
<td>584.0</td>
</tr>
<tr>
<td>Total</td>
<td>8905</td>
</tr>
</tbody>
</table>

Engagement Initiatives:

- **Build India Scholarship** – an Industry-academia collaboration for business excellence.
- **Strategic Finance Leadership Programme** – conducted in association with Wharton School to develop F&A heads as co-pilots for businesses.
- **8th Annual Book Festival** – it covers book sales, author speaking sessions, contests and workshops.
- **iCALL** – a telephonic professional counselling initiative done in association with Tata Institute of Social Sciences, Mumbai, as part of the employee wellness programme.

Employee Benefits

In an endeavour to help rehabilitate differently-abled children of L&T-ites, the Company reimburses their medical treatment and therapy expenses. It also provides for special educator needs and surgical interventions. Minimum notice period for operational changes is mandated as 21 days as per the Industrial Disputes Act.

Engagement Initiatives:

The objective of this dynamic workshop is to work as ‘ONE TEAM’ by stimulating, connecting, sharing and assimilating the best HR practices, and preparing action plans which would power L&T into the future. The key focus areas were: sustaining a culture of high performance, leveraging Gen-Y and branding through social media, leadership development and succession planning. The recommendations that emerged from the workout were taken by the HR leaders as inputs for planning future initiatives.

One Team. One HR.

A two-day gathering of HR leaders and their extended leadership teams, from all the businesses was organized on July 22-23, 2016, at the Leadership Development Academy (LDA), Lonavala. It aimed at creating greater synergy among HR teams across the L&T spectrum, and providing them with a platform to exchange learnings and ideas. The workout was the second iteration of a novel idea first instituted in 2013.
L&T’s Leadership Development Academy (LDA) at Lonavala is recognised as a unique corporate university in India, collaborating with the world’s most reputed institutions to provide global exposure. The LDA has been recognised by Symbiosis International University as a ‘Research Centre’ which enables L&T-ites to pursue their Ph.D. Programmes.

It is a symbol of value for L&T as it helps ‘People Development & Growth’ by providing the right training infrastructure, ambience and services to support and enhance learning. The state-of-the-art campus offers a platform to interact across geographies and develop future leaders and global corporate entrepreneurs. Set in the tranquil environs of Lonavla, a hill-station and spread across 24 landscaped acres, the LDA offers a refreshing break from the urban sprawl. Since its inception in 1997, the LDA has benefitted several of L&T’s businesses as well as those of other select corporates.
Leadership Pipeline Development

Our Leadership Development Programmes are conducted in collaboration with reputed Indian and international business schools. The Company has a unique, seven-step leadership pipeline development process that has been meticulously structured.

Management Education Programme: An exclusive L&T and Indian Institute of Management (IIM), Ahmedabad collaborative programme, designed to groom young leaders in the discipline of General Management.

Leadership Development Programme: Designed for middle management, it focuses on the field and forum principles, and helps high-performing executives to assume leadership responsibilities.

Global Leadership Development Programme: Customized and facilitated by University of Michigan’s Stephen M. Ross School of Business, the programme focuses on leadership skills for effectively competing in the global context.

Transforming L&T into a Global Corporation: Conducted in association with INSEAD, France and designed for top management executives, the programme covers strategic choices including mergers and acquisitions, risk management and leadership attitudes, from a global perspective.

Global CEOs Programme: Conducted by professors from Harvard Business School, it is targeted at leaders handpicked for future roles such as CEOs, business heads, board members and business Leaders.

International Executive Education: Enterprise leaders are nominated for Advanced Management Programmes (AMPs) offered by selected globally renowned business schools like London Business School and INSEAD, etc.

Mentoring: A systematic, internal mentoring process by the Group Executive Chairman is instituted for senior executives of the Company.
Occupational Health & Safety

Building a Safety Culture

The Corporate EHS Policy is translated into action with the help of a corporate EHS framework, which spells out procedures, guidelines and manuals. The culture of safety is spread across all levels where every employee plays an important and responsible role. Dedicated EHS teams at each business and project site, work closely with proactive and highly competent project site teams, to enforce the Company’s practices. The teams also aid business-specific EHS interventions commensurate with the relevant risks. Safety training before the commencement & regular training sessions are essential elements of our safety interventions.

The safety performance of the Company is reviewed every month at management review meetings and on a quarterly basis at the Board level, to ensure continual improvement.

We are conscious of the health and safety of all the contract workmen working at our sites. Sub-contractors are evaluated for their safety capabilities and strengths before assigning contracts. They are expected to comply with our policies and practices. L&T ensures their commitment through regular training and capacity building programmes, site visits and audits.

Safety committees have been constituted and regular meetings are organized at manufacturing locations and project sites. These committees comprise senior management representatives, as well as union members. The safety committees assist the management in achieving safety objectives as per the Company’s vision and goals, for the project sites. Specific clauses relating to Health and Safety are included in the Collective Bargaining Agreement.

The safety of our workforce is given top-most priority in all activities across facilities and project sites. We have a structured approach towards safety with assigned individual objectives. Our approach demonstrates the Management’s commitment to safety, and forms a critical component of our business decisions. One of our key focus areas is effective implementation of health and safety practices in line with our ‘Zero Accident Vision’. The vision is to create a safer work environment for our employees, contractors and customers through rigorous systems, procedures and firm implementation. The protocols extend to contractors whom we work with, as well. The Corporate Environment, Health and Safety (EHS) Policy articulates our commitment towards building a safe workplace and defines the protocols to be followed across businesses. The policy is periodically reviewed by the senior management.

Safety is our priority and is driven from the top. Mr. S. N. Subrahmanyan, CEO & Managing Director addresses workers at a project site.
The workforce of our Construction business is exposed to risks like heat strokes and dehydration, in areas where temperatures are high. Hence, suitable time schedules are prepared where most of the work is done during comfortable timings of the day. The most common risk at the construction site is fall from height. It is a key focus area which is addressed by integrating health and safety norms at work as a basic operating principle. Also, strict supervision is ensured during weekends and holidays to avoid accidents. Workers below the age of 25, are key targets for behaviour-based safety training across project sites. Similarly, at workshops and fabrication yards, the workforce is exposed to higher noise levels and are at a risk of developing hearing disorders. We take utmost care and ensure that noise levels are maintained within the permissible limits.

<table>
<thead>
<tr>
<th></th>
<th>2014-15</th>
<th>2015-16</th>
<th>2016-17*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severity Rate</td>
<td>225.94</td>
<td>189.63</td>
<td>165.00</td>
</tr>
<tr>
<td>Frequency rate</td>
<td>0.15</td>
<td>0.16</td>
<td>0.16</td>
</tr>
<tr>
<td>Fatality Rate</td>
<td>8.98</td>
<td>9.55</td>
<td>8.05</td>
</tr>
<tr>
<td>Fatality</td>
<td>43</td>
<td>41</td>
<td>33</td>
</tr>
</tbody>
</table>

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.
*Values are restated after excluding L&T Infotech (LTI)

A basket case with a happy ending

At L&T Power sites, man baskets are used to conduct work at heights. This lifting equipment, consisting of a basket with a facility for anchoring harnesses enables workmen to be hoisted safely to heights beyond the reach of conventional ladders.

Activities like structural inspections and bolting at heights can be carried out without compromising personnel safety.

Significant Safety Interventions

1. A range of solutions targeted at enhancing safety consciousness are being implemented in our Infrastructure business. Immersive Safety Training powered by Virtual Reality (VR) is being developed. RFID technologies are used to design solutions for material tracking and management, and worker safety. In our endeavour to improve workmen management system, we are linking the workmen’s database with their Aadhar card and bank accounts.

2. Sessions are held at project sites to educate and sensitize the workforce on hazardous activities and the corresponding preventive measures. A Safety Innovation School – the first of its kind by a Construction company in India – has been set up by L&T to train the workforce.

3. Initiatives are undertaken to enhance safety in Power Transmission & Distribution (PT&D) operations. They include e-learning modules, improvised safety cards for reporting unsafe acts/conditions, Virtual Reality-based training, upgrading Safe Operating Procedures (SOPs) to reflect changing work methods and mechanization and adoption of Sagging Bridge (Stringing Working Platform) technique. In addition, the use of motorized winch machines in place of tractors in final sag activities, enhances the impact of training. Behaviour-based Safety and Train the Trainer programmes are also conducted at project sites.

4. Cross-functional EHS audits are conducted across all business units.

5. To spread safety awareness, various theme-based campaigns were observed on various important dates (e.g. National Safety Week, L&T Safety Day, etc.) during the year.

6. At L&T Hydrocarbon Engineering, lessons learnt during project execution are shared throughout the organization by well-documented HSE Learnings and HSE Alerts. Various HSE training programmes are held and motivational schemes are instituted.
CASE STUDY
Building a safety culture
Safety First’ initiatives for a safer site

L&T is constructing an Integrated Technology hub in Bangalore on a 52-acre campus. Execution of the project entails working with various contractors and managing a workforce of 3,000 people. The challenge was to ensure a safe project site with uniform practices, across multiple contractors, sub-contractors and a diverse workforce.

In order to build a culture of safety, we need to remind everyone about safety hazards and risks, to include them all in the safety journey. We want people to know that safety is on the top of our minds, as it should be, so that we can all go home safely, every day!

Assessing risks
A large portion of the workforce was young, spoke different languages and for most of them, it was their first job. The Company trained and re-trained the workforce, appreciated safe practices with on-the-spot cash rewards, strictly adhered to safety procedures, and measured safety performance using leading indicators. New methods were introduced to reduce risks in the form of mechanization of processes to reduce manual handing. Zero tolerance towards neglect of safety practices, with a vigilant approach to risk management helped the site improve its standards.

Committed to safety
Safety measures are incorporated into an activity right at the planning stage. The methodology of execution and equipment used, is carefully assessed for possible hazards. The planning stage addresses a major part of the risks, remaining few are addressed during execution. Projects are planned to make sure that risks are kept to a minimum. For example, 200 mm-wide blocks are used for masonry, and they weigh around 38 kg each. However, the maximum limit that person can manually handle is 20 kg. So, the blocks were altered to 100 mm width, so that they weigh only 17 kg. This decision was made at the planning stage itself, even though it meant investing additional time and material.

Job-specific training
A robust selection and induction process was put in place, and an animation-based induction training module was developed. An important element of the module was trade-specific training conducted in multiple languages. Demonstrations and simulation of site conditions were used to improve effectiveness of the programmes. New workmen were given extra attention during their first month at the site, and buddy systems were organized to engage them.

A robust training plan was designed as per the competency assessment framework, and need analysis surveys were conducted at regular intervals. Apart from this, engineers and supervisors were trained on work permit systems, ‘safe-to-start work’, firefighting and first-aid. In addition, they were provided with specialized training, including customized two-day construction safety programmes.

Promoting upward communication
Workers and their representatives were actively involved in health and safety committee meetings and food committee meetings. They were encouraged to report near-miss events, and were recognized and lauded for such reporting as well as interventions.

Committed to deliver - Managing Risk
All the activities carried on the construction site are well planned, and method statements are prepared to define the scope of each activity. Documented safe operation and maintenance procedures were developed for activities involving site engineers, supervisors and workmen. Risk assessments are conducted at least three months prior to the commencement of the activity, and are revised and reviewed before carrying out a job.

Fire is a significant hazard identified in operational areas, as our work involves gas lines to be welded into the laboratory building. To minimize the risk, all the employees are trained on basic firefighting, which includes operation of fire extinguishers. The work supervisors are trained on advanced firefighting techniques. Apart from these, a dedicated team with nine retired army personnel, was deployed. Their primary job was vigilance and firefighting. A well-equipped fire detection and alarm system with manual call-points and smoke detectors were set up in the Labour Colony.

Working at heights is yet another key area of concern. To manage this, the site decided not to use an external scaffold for façade works. Various other control measures were included at the bidding stage itself. Some of them are extensive use of boom lifts and scissor lifts with integrated and built-in safe working platforms and powered access platforms. They considerably reduce the risks involved.

Results
The project received a five-star rating and an ‘Excellent’ safety score of 98.65 from the British Safety Council (BSC). The project won the prestigious Sword of Honour Award.
Buildings & Factories business
Two projects were awarded the prestigious ‘British Safety - Sword of Honor’ from the British Safety Council, UK.
Nine projects received the Gold Awards from The Royal Society for Prevention of Accidents (RoSPA).

Transportation Infrastructure business
Received 12 international safety awards and 4 prestigious safety awards from National Safety Council (NSC), India.

PT&D business
Received the ‘Best Safety Practice Award’ from PGCIL for 800KV HVDC Champa - Kurukshetra TL project.
Two substation projects in Oman secured ASSE GCC HSE Excellence Awards.
Prestigious National Safety Council of India award received for R-APDRP Varanasi project.
RoSPA Awards for safety performance won by 11 project sites.
Three project sites won British Safety Council awards for safety.

Power Business
National Safety Council Award for ongoing Rajasthan Rajya Vidyut Utpadan Nigam Limited’s (RRVUNL) project at Chhabra.
The Bheramara Project in Bangladesh was awarded the prestigious 5-Star and British Sword of Honor from British Safety Council, UK.
NPCIL-RAPP Kota, NTPC Kudgi and NTPC Lara project received a Gold category award from The Royal Society for Prevention of Accidents (RoSPA).
RAPP, Kota site won the Savavshreshtha Suraksha Puraskar (Golden Trophy and a Certificate) of National Safety Council, India.

Barring accidents with barriers
Fabricated safety barriers are essential to avoid risks, and provide safety fencing. Construction barriers are installed at working areas located at heights and other critical areas at construction sites to restrict the entry of unauthorized personnel. The barriers serve multiple purposes, including keeping workmen away from a crane’s moving radius or excavated area, blocking access to a specific area or diverting movement around a hazardous zone. The visibility of the barriers is enhanced by painting them in bright colours (red and white) and wrapping them with high-visibility nets.
Wide Web of Wealth-creation
At L&T, we believe in building the country’s infrastructure through collaborations with businesses, governments, multinational organizations, philanthropic organizations and maximizing economic returns on our existing investments. L&T is a Listed Company in India with shares listed on the National Stock Exchange and Bombay Stock Exchange. During 2016-17, the Company has performed well in all key economic performance parameters with an impressive growth of 43% in the Group Profit After Tax at ₹ 60 Bn. The Company bagged fresh orders worth ₹ 1,429,950 Million recording a growth of 5%. The Group Revenues stand at ₹ 1,100 Bn which grew by 8% during 2016-17. The Order Book of the Company stands at a robust ₹ 2,613 Bn, providing good revenue visibility for 2017-18. The Board of Directors recommended a bonus issue in the ratio of 1:2 and a pre-bonus dividend of ₹ 21 per share.

We continue to engage with India’s strategic sectors and critical areas of infrastructure development. Our inherent strengths and capabilities place us at an advantageous position to gain from strategic, large-scale national programmes like ‘Make in India’ and ‘Digital India’. We will leverage our proven manufacturing capabilities at the upper end of the technological spectrum, to build complex equipment and systems in sectors such as defence, aerospace, thermal and nuclear power.

Digital technologies are fundamentally altering the way the world is functioning. The Company has embraced the change and ‘Digitalization’ is identified as a core theme in our Strategic Plan. A major programme to automate processes is underway in our Construction business. They will be progressively extended across the Company, to improve efficiencies, revenue and profitability.

The Company continues to pursue international business opportunities in select countries with a view to diversify geographical concentration risks. It has established its presence in Gulf Cooperation Council (GCC) countries, predominantly in the Infrastructure and Hydrocarbon sectors. It is evaluating selective prospects in North Africa, East Africa and some countries to the East like Myanmar, Malaysia and Vietnam. The unexecuted Order Book from international markets stood at ₹ 697 Bn, which contributes to 27% of the total Order Book.

Note: The shareholding pattern as of 31st March, 2017 is presented in the Annual Report 2016-17, Page 113.
<table>
<thead>
<tr>
<th>Particulars</th>
<th>2015-16</th>
<th>2016-17</th>
<th>L&amp;T’s Market Capitalisation as on 31st March, 2017 was ₹ 1471.85 Bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS (₹ per share)</td>
<td>53.71</td>
<td>58.49</td>
<td></td>
</tr>
<tr>
<td>ROCE</td>
<td>11.1%</td>
<td>11.30%</td>
<td></td>
</tr>
</tbody>
</table>

Restatement: Figures for 2016-17 & 2015-16 are as per Ind AS and for earlier periods as per IGAAP and hence not directly comparable. Ind AS - New set of Indian Accounting Standards, IGAAP - International GAAP®

<table>
<thead>
<tr>
<th>Liquidity and Capital Resources</th>
<th>2015-16</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>27.65</td>
<td>20.78</td>
</tr>
<tr>
<td>Add: Net cash provided/(used) by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Operating activities</td>
<td>33.00</td>
<td>61.47</td>
</tr>
<tr>
<td>• Investing activities</td>
<td>-173.99</td>
<td>-77.52</td>
</tr>
<tr>
<td>• Divestment proceeds</td>
<td>158.76</td>
<td>77.83</td>
</tr>
<tr>
<td>• Financing activities</td>
<td>-24.64</td>
<td>-60.52</td>
</tr>
<tr>
<td>• Discontinued operations</td>
<td>0</td>
<td>–</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the period</td>
<td>20.78</td>
<td>22.05</td>
</tr>
</tbody>
</table>

No significant financial assistance was obtained from the Government in the reporting year.

Restatement: Figures for 2016-17 & 2015-16 are as per Ind AS and for earlier periods as per IGAAP and hence not directly comparable.
### Economic Value

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2015-16</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Income</td>
<td>661.54</td>
<td>682.73</td>
</tr>
<tr>
<td>Manufacturing, construction and operating expenses</td>
<td>501.69</td>
<td>519.90</td>
</tr>
<tr>
<td>Employee wages and benefits</td>
<td>49.75</td>
<td>51.46</td>
</tr>
<tr>
<td>Payments to providers of capital:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>14.77</td>
<td>13.18</td>
</tr>
<tr>
<td>Dividend</td>
<td>15.12</td>
<td>17.02</td>
</tr>
<tr>
<td>Community investments (CSR spend)</td>
<td>1.20</td>
<td>1.01</td>
</tr>
<tr>
<td>Retained</td>
<td>79.01</td>
<td>80.17</td>
</tr>
</tbody>
</table>

Restatement: Figures for 2016-17 & 2015-16 are as per Ind AS and for earlier periods as per IGAAP and hence not directly comparable.

### Sales Composition

- Others 8%
- Electrical & Automation 6%
- Heavy Engineering 5%
- Power 10%
- Infrastructure 71%

### Employee Cost and Benefits

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2015-16</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost towards wages/ salaries (a)</td>
<td>42.83</td>
<td>45.55</td>
</tr>
<tr>
<td>Other benefit costs (b)</td>
<td>6.92</td>
<td>5.92</td>
</tr>
<tr>
<td>Total personnel cost = a+b</td>
<td>49.75</td>
<td>51.46</td>
</tr>
<tr>
<td>Average payout /employee (millions)</td>
<td>1.15</td>
<td>1.24</td>
</tr>
</tbody>
</table>

Restatement: Figures for 2016-17 & 2015-16 are as per Ind AS and for earlier periods as per IGAAP and hence not directly comparable.
L&T has a large supply chain network of vendors, contractors, distributors and service providers. Since supply chain is a major cost centre, bringing in functional efficiencies can go a long way in reducing operational expenses. Each business is provided with its own procurement and supply chain teams. We aim to source our raw material locally to promote indigenous companies while optimizing costs. During 2016-17, more than 80% of the Company’s raw material requirements were met by local suppliers.

**Environmental & Social Code of Conduct for Suppliers and Capacity Building**

L&T’s commitment to environment, safety and green practices extend to its supply chain universe too. In line with the Company’s Green Supply Chain Policy, an ‘Environmental & Social Code of Conduct for Suppliers’ was formulated to cover specific clauses on environmental management and compliance, human rights, labour practices, prohibition of child labour, freedom of association and collective bargaining, prohibition of forced and compulsory labour, ethics and transparency, and impact on society. This was applicable during the period 2012-16. Since 2016-17, the ‘Environmental & Social Code of Conduct for Suppliers’ has been integrated with the Business Code of Conduct for suppliers. It is mandatory for all new and existing vendors/suppliers to follow this Code. While existing suppliers have been apprised of this combined CoC, new suppliers are introduced to it during the on-boarding process.

Sustainability awareness and capacity building sessions are conducted for suppliers and transporters at regular intervals. The programme familiarizes them with the Company’s requirements in the areas of occupational health and safety, environment protection and social responsibility. The objective of this programme is to adopt good sustainability practices in the supply chain and help them identify energy, water and material conservation opportunities, use of innovative practices and reduce operational cost. Bus drivers who facilitate employee commuting are also trained in defensive driving techniques regularly.
Turning surplus into savings
Surplus stocks of project sites re-distributed to cut wastage

L&T’s Metallurgical and Material Handling (MMH) team devised a method of putting surplus materials from project sites nearing completion to good use by transferring them to new projects. The materials covered were steel, tools & tackles and consumables.

Due to the complexity and involvement of a large quantum of mechanical works, MMH projects involve purchasing a large number of high-value consumables, tools and tackles and other construction materials for execution. The materials lying at near completion projects can be categorized as:
- Surplus Stock: Surplus materials in stores which can be re-deployed at other sites.
- Used but re-usable stock: The materials are issued, but have a shelf life that is long enough for redeployment at other projects.

Surplus equals reusable

The team took stock of the surplus material at the stores. The material list was then circulated to new projects to select required materials. They were dispatched in a timely manner, cutting down the need for a new procurement. This process is now part of a regular system available online. The system automatically tags surplus material in the inventory and allocates it to the required project site.

Initially, 15 project sites were chosen for re-using stock, based on the percentage of work completed. Also, a team of 17 engineers, selected from sites, were given an orientation on the process. They travelled across selected sites to assess re-usable material. The material cleared by the team was then sent to new sites for selection.

Result

This initiative helped save of ₹310 million in the last three years.

Process innovation for better results
Surplus stocks of project sites re-distributed to cut wastage

WET Business – the IT City, Mohali site undertook an initiative to revise the methodology of fixing of manhole covers in slabs. As per the conventional method, slabs were cast in a casting yard and were erected on manholes. The cover fixing was done on the slab at site. This process led to improper bonding between the manhole cover and the slab, which led to the development of cracks. The site revised the method, and now the manhole covers are fixed in the slabs at the time of its casting, which results into a monolithic structure and saves time and cost while delivering proper results.
Globally, organizations have embraced the cause of climate change and devised ways to build businesses around it. Green Practices can bring challenges but also provide opportunities to help reduce costs and improve the bottom-line of the Company.

We have a large portfolio of Green Products and Services intended to reduce the emission levels of our customers and provide us with business opportunities. Some of our offerings are solar power plant solutions, small hydro-power plants, efficient power transmission and distribution systems, energy-efficient equipment, metro and mono rail systems, green buildings; water treatment, recycling & distribution infrastructure, supercritical and ultra-supercritical thermal power plants & equipment and coal gasifiers.

We believe that our ability to operate efficiently will be further enhanced with our proven capabilities in measuring, managing, and mitigating Green House Gases (GHG) emissions – with the help of innovation, new technology and stakeholder collaboration. The Company remains committed to reducing its GHG emissions and the related impact. Carbon footprint mapping is conducted across the organization and emission reduction targets are a part of our Sustainability Roadmap 2021.

Climate change can also pose economic challenges in the form of regulation. It is possible that countries or regions of the world will alter or tighten norms on GHG emissions in the form of significant new taxes, fees, or other costs. Our main strategy for managing this challenge includes gathering frequent updates on the regulatory changes and participating in industry fora to aid policy formulation. Climate change can also pose challenges in the form of extreme weather events, for our construction and manufacturing businesses, nationally and internationally. Changes in temperature could lead to health concerns for our employees at project sites, delayed projects may result in operational losses. Changes in monsoon patterns can also have a significant impact. On the other hand, excess rains and reduction of solar influx may impact the solar business.

The Company formulated its Sustainability Roadmap 2021 - the third since the inception of the programme.

We are working towards the objectives of climate change adaptation and mitigation initiatives, and proactively disclosing our carbon emissions annually through the Carbon Disclosure Project. Our initiatives include increased use of renewable energy, promotion of green building construction, energy efficiency, enhancement of green cover and increased use of solar & renewable energy solutions at our campuses.

This year, the Power business implemented 5S across three of its project sites in Darlipali (Odisha), Malwa-II (Madhya Pradesh) and Bheramara (Bangladesh) respectively. 5S covers Sort (Seiri) to make work easier by eliminating obstacles; Set in Order (Seiton) to arrange all necessary items so that they can be easily selected for use; Sanitation (Seiso) clean your workplace on a daily basis completely or set cleaning frequency; Standardize (Seiketsu) to standardize the best practices in the work area; and Sustain (Shitsuke) to ensure all defined standards are being implemented.

This practice enables safe and efficient operations, enhances productivity while reducing cost and cycle times. The implementation had multiple benefits including inventory reduction, lower costs due to waste minimization, zero injuries on-site, and enhanced customer confidence. It also resulted in more organized workspaces and a greater sense of well-being and motivation among employees at project sites.
Taking a giant leap towards modularization in construction methodologies, L&T’s Heavy Civil Infrastructure team at Kakrapar Atomic Power Plant lifted and installed a 355 MT Inner Containment dome liner as a single unit. The team had worked tirelessly over a four-month period to create the structure. This involved executing over 53 km of welding to piece the structure together to form a unique tori-spherical shape, brought about by the two-dimensional bending of the backing members.

The Atomic Energy Regulatory Board (AERB), one of the toughest regulatory bodies in the country, complimented them saying that they were unable to differentiate between the 3D model of the dome liner and the one created by L&T. The flawless execution of the project came on the heels of five consecutive RoSPA Gold Medals and three consecutive Sarvasreshta Suraksha Puraskar from National Safety Council of India, for their impeccable safety record.
Green Portfolio: Products & Services

We developed our Green portfolio to deliver engineering and design solutions focused on sustainability. This includes technology solutions that are low on carbon emission, water consumption and air pollution to improve energy efficiency with clean energy and resource conservation. As the world takes the path towards low carbon economy to implement Climate Change Mitigation and Adaption strategies, it is essential to create green infrastructure that reduces GHG emissions. Our Green Portfolio offers infrastructure that has low impact on the environment and focuses on public well-being.

Renewable Energy

Solar Power Plants
Solar Photo Voltaic (PV) based power plants utilize renewable solar energy and contribute to reduction of GHG emissions.

L&T rolled out tracker technology on a large scale and is currently executing more than 200 MW of tracker-based projects. L&T commissioned India’s largest solar tracker-based power plant in Tamil Nadu. Through a first-of-its-kind distributed generation project in Bihar, the solar business has entered the energy storage business, providing solar power to 200 villages.

Hydro-power Plants
Our ‘Water to Wire’ solutions
Renewable energy based power plants that harness the energy of moving water.

Hydel projects with an aggregate capacity of 870 MW are in various stages of development by L&T.

Energy Efficiency

Efficient Power Transmission and Distribution System
L&T offers highly-efficient Power Transmission and Distribution Systems (PTDS), designed to reduce pilferage as well as transmission and distribution losses. This saves 20-40% of electricity, and reduces CO₂ emissions significantly. PTDS includes transmission lines, underground cable networks, substations, distribution networks, electrical, instrumentation and communication solutions.

The Transmission Line business has commissioned about 20 transmission corridors of 2,400 km in length in FY16-17. The projects commissioned include India’s longest 765 kV D/C Kudgi TL (380 km) and 400 kV Quad Moose D/C Madhugiri to Bidadi Transmission Line (94 km).

Energy-efficient Equipment
L&T’s Electrical & Automation business offers a range of eco-friendly products, systems and services for industrial, commercial and residential applications.

Products: Low-watt loss fuses, AC drives, soft starters, power factor improvement capacitors.

Systems: Industrial & building automation solutions, smart metering systems.

Software Functions: Energy performance analysis and integrated energy management systems.
Our green products and services portfolio showed a stellar growth and increased to ₹ 197.94 Billion in the FY 2016-17. It contributed to 28.99% of overall sales.

**CO₂ Emission Reduction**

**Metro and Mono Rail**
Mass Rapid Transit systems provide enhanced connectivity, reducing the number of vehicles on the road, which in turn, reduces pollution and maximizes resource efficiency.

**L&T has successfully executed metro rail projects in multiple cities across the country and internationally. L&T is executing the Hyderabad Metro project covering a total distance of 71.16 km in 3 different corridors. This is the world’s largest public-private-partnership in the urban transportation sector.**

**Green Buildings**
The Company constructs certified Green Buildings which consume less energy and water, utilize recycled material and locally sources most of its construction material.

**More than 49.1 million sq. ft. of Green Building space has been constructed by the Company for its clients. Additionally, 8.84 million sq.ft. of green space is under various stages of construction.**

**Water & Resource Conservation**

**Water Treatment & Distribution Infrastructure**
L&T constructs bulk distribution and water treatment systems, waste water treatment plants, effluent treatment & recycling plants and lift irrigation systems.

**L&T has built over 2600 MLD of water treatment plants and laid over 31,000 km of water and wastewater pipelines. The business has also laid pipeline networks to bring more than one lakh hectares of land into cultivation.**

**Supercritical and Ultra-supercritical Thermal Power Plants and Equipment**
Supercritical technology aids energy efficiency with lower fuel and water consumption, emitting lesser Green House Gases (GHGs). Its land requirement and O&M expenses over the project lifecycle are also lower.

**L&T is executing 4 orders of ultra-supercritical and supercritical thermal power plants in India.**

**Coal Gasifiers**
Coal gasification technology offered is used to produce synthesis gas, an economical alternative to natural gas. Synthesis-gas based plants use coal economically, thereby lowering CO₂ emissions.
Conservation through Connectivity
At L&T, we constantly scout for ways and means to reduce the environmental impact of our operations and campuses. We are guided by international conventions on mitigating climate change, and our own conscience, as we move towards a green future. Our environment protection initiatives focus on minimizing use of natural resources, building efficient infrastructure, reducing emissions; and more importantly bringing about a behavioural change in stakeholders, to successfully sustain our efforts.

L&T’s Corporate Environment, Health and Safety (EHS) Policy defines our business philosophy on environment management. We have a team of dedicated EHS managers at our facilities and project sites, to implement the policy initiatives. The workforce is regularly trained on aspects of environment conservation, to ensure smooth implementation. Since 2009, we have been setting environment-based targets for ourselves, as a part of our Sustainability Programme. We are currently implementing the third Sustainability Roadmap 2021. To ensure that our targets are met, we review our environment performance periodically at the business and corporate level. We also ensure our critical suppliers implement our Environmental and Social Code of Conduct, which helps us to manage the impact of a project lifecycle in a holistic manner. In 2016-17, a total expenditure of about ₹ 0.13 billion was incurred on environmental pollution control and management measures.

### Key Environment Performance Highlights 2016-17

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>All our 24 L&amp;T campuses in India are now Water Positive, as a result of our painstaking efforts in achieving ‘zero wastewater discharge’ and executing rain water harvesting projects at campuses.</td>
<td>More than 82 million units (kWh) of energy has been saved, avoiding over 68,000 tons of CO₂ emissions at our establishments, cumulatively over the last eight years.</td>
<td>34.7 million units (kWh) of renewable energy used in campuses, contributing to more than 7.1% of our electrical energy mix.</td>
<td>26,583 tons of Steel and 488 tons of Zinc, recycled during the last five years.</td>
<td>L&amp;T currently has 16 green buildings and one green factory, covering 2.3 million square feet of green building area within our campuses.</td>
<td>Achieved 11% reduction in specific water consumption (domestic) m³/ workforce since last year.</td>
</tr>
</tbody>
</table>
We make conscious and serious attempts to conserve fossil fuels, by increasing our share of renewable energy consumption. A team of dedicated in-house Bureau of Energy Efficiency (BEE) certified energy managers and auditors, helps us manage energy at our manufacturing facilities. We have now initiated energy audits at our major project sites. In 2016-17, the Company’s direct energy consumption was 5,988,755 GJ and indirect energy consumption was 1,652,040 GJ. Our energy consumption outside the organization covering transport facilities provided to the employees is 227,870 GJ.

This year, our direct energy consumption increased by 14% and indirect energy consumption increased by 18.38% w.r.t. to last year, due to increased activity at our project sites and the cyclic nature of the project business. Our major business is Engineering, Procurement and Construction (EPC) of projects, where energy consumption is related to the stage of project execution. We will continue to adopt recommended measures to manage energy across campuses and project sites.

Note: The values for 2014-15 and 2015-16 are restated after excluding L&T Infotech operations, which is not part of the scope of the report, from this year onwards. Since this year, as per our new Sustainability Roadmap 2021, we have started reporting energy intensity per turnover instead of intensity/employee.

It is our constant endeavour to increase the share of renewable energy in our overall energy mix. We generate energy from renewable sources at 18 campuses. Four of our campuses source wind energy, and one campus started procuring solar energy this year.

Our campuses utilize 33 million units of electricity supplied by wind powered turbines.

Solar energy equivalent to one million units is harnessed on L&T campuses.

The food waste processing plants at four campuses contribute to more than 7,465 m³ of biogas, which is used as fuel in canteens.
We believe that water is a critical resource which should be preserved. We contribute to the cause, with our sustainable water management solutions. To effectively manage its water footprint, L&T undertook initiatives like creating zero wastewater discharge campuses, water conservation, recharging underground aquifers through rain water harvesting, community watershed programmes, and water footprint assessment.

State-of-the-art wastewater treatment systems have been installed at all our campuses and treated wastewater is re-used within the campuses for gardening, toilet flushing and cooling tower applications; thereby reducing fresh water consumption. Water storage structures like check dams, ponds and anicuts are built by the Company for the communities around its facilities. The subsequent increase in water storage and ground water recharge, helped communities gain improved access to water for drinking and agriculture.

**All 24 L&T Campuses across India achieved Water Positive Status in 2016.**

**Keeping tabs on water consumption**

We account for the water footprint of the Company with water credit and debit calculations. Water debit is calculated as the fresh water consumed by the campuses and water credits include rain water harvested, water stored in check dams, water recycled and reused. The Water Positive status is conferred upon a manufacturing location, only when the amount of water withdrawn for industrial usage, is less than the amount of water given back to society and nature.

The water harvesting structures developed by L&T in Maharashtra, Madhya Pradesh, Tamil Nadu and Rajasthan, have accumulated more than 2,400 million litres annually. L&T also harvested 408 million litres of water at its various establishments. This brings the total water credit (returned to society and nature) to 4,125 million litres, whereas the water utilized or water debit was at 3,900 million litres. Water positivity of manufacturing campuses was affirmed on the principles of completeness, reliability and accuracy by DNV GL Business Assurance India Pvt. Ltd. – an independent certification agency.

Water positivity of all L&T campuses is a key initiative taken in L&T’s Sustainability Roadmap 2021. The water positive status reaffirms the Company’s commitment and rigour towards water efficiency as part of its corporate sustainability programme.
Water

We have installed water conservation-related infrastructure and make efforts to sensitize our employees towards conserving water on a regular basis. We employ better technologies, recycle and reuse water to minimize freshwater consumption. We also organize initiatives that build a habit of consuming less water, diligently. Our efforts have paid off significantly, as we have been able to consistently curtail the amount of water withdrawn, and all our 24 campuses have turned ‘water positive’, along with adopting a ‘zero wastewater discharge’ approach. This is a result of our painstaking efforts towards constructing water storage structures, rain water harvesting facilities and ensuring no wastewater is discharged outside campuses.

8.71% of the total fresh water consumed at our campuses and project sites is reused/recycled.

### Water Consumption (m³/year)

<table>
<thead>
<tr>
<th>Source of Water</th>
<th>2014-15</th>
<th>2015-16</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>River/Lake</td>
<td>2,658,487</td>
<td>2,641,888</td>
<td>2,729,343</td>
</tr>
<tr>
<td>Municipal water</td>
<td>2,043,298</td>
<td>1,362,496</td>
<td>1,300,086</td>
</tr>
<tr>
<td>Rain water</td>
<td>71,694</td>
<td>80,602</td>
<td>411,313</td>
</tr>
<tr>
<td>Ground water</td>
<td>509,279</td>
<td>2,913,517</td>
<td>2,395,844</td>
</tr>
<tr>
<td>Others</td>
<td>4,417,321</td>
<td>1,632,036</td>
<td>2,498,674</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,700,080</strong></td>
<td><strong>8,630,539</strong></td>
<td><strong>9,335,260</strong></td>
</tr>
</tbody>
</table>

The total wastewater discharge is 652,776 m³. Our wastewater discharge does not significantly impact any water body, protected area or area of high biodiversity value.

Note: The figures are restated after excluding L&T Infotech operations, which is not part of the scope of the report, from this year onwards.

### Campaign for water conservation

L&T’s Water & Effluent Treatment business at Bhatpara site kicked off a water conservation campaign with the Bhatpara Municipality, Jagaddal Police Station and Local Panghat Club. The team conducted awareness sessions on the value of water and encouraged locals in the area to use water efficiently. The municipality had installed drinking water taps for the locals, but some of them were either stolen or damaged, leading to wastage. The Company repaired the existing taps and saved up to 3,800 litres of water per day.
CASE STUDY

Soil for water – a winner all round
Soil sourced from farms ensure water storage for farmers

L&T is constructing a 95-kilometer railway line in Vidisha District, Madhya Pradesh. This project includes railway track laying with signal systems. The project uses blanketing soil to lay tracks. The area around it, had a considerable overburden and limited amount of good soil as the ground hits hard rock, five to six meters below the ground level.

The Company had a choice to either purchase soil from areas close-by or from a distant location which adds to the transportation costs. If they were to use soil from the vicinity, it meant additional procurement efforts as it had to be gathered from many farms. The land owners in the area are farmers with large farmlands. Yet, they lacked water all year round, and had no access to rivers or canals to cater to farmland requirements.

The only available source of water was the monsoon showers. Monsoons brought in a good amount of rainfall, yet the water could not be stored and used for agriculture. This situation restricted income from farming as it could only support one crop a year, and that too crops like Chana which do not require large amounts of water.

L&T held a series of stakeholder consultations to understand the situation and needs of farmers. It then joined hands with villagers to take soil from the vicinity, thereby creating a win-win situation for both parties. The soil collection process created large mine pits, which could be converted into water storage reservoirs. This move helped integrate sustainability with business as the Company got soil at fair-value, and farmers received good value and reservoirs, which they could not have created by themselves.

Result

The intervention led to storage of rainwater in reservoirs, which is now used for growing crops like wheat and rice. These reservoirs are part of individual farmlands and water is directly pumped for irrigation. The soil is fertile and hence India’s best quality wheat is now cultivated in the region. The area now harvests up to two crops a year, improving its prosperity. More than 39 reservoirs were created, which are filled once a year holding more than 1,159 million liters of water. This transformed the lives of villagers, making it a defining case of bringing sustainability into their business.
**Air Emission**

We monitor air emission at our campuses and project sites, and take necessary measures to control them efficiently. Our monitoring systems ensure that all our emission are within the permissible regulatory limits. In line with applicable regulations, we have phased out the use of Ozone Depleting Substances (ODS). We could reduce our emissions in 2016-17 due to the increased use of alternate sources of energy via reliable power purchase agreements. This helped us cut down the use of DG sets which were the principle source of air emissions.

Note: The ODS consumption is majorly due to the use of refrigerants in air conditioners and chilling plants.

**GHG Emissions**

<table>
<thead>
<tr>
<th>Scope 1</th>
<th>Scope 2</th>
<th>Scope 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct GHG emissions 434,802 tons of CO₂</td>
<td>Indirect GHG emissions 349,206 tons of CO₂</td>
<td>Other indirect GHG emissions 3343883 tons of CO₂</td>
</tr>
</tbody>
</table>

At L&T, we believe that the industry can play a key role in climate change mitigation and we recognize our responsibility towards reducing our Greenhouse Gas (GHG) emissions. We manage our emissions at our facilities through the dual strategy of reducing energy consumption, and utilizing renewable energy sources. The source of GHG emissions in our operations are:

**Scope 1 emissions**

Consumption of fuels like petrol, high speed diesel, furnace oil, natural gas, LPG, CNG and acetylene.

Note: The energy, GHG emissions and water consumption intensity per employee have been derived as per the Scope of Reporting (Refer Section - About the Report) Calculation methodologies are as per ISO 14064-1 standard and the global warming potential used in these calculations is taken from IPCC and WBCSD GHG protocol.

**Scope 2 emissions**

Utilization of grid electricity supplied by state electricity supply boards.

**Scope 3 emissions**

Business travel, employee commuting provided by the organization and waste generation in operations. We are also capturing a part of the Scope 3 emissions from upstream and downstream transportation, emissions from purchased goods and services. We are expanding the inventory of scope 3 emission to make the data more inclusive. Emissions from leased assets (upstream) and investments are included in the Company’s Scope 1 and Scope 2 emissions. Initiatives such as technology change, switching to renewable energy and improving energy efficiency are enabling us to reduce our Scope 1 and Scope 2 GHG emissions.
Energy Conservation

The Company places an enormous emphasis on energy conservation. In the last eight years, we saved more than 82 million units (kWh) of energy, avoiding over 68,000 tons of CO$_2$ emission at our establishments.

Note: The figures are restated after excluding L&T Infotech operations, which is not a part of the scope of the report, from this year onwards.

<table>
<thead>
<tr>
<th>Interventions</th>
<th>Energy savings GJ/Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process redesign</td>
<td>13,979</td>
</tr>
<tr>
<td>Optimization and operational control efficiency</td>
<td>133</td>
</tr>
<tr>
<td>Conversion and retrofitting of equipment</td>
<td>8,823</td>
</tr>
<tr>
<td>Change to CFL and LED lamps</td>
<td>1,944</td>
</tr>
<tr>
<td>Change in personal behaviour and auto-shutting of lights when not in use</td>
<td>886</td>
</tr>
<tr>
<td><strong>Total energy conserved</strong></td>
<td><strong>25,765</strong></td>
</tr>
</tbody>
</table>

Cumulative Energy Conserved (GJ)

<table>
<thead>
<tr>
<th>Year</th>
<th>GJ Conserved</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>242,579</td>
</tr>
<tr>
<td>2015-16</td>
<td>273,032</td>
</tr>
<tr>
<td>2016-17</td>
<td>298,797</td>
</tr>
</tbody>
</table>

Major Energy Conservation Measures

Installation of Blower for Pre-treatment agitation in Electrical and Automation business – Coimbatore campus, led to saving of 12,000 units.

Savings of 18,000 units by installation of VRV system to meet the varying requirements of the Admin Building at Electrical & Automation business – Coimbatore campus.

Savings of 13,500 units by reduction in AC load by installation of switch dampers with occupancy-based controls in conference rooms, meeting rooms, etc., at Electrical and Automation business – Coimbatore campus.

Savings of 50,000 units by proper operation and maintenance of Chillers in Precision Machining Centre, Heavy Engineering Business – Coimbatore campus.

Savings of 40,000 units by trimming of chilled water pump impeller diameter and temperature-based ON-OFF controlling of AHU chilled Water at Precision Machining Centre, Heavy Engineering Business – Coimbatore campus.

Savings of 84,000 units by installation of motorised fresh air damper for controlling fresh air in AHUs at Heavy Engineering – Coimbatore campus.

Savings of 33,000 units by replacement of plant luminaries (54 W X 6FTLs) with MH luminaries / Induction Lamps / LED luminaries in Precision Manufacturing Facility, Heavy Engineering Business – Coimbatore campus.

Installation of transparent roofing in plant sheds for utilization of day light in Precision Manufacturing Facility, Heavy Engineering Business – Coimbatore campus.

Installed breaker at 400 tons gantry crane and saved energy and diesel cost, with savings of 34920 Litres of Diesel at Heavy Engineering Business – Hazira campus.

Replacement of 36W light fittings with 18W LED in Heavy Engineering Business – Hazira campus led to savings of 25,661 units.

Installation of 135W LED overhead lights led to savings of 280,502 units at Heavy Engineering Business – Hazira campus.

Coolant system was upgraded in Asquith machine at Heavy Engineering Business – Hazira campus saving 123,780 units.
At L&T, we have recognized effective waste management as a key part of environment management. We reduce, reuse and recycle waste generated at our project sites to cut down our environmental impact and Carbon footprint. We have measures in place to eliminate and contain spills and regularly report on waste and spills as part of ISO 14001 and OHSAS 18001 compliance. At L&T, we conduct periodic assessments internally and also with third party auditors, to ensure compliance with applicable regulations.

**Highlights of our waste management strategies:**

**Transport and Disposal**
- Hazardous waste like used oil, oil-soaked cotton waste, used chemical / paint / oil containers, batteries, paint residues and ETP sludge is disposed through government-approved recyclers / re-refiners / re-processors.
- Hazardous waste is transported as per the statutory requirements.
- Electronic waste (e-waste) is disposed through authorized vendors as per the statutory requirements.
- Biomedical waste generated at dispensaries and health centres is disposed as per statutory requirement and responsible disposal is ensured.
- The Company does not import, export, transport or treat any hazardous waste covered under the Basel Convention.

**Waste-to-worth**
- The Company has invested in reducing, recycling and reusing waste generated at its campuses. The waste from the canteens is treated either in a biogas plant or at organic waste composters at L&T campuses in Ahmednagar, Bengaluru, Chennai, Hazira, Knowledge City (Vadodara) Leadership Development Academy (Lonavala), Mahape, Mysore, and Powai. The biogas generated is put to good use by using it as a fuel for cooking, and the manure produced is utilized for gardening.
- Apart from this, our project sites take specific initiatives to reuse waste material. Pre-cast slabs are used for concreting, instead of discarding them. Their applications include creating walkways, material stacking, internal approach roads and more.

**Turning scrap into storage systems**

L&T’s Water & Effluent Treatment business at IT City, Mohali site started using scrap to stack material in the store area.

- Sluice valves boxes are used for stacking of pipe fittings
- Scrap HDPE pipes are used for stacking nuts and bolts
- Cable drum wood is used for making partition walls in stores
- Cable drum wood is used for making a bench to display the PPE
Our facilities are located in notified industrial areas. No species listed in the International Union for Conservation of Nature (IUCN) Red List and National Conservation List was found to exist at our campuses. More than 150,000 trees are nurtured at L&T campuses. This year, we have planted more than 295,000 trees at our campuses and project sites. A tree inventory portal is set up by the Company to monitor the number of trees planted across campuses and project sites, on a quarterly basis.

It is our constant endeavour to increase the tree cover and create natural carbon sinks. At L&T events and functions, guests are welcomed with Tree Certificates instead of floral bouquets. A sapling is planted and maintained, on behalf of the guest, as per the certificate. A guidance document on scientific methods of tree plantation and maintenance, has been made available across campuses and project sites.

All our campuses and project sites have taken the necessary approvals from local authorities before commencing operations. Compliance with respect to various statutes, rules and regulations applicable to L&T, is ensured. There is a ‘system compliance report’ which is reviewed at all units and regional offices, and submitted to the corporate secretarial department on a quarterly basis. During the year, there were no incidences of non-compliance, and no fines were imposed within the reporting period on L&T campuses.

L&T’s Water & Effluent Treatment business recycled waste flyash into bricks at its project site at IT City, Mohali. Over 0.7 million fly ash bricks were produced on site, through an eco-friendly process that does not require coal. The bricks were used to construct electrical chambers, foundations and gully chambers.
At Darlipali in Odisha, L&T Power recycles waste concrete cubes to prepare the foundation of testing machines, boundary walls, material stacking at fabrication yard, and more. The site cast 7,000 sets with six cubes each as per the contract, which are rendered as waste after compression testing. This initiative eliminated wastage and met infrastructure needs without added environmental or financial impact.

L&T has instituted several resource-saving initiatives at its campuses. We promote the use of alternative materials such as fly ash and crushed sand in our Construction business. As most of our products are Engineered To Order (ETO), and most customer specifications insist on virgin material, the scope of using recycled material is limited. We continue to recycle Steel and Zinc in our operations.

### Material Management

<table>
<thead>
<tr>
<th>Materials (partially reported)</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ferrous</td>
<td>1,098,446</td>
</tr>
<tr>
<td>Non-ferrous</td>
<td>9,134</td>
</tr>
<tr>
<td>Hazardous chemicals</td>
<td>74,333</td>
</tr>
<tr>
<td>Oils and lubricants</td>
<td>1,575</td>
</tr>
<tr>
<td>Hazardous gases</td>
<td>10,488</td>
</tr>
<tr>
<td>Packaging material</td>
<td>5,081</td>
</tr>
<tr>
<td>Cement and sand</td>
<td>6,657,566</td>
</tr>
</tbody>
</table>

Tons
Most of our products are ‘engineered to order’ heavy equipment, which do not require packaging. Wherever packaging is required for distribution, we use green packaging materials and ensure that minimum packaging material is consumed. Given the nature of our business, it is not feasible to reclaim or recycle packaging material used for our products.

Effective use of rundown water

Hand pumps are a primary source of drinking water, but have many disadvantages, including wastage. Traditionally, workmen at sites use it to wash their hands and themselves, before they drink water, resulting in a lot of water rundown and waterlogging.

A water storage tank of 30 m$^3$ capacity was constructed with waste concrete (6.8 m$^3$) near a hand pump with a slope provided towards the tank. As people use the water at the pump, the rundown water is collected in the tank. This water is then reused for curing of fresh concrete and cover blocks, and for settling dust through sprinkling. Over and above water conservation, the initiative also ensured that the areas near hand pumps remained free of collected water, and saved manpower needed to clear waterlogging.
Cement collectors improve air quality and health

At our power project sites, ground mounted cement collectors are used to collect cement, reduce pollution and improve air quality. Cement collectors are installed at batching plants to separate cement particles that flow out, using filtering elements made of fabric polyester. As the dusty air flows through the cement collector and the filter, it separates cement particles. The cement accumulated on the filter elements’ surface is periodically removed by reverse air jet cleaning system with compressed air. It facilitates cement collection, while moderating risk in maintenance, apart from being a cost-effective solution.

These centralized ground mounted cement collector units help protect workforce and society from exposure to cement particles, reducing associated health issues. It also helps recover cement, reduce wastage, and enhance improve air quality.

We have installed ground mounted cement collectors at nine power project sites for 17 Batching plants which collect, on an average, one percent of cement fed to the silos.
L&T currently has 16 green buildings and one green factory, covering 2.3 million square feet of green building area within our campuses. A few of these are shown below.

**Green Buildings on L&T Campuses**
Our Social Performance

L&T leverages its inherent capabilities to devise unique technology-driven, innovative solutions to address social causes. One of its key strengths lies in its understanding of the lives and workings of local and underprivileged communities. Deep roots into the community and years of close interactions have equipped it to identify the most pressing needs and provide suitable remedies.

The Company’s Corporate Social Responsibility (CSR) theme is ‘Building India’s Social Infrastructure’. The objective is to improve the quality of life, while empowering communities and women with sustainable solutions. The community development projects undertaken are selected as per the revised CSR Policy formulated in 2014. It partners with all the stakeholders like communities, NGOs and institutions across areas like water & sanitation, health, education and skill development.

Access to cleaner water, hygienic surroundings, better health, education and new skills, has altered the lives of around 1.46 million individuals through our Community Development Programmes in 2016-17.

Corporate Social Responsibility Policy and Board Committee

The Company’s interventions are in line with the revised Companies Act 2013. In 2014, the Company constituted its Corporate Social Responsibility (CSR) Board Committee. It also revised its Corporate Social Responsibility Policy and developed a new CSR theme, ‘Building India’s Social Infrastructure’. This was based on a large scale interactive process with inputs from employees, NGO partners and the communities we serve. The theme acts as a lighthouse for the CSR programme, guiding the execution of holistic and integrated social development projects at identified locations.

The CSR Committee accords its approval for projects in line with the provisions of the Act. The CSR Committee is responsible for activities to be undertaken by the Company. It makes recommendations on the expenditure and monitors the implementation of the CSR Policy. As on March 31, 2017, CSR Committee Comprised of an Independent Director as the Chairman of the Committee and two Executive Directors.
Building India’s Social Infrastructure

Our aim is to improve the quality of life, mitigate social inequalities and help individuals achieve their true potential, in identified communities.

<table>
<thead>
<tr>
<th>CSR Programme Beneficiaries</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Focus Areas</strong></td>
<td></td>
</tr>
<tr>
<td>Water &amp; Sanitation</td>
<td>1,07,253</td>
</tr>
<tr>
<td>Health</td>
<td>9,93,878</td>
</tr>
<tr>
<td>Education</td>
<td>3,32,013</td>
</tr>
<tr>
<td>Skill Development (Including CSTI, vocational training and Neev)</td>
<td>34,696</td>
</tr>
<tr>
<td><strong>Total Beneficiaries</strong></td>
<td>1,467,840</td>
</tr>
</tbody>
</table>

Social Intervention Propellers

Corporate Social Responsibility (CSR Team)
This dedicated team, driving social interventions across the L&T Group, deploys the most effective levers of change to bring about long-term solutions for critical social problems.

Ladies Clubs
A unique intervention, the Ladies Clubs comprise employee’s spouses who initiate and implement developmental programmes in the communities near our campuses.

Larsen & Toubro Public Charitable Trust
Complementing the CSR team’s activities, the Larsen & Toubro Public Charitable Trust undertakes a wide spectrum of community development work.

Backyard-to-fork solutions

Kitchen garden training brings organic food to the table

One of L&T’s women empowerment initiatives is helping them grow kitchen gardens in their backyards. Seeds of ten vegetables were provided to women in six villages of Ahmedabad district. They were also provided with technical knowledge in growing Brinjal (Wangi), Palak, Drumstick (Shevga), Gawar, Dingari, Ladies finger (Bhendi), Karle, Chilly (Mirchi), Kakadi and Mula. The women took active part in the programme and took up the responsibility of executing and maintaining the gardens. Within a short span of three to four months, the households could harvest fresh, clean and organic vegetables for consumption. It saved them monthly vegetable expenses for an entire season, and cut down travel to distant markets. A variety of vegetables added nutritional value and diverse taste to their diet; and left with them cleaner backyards.
One of L&T's flagship CSR project is to aid water conservation in drought-prone areas by building watersheds. A thorough study on water availability was conducted before the projects commenced in select water-starved areas across the country. The interventions that were kicked off to improve the availability of water, progressed to health, education and skill development in a phased manner, achieving holistic development. The Integrated Community Development (ICD) programme was conceptualised and launched in 2014-15 to enable water-stressed rural communities to turn self-reliant, meet drinking water requirements, maintain sanitation, promote agriculture, with access to improved healthcare and education. After over two years, the programme noted many measurable outcomes.

The water-conservation structures and watershed activities were successful in increasing the water table and recharging ground water across project locations. Ground water levels were monitored periodically to gauge the effect of their activities. Improved ground water table, recharged open wells and bore wells led to better access to drinking water. Fields which were previously left fallow are gradually being brought under cultivation.

The projects brought communities together with enthusiastic engagement. A strong sense of ownership was witnessed across planning, monitoring and implementation phases of the programme. Not only were the beneficiaries willing to give up their private land for watershed activities, they also laboured for the construction. The beneficiary communities carried out 95% of watershed work, which also generated alternate employment opportunities for the community.

Thirty Village Development Committees (VDCs) were formed across locations, with participation from women. The VDCs took up the responsibility of meeting community members on a regular basis, monitoring and reviewing the progress of work and resolving issues at the community level. The VDCs have their own bank accounts where common funds and community contributions (generated through watershed activities) are deposited. The funds in the accounts act as a corpus to sustain the programme.

The progress of land treatments has enthused some VDCs to allocate Panchayat funds on an ongoing basis for the purpose. This is a significant step towards self-sufficiency and sustainability of the Programme. Many villages have also formed user groups which formulate operational norms for usage of water resources. The programme also conducts capacity building workshops on soil and water conservation techniques. These activities, along with crop demonstrations on Kharif and Rabi helped improve agricultural productivity.

Women play a key role in VDCs and have significantly contributed to watershed interventions so far. They helped as labour to build the structures and influenced decisions on implementation at different stages. They are being encouraged to form Self-help Groups to take up income-generating activities.

Empowerment of communities is essential for all the projects. An external impact assessment was carried out this year to gain an insight from an outsider's perspective about the ICD programme.

### Highlights

**Integrated Community Development Program in States of Maharashtra, Rajasthan and Tamil Nadu, has had a significant impact on the community**

**FOCUS AREAS**

- Construction of ‘Water Infrastructure’ including check dams, anicuts, contour trenches, farm bunds, farm ponds, and well restoration
- Drudgery-free access to clean drinking water, ensuring improved health and sanitation
- Availability of adequate fodder for livestock
- Empowering communities for long term viability of the initiatives through self-help groups participation

**QUANTITATIVE IMPACT**

- 80 SHGs formed
- 66 trainings conducted across issues like agricultural techniques, animal husbandry, access to markets, livelihood skills
- 28 animal health camps
- 1,130 kitchen gardens for households
- 9 exposure visits to view successful interventions for enhancing knowledge and awareness
- Support to 7 Balwadis benefiting 500 children
- Seed banks in 2 villages
- 150 crop demonstrations for farmers

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GRI 203-1, GRI 203-2
Agriculture is the largest provider of livelihood in the country. This key sector is far removed from the advantages of modernization, that other sectors enjoy. Most of the farmers across the country continue to use traditional and outdated methods of cultivation. Some areas suffer from lack of sufficient irrigation facilities that support agriculture.

One of L&T’s Integrated Community Development programmes is improving farmland productivity in six villages of Pathardi. The villages of Dharwadi, Dongarwadi, Damalwadi, Gitewadi, Joharwadi and Khandgaon have a total population of over 4,500 people. These villages were selected based on a Water Stress Index (WSI) study conducted by L&T across India. The study identified the most water-stressed areas in the country.

L&T undertook a two-step intervention as a part of its programme. The first step was to increase water availability to the areas, and the second is to subsequently improve crop productivity. As a part of the first step, the Company built check dams and farm bunds, to help raise the ground water table and provide fresh water to crops. The second step was to improve crop productivity levels with modern farming methods, taught by farm field schools. The schools helped develop soft skills of farmers and farmer groups, and trained them in scientific methods of farming.

L&T arranged 22 farm field schools, attended by more than 600 members of the community, including women. Horticulture experts taught them new techniques of farming, introduced them to organic fertilizers, and imparted knowledge on growing specific crops like onion, pomegranates.

After coaching by farm field schools, a change in farming practices was observed. Multiple crops were cultivated on lands which were previously under single cropping. Farmers brought in additional area under cultivation due to increased soil moisture contact and ground water availability. New cultivation techniques learnt through farm field schools, helped them improve yields as compared to the year before, with lesser input costs. The profit margins for farmers improved, leaving them with additional funds for investment.

The area under cultivation increased by 720 hectares. In the Rabi season, farmers cultivated crops like chickpea, jowar, wheat and onion. Many fields grew wheat for the first time in five years, after the volume of water available for farming, increased. Cultivation of Tur dal provided additional income to many farmers. The cost of cultivation went down by 30-40%, with the adoption of compost as manure, along with other integrated pest management techniques.
L&T implemented a watershed project at Pappampatti in Coimbatore district of Tamil Nadu state, using a holistic systems approach to its natural resource management strategy. The strategy helped the programme achieve multiple benefits in a truly integrated manner.

Many farmers in Coimbatore district had started abandoning their farm lands, and taking up other trades. Agriculture had become unviable as the area carries a high risk of drought, and its natural resources were fast declining. To reverse this dangerous trend, L&T instituted a participatory watershed programme along with the Pappampatti panchayat. The objective was to create a positive impact on the area’s natural resources, livelihoods and the environment.

As a part of the project, L&T constructed water harvesting and groundwater recharging structures. The watersheds, along with interventions, helped retain rainwater effectively, and were later utilized diligently. The farmers in the watershed villages were trained in lean farming techniques, helping them achieve higher productivity with lesser input costs. After many knowledge empowerment sessions by professionals, farmers started preparing organic manure. This manure has the potential to improve immunity of plants, against pests and diseases. Empowered with better knowledge on spraying organic and chemical formulations, farmers started practicing inter-cropping patterns, which involves planting crops with vegetables, leguminous fodder and minor millets.

The natural resource management activities helped improve groundwater availability. The interventions included water harvesting and curbing soil erosion. This helped improve cropping intensity, and diversified the use of land systems into areas like livestock management, horticulture, and vegetable cultivation. The number of income generating activities increased to allied trades. Overall, the watershed programme helped curtail land degradation, enhance agricultural productivity, and saved farmers from moving away from their land. It stalled intense labour migration, and improved the quality of environment.

### CASE STUDY

**Re-powering Fallow Lands**

*Water conservation methods bring farmers back to their lands*

**Creating a difference in farmers’ lives**

Ms. Sarojini of Chinnakalangal village of Pappampatti watershed is grateful to L&T. Her lands had been lying barren for a decade, before they were brought into cultivation. L&T’s interventions used chisel and disc ploughing, and trench cum field bund formation. She is now confident of cultivating a second crop in her fields, thanks to water retention.

Mr. Rangasamy increased his cropping area due to a substantial rise of water level of his borewells. He diversified his pattern of cultivation to include vegetable production. He feels very motivated through methodical interventions, rendered by L&T.

L&T’s watershed programmes brought Mr. Eswaran of Peedampalli village in Pappampatti back to farming. He had left his farms barren earlier as agriculture had become difficult. He started cultivating Drumstick (Moringa) in his fields which were adjacent to a channel renovated by L&T. Farming had become profitable for him, once again.

Mr. Ayyasamy of Kalangal village wound up the flooding method of irrigation he was practicing earlier, to use drip irrigation after L&T’s intervention.
### Education

The Company’s education initiatives include supporting pre-schools / Balwadis, infrastructure development for schools, providing educational materials, introduction of innovative teaching and learning methods for mathematics and languages, and capacity development of relevant stakeholders.

The Balwadi programme prepares children in disadvantaged communities for schooling. Urban and rural community learning centres were set up to provide after-school academic support to help children cope with their curriculum and prevent them from dropping out. The programme aids personality development of children with extracurricular activities, workshops on life skills and generating awareness on social issues.

**L&T supports 201 schools and has reached out to over 0.33 Mn children with its initiatives.**

### L&T-eering: Employee Volunteering Initiative

L&T encourages its employees to don the role of community volunteers, outside their working hours. It developed a platform to implement initiatives that are meaningful and effective for volunteers and beneficiaries. L&T employees are sensitive to social causes, passionate and committed to community development. L&T employee volunteers or ‘L&T-eers’ as they are called, are giving back enthusiastically to society each year, across locations.

This year, 3,366 employees opted to volunteer and worked on various initiatives.

### Catching them young

**Children’s Newsletters promote creative thinking and writing**

L&T Construction’s flagship programme Single Teacher Schools, spread over 125 villages in Kancheepuram and Thiruvalur districts of Tamil Nadu, have been improving academic capabilities and soft skills amongst 3,125 children. The primary objective of the programme is to infuse quality into education by supporting learning after school hours.

In 2016, the programme hit upon a unique idea of creating a children’s newsletter. The content of the newsletter including articles, art and puzzles were to be contributed by children. The motive is to infuse the love for writing, and thus improve linguistic skills of children at a very young age. The children who are trained appropriately, themselves came up with the title of the newsletter, called ‘Chutti Madal’ (Children’s Souvenir). Children voluntarily contributed articles on issues relating to their village, social issues, information gathered on science, etc. An editorial committee was formed by children from upper primary classes to select and edit stories. This built confidence, improved communication skills, and sparked their imagination.

Children have been enthusiastically participating in this exercise, displaying their creative writing skills. They are exhilarated when their news items are selected for the newsletter. It recognized the efforts of some children and motivated the rest. This exercise also has an important lesson for adults too, that ‘children have things to say’.
Talasari, located 140 km from Mumbai, is a backward and a poor district of Maharashtra. It is home to tribal communities who are either farmers or migrant labourers. Poor education, lack of proper nutrition and healthcare facilities, and the resulting problems have left the area economically and socially backward.

L&T Public Charitable Trust in partnership with SAP India and Pratham InfoTech Foundation have implemented a Computer-Aided Learning (CAL) and Digital Literacy as a Life Skill (DLLS) programme in the area. The main objective of this programme is to Bridge the Digital Divide in Government schools and enable school children to experience technology and understand how to operate computers. At the beginning of the programme, a baseline survey of the schools was carried out to assess the number of students and facilities available. Parallely, trainers (sancharaks) were recruited from villages and trained for 14 days to effectively teach the CAL and DLLS programme to the school children. Currently 82 sancharaks, four team leaders and a programme co-ordinator are appointed in the area.

CAL programme focuses on providing underprivileged children in the age group of five to nine, with access to Information Technology. Each centre has high quality hardware with educational software developed by Pratham, in various Indian languages. The programme is aptly designed around the school curriculum; with a library corner that has numerous educational books in the local language. They also have a craft corner that enables children learn their subjects through projects and the craft items that they prepare. Efficient computer instructors assist children in enhancing their day-to-day learning and skills.

The DLLS programme imparts IT education among secondary and higher secondary school children in the 10-15 years age group. The programme focusses on teaching basic technological skills which are in demand today. The activities improves job skills of the students and expands the relevance and scope of their education, making them technically competent.

The programme allows bright students to periodically take the laptops at their home. This helps children invest additional time in learning computer skills, and teach other children living nearby. It enhances their leadership and training skills. These children are named ‘Young Instructors’.

CAL and DLLS programme exposed students to new and interesting technologies, improved quality of learning at schools and piqued student interest, thereby improving enrollment and reducing dropout rates.
Health

L&T organises health and welfare activities for the underprivileged across its establishments in India. Permanent Health Centres or Health Camps have been set up to provide healthcare services in remote areas which have limited access to facilities. The Company set up its first Health Centre at Andheri in Mumbai in 1967. L&T has twelve Community Health Centres operational currently, at Ahmednagar, Chennai, Kattupalli, Coimbatore, Kansbahal, Thane, Lonavla, Surat, Vadodara and three in Mumbai. These provide healthcare facilities to the underprivileged. Apart from these, L&T has set up Artificial Kidney Dialysis clinics for the underprivileged at six Health Centres in Mumbai, Thane, Titwala, Vadodara, Surat and Chennai.

The health initiatives include conducting diagnostic and health camps for women and children in the areas of reproductive health and immunization, among others. The Company organizes malnutrition and anaemia mitigation camps, school and community health camps, eye check-up camps, blood donation and health awareness programmes. L&T Mumbai’s Anti-Retroviral Therapy (ART) centre conducts HIV/AIDS awareness camps, healthcare facilities, Anti-Retroviral Therapy (ART), counselling and testing.

Around 1 Mn individuals this year are not only aware of their medical conditions but also have better access to healthcare facilities, due to health camps and other health initiatives.

Hygiene for high-marks

Toilet facilities bring girl children back to schools

L&T is building social infrastructure that enhances the quality of life in small villages. In line with the national programme, ‘Swachh Bharat Abhiyan’, L&T’s Water and Effluent Treatment business constructed 26 toilet blocks consisting of 100 toilets. These are spread across nine states and constructed at 30 of its project sites. The toilets were constructed at Government and Trust run schools with provision for soak pits, and uninterrupted water supply in the form of a tank. Constructing toilets helped further the cause of girl child education. Their attendance improved, dropout rates were cut and even fresh enrollment of girls was noted in schools with good toilets.

Open dumping of sewage was cut down due to the intervention, reducing reported cases of illnesses.
Skill Development

Skill development has always been a significant area of interest for L&T and its CSR programmes. Vocational training courses and other skill-building activities align well with the objective of providing sustainable and inclusive growth. L&T’s Construction Skills Training Institutes (CSTIs) provide free-of-cost training in construction skills like bar bending, formwork carpentry, masonry, scaffolding, welding and electrical wiring, etc., to rural and urban youth to enhance their employability. The training is executed at nine CSTIs operational at Kancheepuram and Pulicat in Tamil Nadu, Panvel in Maharashtra, Pilkhuwa in Delhi, Jadcherla in Telangana, Cuttack in Orrisa, Attibelle in Karnataka, Chacharwadi in Gujarat and Serampore in West Bengal.

34,696 rural and urban youth, along with women from underprivileged communities, are being taught skills that will improve their employability and expand their opportunities.

Empowering rural women

Self-help Groups spark entrepreneurship in rural women

Self-help Groups (SHGs) were formed in six villages as a part of the women empowerment initiative under the Integrated Community Development Programme at Pathardi in Ahmednagar district of Maharashtra state. Currently, 28 SHGs are actively functioning in the villages, with a membership strength of 350. All the SHG members are trained, records are kept diligently, and meetings are held on a monthly basis. All the members contribute ₹ 100 per month and the funds collected are utilized to provide loans. Most women take loans, given out at two percent interest rate, for children’s education and similar requirements. The payback period is determined before the amounts are disbursed. For example, a loan of ₹ 3,000 has to be paid back in three months. If none of the members require loans, the money is deposited in the common bank account of the SHG. Sanyukta Mahila Samiti (SMS) is a federation formed with select members of SHGs. It is an overarching body and a common platform for all SHGs.

Apart from regular activities, 16 women of SHGs members are given ₹ 10,000 each as a revolving fund. This is a part of the income generation activities undertaken by the community. The amounts given as loans are utilized for entrepreneurial ventures.

Some of the activities undertaken by the initiative are backyard poultry, setting up cutlery stores and bangle shops, and purchase of picot-fall machines. These activities help them earn around ₹ 3,000 to ₹ 4,000 per month. As a steady stream of income starts flowing in, the women start repaying their loans. The other social development initiatives include drudgery reduction by giving out flour mills, LPG connections and sewing machines.
Aligning to Sustainable Development Goals

**Goal 1: End poverty in all its forms, everywhere**
- Vocational and life-skills training
- Income generation for underprivileged youth, and differently-abled
- Farm Field Schools
- Check dams and farm bunds for better water availability
  
**Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture**
- Nutritional support in pre-primary and primary schools
- Kitchen Gardens
  
**Goal 3: Ensure healthy lives and promote wellbeing for all at all ages**
- Welfare teams at the workplace
- Providing access to maternal, paediatric and general healthcare
- Regular health check-ups in schools and pre-schools
- Pre- and post-natal care
- Access to family planning methods
- Integration with national health programmes
  
**Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**
- Improving quality of education
- Promoting girl child education
- Nurturing talent
- School infrastructure development and providing learning aids, enhancing curriculum and impacting classroom learning

**Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**
- Creating resilient infrastructure and sustainable industrialization for our clients, through our product offerings – Green Products and Services Portfolio
- Encourage automation and focus on applying for patents / Intellectual Property Rights (IPR) to encourage innovation
- ‘Make in India’ initiatives, instead of importing, to create employment opportunities
  
**Goal 10: Reduce inequality within and among countries**
- Equal Opportunity Employer
- Policies and practices for empowering employees irrespective of age, gender, disability, race and religion
  
**Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable**
- L&T creates comprehensive smart technology solutions for critical infrastructure, covering airports, power plants, metro rails and IT parks
- L&T offers specialized turnkey GIS-based network management solutions for city surveillance, traffic monitoring and analysis
- Integrated Community Development Programme for water-stressed rural settlements
  
**Goal 12: Ensure sustainable consumption and production patterns**
- L&T proactively sets measurable targets through Sustainability Roadmaps, since 2009
- Material conservation, energy efficiency and sustainable production practices are key material aspects
5 GENDER EQUALITY

Goal 5. Achieve gender equality and empower all women and girls
- Skill development and vocational training programme
- Formation of women’s Self-help Groups (SHGs)
- Creating livelihood opportunities for women
- Toilets facilities in schools
Page 54, 95

6 CLEAN WATER AND SANITATION

Goal 6. Ensure availability and sustainable management of water and sanitation for all
- Integrated Community Development Programmes – Water & Sanitation projects through watershed development in rural areas
- Supporting Swachh Bharat Abhiyan
- Creating water bodies for communities
- Toilets facilities in schools
Page 77, 85, 92, 93, 96

7 AFFORDABLE AND CLEAN ENERGY

Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all
- Increasing renewable energy use within campuses and project sites
- Executing off-grid solar power projects for communities
- Green Products and Services Portfolio for customers
Page 30, 70

8 DECENT WORK AND ECONOMIC GROWTH

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- Empowering the workforce through learning, development and welfare initiatives
- Construction Skills Training Institutes – skilling youth
- Empowering women for self-employment
- Better resource availability for economic growth
Page 55, 62, 79, 97

13 CLIMATE ACTION

Goal 13. Take urgent action to combat climate change and its impacts
- Climate Change Mitigation Initiatives: promoting use of renewable energy, green buildings and energy efficiency
- Aligning efforts with National Action Plan on Climate Change (NAPCC), Government of India
Page 30, 31

14 LIFE BELOW WATER

Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- Risk Review of business processes to ensure that no negative impacts are created
Page 76

15 LIFE ON LAND

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- 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.
- In house guidelines on scientific tree plantation and maintenance
- Felicitation of guests with a Tree Plantation Certificate, instead of a floral bouquet
- Optimising use of natural resources
Page 69, 92, 93

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
- Collaboration with industry associations and Government bodies for promoting sustainable development
Page 33, 43

17 PARTNERSHIPS FOR THE GOALS

Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development
- Collaboration and partnership with State Governments, NGOs and ITIs
- Skill building programmes in the Middle East.
- Sharing best practices with stakeholders
Page 95
L&T executes projects and develops products of national significance across India and other select geographies. We recognize the responsibility that comes with our large-scale operations. It propels us to undertake measures to reduce the E, H & S Capital (EHS) impact of our offerings across their lifecycle, while maximizing economic benefits. To ensure this, we have a comprehensive EHS management system at our manufacturing facilities and project sites to identify, manage and minimize such risks.

Our practices in EHS management are complemented by the support of our supply-chain partners including contractors. We encourage them to be safe, efficient and reliable with minimal EHS impact as they work at our facilities, including the transportation of our products. We extend our environmental and social practices to the supply chain and are committed to implement our Environment and Social Code of Conduct, which is now a part of the Supplier Agreements.

**Our approach to product stewardship includes:**

- Management systems and internal audit processes to assess, prevent or mitigate potential EHS risks to our workforce at our facilities and project sites.
- Screening of suppliers and their working to enhance environmental and social performance throughout the supply chain and to promote responsible use of our products.
- Providing adequate information to our customers regarding the use of our products.
- Extending our ‘Green Products and Services’ portfolio, which helps customers improve their environment footprint and move towards a low carbon path.

**L&T’s E&A business filed 101 patents, three trademarks, four design applications in India, along with two foreign patent applications (in Malaysia) and 18 foreign trade mark applications (in Indonesia, Vietnam and Malaysia) during 2016-17. This was the 10th consecutive year, where we filed more than 100 patent applications. The business received grants for 50 patent applications (in India, USA, Australia and Europe).**

**Raising the roof with in-house capabilities**

L&T Hydrocarbon Engineering (LTHE) developed the in-house capability for roof-raising in Cryogenic Tank Projects. At the Reliance Dahej site, the Company is executing a project involving cryogenic ethane / LNG tank construction. A steel roof along with other structural attachments (total 850 MT) has to be lifted to an elevation of 37 m for the construction of the tank. This is done by using four air blowers, located at a temporary opening in the outer tank wall, at the ground level. Cryogenic tank roof raising forms a critical part of the Cryogenic Tank construction process and requires meticulous planning and strict quality checks to ensure that the roof is lifted in a well-balanced manner, flawlessly. It took a dedicated engineering team, months of planning and utilization of their combined expertise to execute this task successfully. The roof-raising operation was completed in seven hours. It took another 5 hours to weld it in place along with a compression ring at the top. The businesses’ in-house capabilities resulted in savings of ₹11 Mn, along with enhanced control of the process, and improvements in quality, safety and execution speed. The learnings and expertise gained will hold LTHE in good stead for executing similar projects in future.
Product stewardship highlights
across various businesses

Infrastructure

- Provision of new gravity sewers, force mains and pump stations for Kirulapone catchment area, Sri Lanka
- Extension of water transmission pipeline from the Lake Victoria Water Supply Scheme to Tabora, Nzega and Igunga towns, Tanzania
- State-of-the-Art international airports at Chandigarh and Kochi
- Hospitals and medical colleges for Employee’s State Insurance Corporation and the Government of West Bengal
- High-rise residential towers for DLF, Godrej, Prestige Groups
- Cement plants for Orient and Wonder Cement Ltd.

Heavy Engineering

- Atmospheric Residue Desulfurization (ARDs) Reactors and Fluid Catalytic Cracking (FCC) Reactor Regenerator Package for the RAPID project of Petronas, Malaysia
- K-COT Converter Unit for Lotte Chemicals, Malaysia
- HP Heat Exchanger package for KNPC, Kuwait
- Factory establishment for Hero Motor Corp Ltd.
- Bankura Water Supply Scheme, West Bengal
- 52 MGD Water Treatment Plant, South 24 Parganas, West Bengal
- Pudukottai Water Supply Package, Tamil Nadu
- Cuddalore Water Supply Package, Tamil Nadu
- Plant Water System at Raichur, Karnataka
- Hanamapur Lift Irrigation Scheme, Karnataka
- Sauni Yojana Link 3 Package 3, Gujarat
- Ganga River Front Development Project, Bihar

High-pressure piping for Greensville Power Project, Virginia, USA
- Steam Generators for Nuclear Power Corporation of India Ltd.
Electrical & Automation

Product and Project Launches

Omega Air Circuit Breakers 50kA – 2000A and 2500A
Enriched range of Capacitor Duty Contactors Type MO-C and expanded to Power Quality Solutions
Energy management solution through a new range of digital panel meters and energy management software

New Design Verified Power Distribution Solution – Ti – as per IEC 61439
Compact substation
For QRail, implementation of network-wide Building Automation and Control Systems for 37 stations

L&T Hydrocarbon Engineering

Offshore
ONGC's Additional Development of Vasai East Project

Onshore
Aviation Fuel Depot, New Abu Dhabi International Airport for TAKREER, UAE
Yibal Third Stage Depletion Compression and Saih Rawl Depletion Compression for PDO, Oman
Export Gas Compression facilities upgrade for Dolphin Energy, Qatar
Ethane/LNG storage facility and BOP for RIL, Dahej, India
Customer Delight

L&T customizes the design and delivery of its products and technologies to fulfill the varied needs of its customers. Be it infrastructure, engineering or smart world segments; we are not content in merely meeting customer expectations but work towards exceeding them. Our indigenously developed offerings focus on quality, as we continuously pursue operational excellence, supply chain management, resource utilization and cost optimization.

Customer satisfaction surveys are regularly conducted across all businesses, and the feedback received is weaved into our operations. The Heavy Civil Infrastructure business collects and reviews customer feedback on product quality on a monthly basis. The Power business obtains feedback through Voice of Customer (VoC) surveys. The results of this year’s survey show an increase in satisfaction levels. The Buildings and Factories business collects on-site feedback from customers every quarter, on a scale of 1 to 10 (10-Excellent, 1-Poor). In the year 2016-17, it received 320 responses from 93 project sites across various clusters with a total score of 8.2. Senior management personnel take part in reviewing feedback and suggest corrective and preventive actions in areas which receive below average scores.

Marketing Communication

L&T communicates periodically with multiple stakeholders like customers, channel partners, consultants and collaborators. All our communications conform to the recommended guidelines. We do not engage in the sale of banned or disputed products. During the reporting period, no complaints were received from any of our stakeholders about incorrect or misleading marketing communication.

Product Labelling

Our product labelling adheres to the relevant codes and specifications, and is monitored through a robust system. All our Electrical Standard Products (ESP), Electrical Standard Equipment (ESE) and industrial machinery, have the Bureau of Indian Standards (BIS) label. Most of the products are internationally certified, verified and tested at third-party laboratories. At time of the delivery, product specific documentation is shared with the customer and training is imparted as required for the safe use of products, along with services rendered during troubleshooting.

Compliance

L&T adheres to all the statutory regulations and voluntary codes related to its products and services. L&T implemented a structured system to review and report compliance on a quarterly basis. The compliance is regularly reviewed by the Executive Management Committee and the Board of the Company. During the reporting period, there were no incidents of non-compliance with statutory requirements, and no monetary fines were imposed.

Customer Health, Safety and Privacy

Customers' health and safety is a key criterion that we follow with our products and services. Safety aspects are considered at every step of the product and project, from design to commissioning. To minimize the related health and safety aspects of our products, L&T provides operation and maintenance (O&M) manuals and conducts training programmes for customers’ employees. Products are provided with adequate labelling, including product information and possible hazards. No incidents of non-compliance were reported with respect to regulatory and voluntary codes concerning the health, safety and labelling aspects related to any of our products or projects during the year. There were no complaints regarding breach of customer data or privacy in the FY 2016-17.
CASE STUDY

Safer project execution also reduces costs
Innovative HDPE pipe laying method cuts time

At the project site of IT City in Mohali, L&T Water and Effluent Treatment business’s team devised a new method for laying a nine-meter, deep trunk, sewerage HDPE line. The standard method involves lowering pipes using steel shoring and shuttering to avoid soil collapse. However, in spite of using a shoring box, there is the risk of a soil collapse and collection above the shoring box. Additionally, the use of MS shoring plates requires an 18MT Crawler Crane due to its high operating radius, resulting in additional execution costs. Moreover, executing pipe jointing at a nine-meter depth can also lead to life threatening situations.

New methodology devised by the L&T team

Based on the new method devised, the cross-section was reduced, since there was no human movement inside the trench. The slopes were designed to support the weight of the soil, and a wider cross section was adopted at the manhole chambers. Secondly, six-meter long HDPE pipes were joined above ground to a length of 30 meters prior to lowering in the nine-meter-deep trench. A subcontractor was encouraged to procure a Hydraulic Butt Fusion machine, which was then used to lower the pipes. Two 14 MT Hydraulic Cranes were used to lower 30-meter pipe spools. A 25 mm PP rope was used to pull one end of the belt from the ground level to remove the cotton belts from the lowered pipeline.

Result

The new method brought in cost savings to the tune of ₹ 17.2 million, with safe operations, and no time lost to injury. Moreover, the execution time was cut down by six months, enabling the team to complete laying of 10 kilometers of pipeline in a year. The job included fusion welding of 1,200 pipes, 0.3 million m$^3$ of earthwork excavation and construction of 300 manholes.
India’s Pink City is also
India’s First Smart City

L&T was entrusted with the task to transform Jaipur into a smart
city by Jaipur Development Authority, Government of Rajasthan. As a Smart City, it ensures 24x7 surveillance and facilitates on-line access to wide-ranging information about the city, its rich culture, historic locations, utility centers and e-Governance formalities at the click of a button. A host of smart solutions were incorporated including Wi-Fi hotspots, digital facilities at public hospitals, interactive information kiosks, surveillance cameras, Video surveillance through cameras at tourist sites, environmental sensors, parking information systems and remote kiosks with facility management services. The task called for quick integration of highly-sensitive information and communication-based smart technology services, and L&T responded to the call with state-of-the-art ‘smart solutions’.
L&T Smart World and Communication business was awarded ‘The Mumbai City Surveillance’ project, to develop a state-of-the-art surveillance system, to ensure citizen safety and real-time emergency response. The project included design, development and implementation of the CCTV-based surveillance system (MCS project) for the city. The system provides 24x7 surveillance through over 5000 cameras at 1500 locations, linked to a Network Operations Centre. The system monitors the region for law and order disruptions, like crowding, traffic incidents and incursions. An integrated smart analytics tool provides real-time updates and analysis, enabling the city’s administration to make informed decisions proactively.

The project improves the security scenario of over eighteen million people, living in urban Mumbai, helping spot potential dangers before they occur and reducing response time in any eventuality.
Awards & Recognition

Awards for Top Management

MS University Baroda Confers Doctorate in Science to Mr. A.M. Naik

Awarded ‘Honoris Causa’ from the Maharaja Sayajirao University of Baroda, for service to nation and society.

The prestigious Maharaja Sayajirao University of Baroda presented L&T's Group Executive Chairman, Mr. A.M. Naik, with an honorary degree - Doctor of Science (D.Sc.). It was given in recognition of his long and distinctive contribution to the nation and society. The Doctorate was presented by the Chancellor of the University, Mrs. Shubhangini Raje Gaekwad, at the 65th Convocation Ceremony held at the University's campus in Vadodara on December 17, 2016.

Mr. A.M. Naik Conferred Indore Management Association (IMA) Lifetime Outstanding Achievement Award

Our Group Executive Chairman, Mr. A.M. Naik, has been conferred the Lifetime Achievement Award 2017 by the Indore Management Association (IMA) – in recognition of his outstanding achievements during an illustrious career spanning around 52 years. The award was presented at a ceremony held on February 4, 2017 in Indore.

Mr. R. Shankar Raman is Financial Express’ CFO of the Year

At the first edition of the CFO Awards ceremony of the popular financial daily, The Financial Express (FE), Mr. R. Shankar Raman, Board Member and CFO of L&T, won the prestigious CFO of the Year award on March 24, 2017. The jury appreciated his excellent management of working capital that ensured L&T performed well even in tough economic conditions.

Awards for Sustainability

ICC Water Stewardship Award 2017

L&T was conferred the ICC Water Stewardship Award 2017 at the ‘ICC Corporate Governance & Sustainability Vision Summit’ held at Hotel Le Meridien, New Delhi. The Award recognizes the Company’s efforts in water conservation at its campuses and project sites. This award reaffirms L&T’s commitment and rigour towards water efficiency as part of its corporate sustainability programme.

Best Practices Award for Sustainable Development Goals

L&T was conferred the prestigious Best Practices Award for Sustainable Development Goals (SDGs) by the United Nations Global Compact (UNGC). The award was presented at the 12th National Convention on ‘Making Global Goals Local Business’, organized by the UNGC Network India, on April 28, 2017, at New Delhi.

CII ‘Most Innovative Environmental Project’ Award 2017

L&T received the award for its ‘Zinc recycling’ facility at Pithampur Campus of L&T Power Transmission & Distribution business’, organized by CII – Green Business Centre (GBC), Hyderabad. The facility was identified as an efficient implementation of 3R principle (Reduce, Recycle & Reuse) for material conservation and waste minimization. This was the 4th edition of the Environment Best Practices Award and more than 100 projects participated.
Awards for the Company

The Economic Times Iconic Brand of India Award
At a business summit held in Mumbai on March 24, 2017, L&T was honoured with the prestigious ‘Iconic Brands of India’ Award by The Economic Times (ET) – India’s leading business daily. The award was received by Mr. D. Morada, Head of Corporate Brand Management and Communications. The award recognizes L&T’s strong brand position and recall as a premium brand across business sectors.

ICSI National Award for Excellence in Corporate Governance for L&T
The Institute of Company Secretaries of India (ICSI) conferred its prestigious ‘National Award for Excellence in Corporate Governance 2016’ on L&T for following highest standards of corporate governance in its business operations, on December 24, 2016.

FICCI Quality Systems Excellence Award
L&T Power won the prestigious ‘FICCI Quality Systems Excellence Awards for Industry 2017 - Platinum (First) Prize in Construction Sector’ in the Large Size Organizations category. The award was presented at a conference on ‘Sustainable Industry Growth through Quality Systems’ on the theme ‘Quality Systems to Achieve Goal of Make in India’. It was held in New Delhi on January 20, 2017.

CII-EXIM Bank Award for Business Excellence
L&T Power was conferred the prestigious ‘CII EXIM Bank Award for Business Excellence – 2016’ (Recognition for ‘Strong Commitment to Excel’) in the Large Business Organizations category by the Confederation of Indian Industry (CII). The award was presented at the 24th National Quality Summit (Theme: The Digital Transformation of Business – Implications for Quality), held in Bengaluru on November 23, 2016.

Best Capital Projects & Infrastructure Risk Management Award from CNBC TV18
L&T was conferred the prestigious ‘Best Capital Projects & Infrastructure Risk Management Award’ at the India Risk Management Awards event organized by CNBC TV18, the country’s leading business news channel, in Mumbai on March 27, 2017. The award recognizes L&T’s new growth benchmarks and excellent risk management practices that were built into the Company’s business operations for effectively navigating uncertain waters of the global economy.

L&T’s Communications Team Wins Top Honours
L&T’s Corporate Brand Management & Communications team won 10 prizes and was voted ‘Champion of Champions’ by the Association of Business Communicators of India (ABCI). Across the past decade, Team L&T has consistently been voted as ABCI’s Champions of Champions. In recognition of this unique achievement, L&T was crowned ‘Top Business Communications Team of the Decade’. These honours were presented at the 56th ABCI Annual Awards Night in Mumbai on October 28, 2016.

BML Munjal Award 2017 for ‘Business Excellence through Learning & Development’
L&T won the prestigious BML Munjal Award 2017, for ‘Business Excellence through Learning & Development’ in the Manufacturing (Private Sector) category. The awards were organized by Hero Corporate Service Pvt. Limited during the 11th edition of the Mindmine Summit, an Annual flagship event of Hero Enterprise held in Delhi at The Taj Palace on April 20, 2017.

Asia Pacific Risk Management Award
L&T won the Asia Pacific Risk Management Award: ‘Best Risk Training Program of the Year’, for its Enterprise Risk Management (ERM) eLearning course from UK-based StrategicRISK magazine. The award was bestowed in recognition of the deployment of innovative tools for implementation of a risk training programme in L&T.
Introduction and objectives of work
BUREAU VERITAS has been engaged by Larsen & Toubro Limited (L&T) to conduct an independent assurance of its Sustainability Report for the year 2016-17. This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the Sustainability Report 2016-17 are the sole responsibility of the management of L&T. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

Scope of work
The assurance process was conducted in line with the requirements of the Assurance Standard AA1000AS (2008) Type 2 and ‘Moderate’ assurance. The scope of work included:

- Data and information included in Sustainability Report 2017 for the reporting period 1st April 2016 to 31st March 2017;
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported;
- Evaluation of the Report against the main principles of the AA1000 Assurance Standard (2008)
  - Inclusivity
  - Materiality
  - Responsiveness
- Evaluation of the Report against the principles of Accuracy, Accessibility, Balance, Clarity, Comparability, Reliability, Timeliness and Stakeholder Inclusiveness, as defined in the GRI Sustainability Reporting Standards for the reporting option “In accordance - Comprehensive”;

Methodology
As part of its independent assurance, Bureau Veritas undertook the following activities:

1. Visited selected locations of L&T and interviewed relevant personnel of L&T
   - Heavy Engineering, Hazira
   - Heavy Engineering- L&T SS & HF, Hazira
   - L&T Hydrocarbon MFF, Hazira
   - Buildings & Factories, Chennai
   - Heavy Civil Infrastructure, Chennai
   - Power Transmission & Distribution, Chennai
   - Smart World Communication, Chennai
   - Water & Effluent Treatment, Chennai
   - L&T Hydrocarbon Engineering Ltd. (LTHE)
   - L&T Power & Knowledge City, Baroda
   - Electrical & Automation, Baroda
   - Electrical & Automation, Ahmednagar
   - L&T Transportation Infrastructure, Mumbai

2. Interviews at these locations were conducted on video-conference
   - Metallurgical& Material Handling, Kolkata
   - Heavy Engineering, Vizag & Talegaon
   - Heavy Engineering- Sohar & Coimbatore
   - L&T Shipbuilding

3. Bureau Veritas also conducted a visit to Godrej Tree Residential Project site of L&T Infrastructure-Buildings & Factories business in Mumbai. The site visit was undertaken in addition to the interviews that had been conducted at the Building & Factories Chennai campus, prior to this visit.

   The assurance process involved carrying out an assessment by experienced assessors from Bureau Veritas. We interviewed Project and Plant Operations & Maintenance, managerial and supervisory personnel at various locations. The Sustainability & CSR team of L&T at Powai was also interviewed.

4. L&T had submitted performance data on reported GRI indicators. The data pertaining to each location visited was audited by Bureau Veritas through the process above described. The credibility of the reported data was confirmed by Bureau Veritas assessors through a comparison with data management platforms maintained by L&T such as SOFI, ERP, EIP, MIS & HR portals. Where necessary, relevant documentary records were also reviewed to confirm data trails up to reporting.
5. The data was audited on a sampling basis. It was confirmed that the same verified data for all locations went into preparation of the final data within the Sustainability Report 2016-17.

6. Bureau Veritas reviewed stakeholder engagement activities that had been undertaken by L&T prior to the preparation of the Sustainability Report. The Stakeholder Engagement process was reviewed. Various records of the stakeholder engagement activities were reviewed to confirm how aspects material to L&T stakeholders had been determined.

Our work was conducted against Bureau Veritas’ standard procedures and guidelines for external assurance of Sustainability Reports, based on current best practice in independent assurance.

Our findings
On the basis of our methodology and the activities described above, it is our opinion that:

- Nothing has come to our attention to indicate that the reviewed statements within the scope of our verification are inaccurate and the information included therein is not fairly stated;
- It is our opinion that L&T has established appropriate systems for the collection, aggregation and analysis of quantitative data such as Environmental, Health & Safety, Human Resources, Labour & Community interventions as well as Product and Investor related information.

Alignment with the principles of AA1000AS (2008)

Inclusivity
L&T has processes in place for engaging with a range of key stakeholders including socially responsible investors, shareholders, suppliers & contractors, Government officials, local community representatives and employees and has undertaken a number of stakeholder engagement activities in 2016-17 covering a range of topics such as customer satisfaction, employee welfare, supplier development, community welfare and environment.

Materiality
The Report addresses the range of environmental, social and economic issues of concern that L&T and its stakeholders have identified as being of highest material importance. The identification of material issues has considered both internal assessments of risks and opportunities to the business, as well as stakeholders' views and concerns. The material issues were identified by a process of stakeholder engagement through one on one meetings and other engagements.

Responsiveness
L&T is responding to those issues it has identified as material and demonstrates this in its policies, objectives, indicators and performance targets. The reported information can be used by the organisation and its stakeholders as a reasonable basis for their opinions and decision-making. The company has taken various initiatives towards delivering environmentally friendly services along with occupational health and safety, appropriate measures for emergency handling, control and risk management in its operations.

Evaluation against Global Reporting Initiative (GRI) Sustainability Reporting Standards

Bureau Veritas undertook an evaluation of L&T Sustainability Report 2016-17 against the GRI Sustainability Reporting Standards. This included cross checking the GRI index table against all the reference documents to provide an opinion on the self-declared GRI reporting option.

Based on our work, it is our opinion that the Sustainability Report 2016-17 has been prepared in accordance with the GRI Sustainability Reporting Standards including appropriate consideration of the reporting principles and necessary indicators to meet the requirements of GRI Standards Reporting Option "In accordance- Comprehensive".

Limitations and Exclusions
Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period stated hereinabove;
- Positional statements (expressions of opinion, belief, aim or future intention) by L & T and statements of future commitment;
- Our assurance does not extend to the activities and operations of L & T outside of the scope and geographical boundaries mentioned in the report as well as the operations undertaken by other remaining subsidiaries or joint ventures of the Company,
- This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with almost 180 years history in providing independent assurance services.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest.

The assurance team has extensive experience in conducting assurance over environmental, social, ethical and health & safety information, systems and processes an excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.

Sanjay Patankar
Lead Assurer
Manager- Sustainability & Climate Change Services
Bureau Veritas (India) Pvt. Ltd.

Rupam Baruah
Technical Reviewer
General Manager (East Region)
Bureau Veritas (India) Pvt. Ltd.

Date: 4th October 2017

GRI 102-56
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**Material Topics**


**GRI 200: ECONOMIC**

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| | 201-2 | 66 | - | Yes |
| | 201-3 | 55 | - | Yes |
| | 201-4 | 64 | - | Yes |</p>
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<td>202-1</td>
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**Material Topics**


**GRI 300: ENVIRONMENT**

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**Material Topics**

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<td>Human Rights</td>
<td>Businesses should support and respect the protection of internationally proclaimed human rights</td>
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<td>Human Rights</td>
<td>Businesses should make sure that they are not complicit in human rights abuses.</td>
<td>19, 21, 52, 66</td>
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<td>Principle 3</td>
<td>Labour</td>
<td>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</td>
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<td>Principle 4</td>
<td>Labour</td>
<td>Businesses should uphold the elimination of all forms of forced and compulsory labour.</td>
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<td>Principle 5</td>
<td>Labour</td>
<td>Businesses should uphold the effective abolition of child labour.</td>
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<td>Principle 6</td>
<td>Labour</td>
<td>Businesses should uphold the elimination of discrimination in respect of employment and occupation.</td>
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<td>Principle 7</td>
<td>Environment</td>
<td>Businesses should support a precautionary approach to environmental challenges.</td>
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<td>Principle 8</td>
<td>Environment</td>
<td>Businesses should undertake initiatives to promote greater environmental responsibility.</td>
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<td>Principle 9</td>
<td>Environment</td>
<td>Businesses should encourage the development and diffusion of environmentally friendly technologies.</td>
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<td>Principle 10</td>
<td>Anti-Corruption</td>
<td>Businesses should work against corruption in all its forms, including extortion and bribery.</td>
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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 engagements 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 and services.

26th November, 2014

A M Nair
Group Executive Chairman

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, NGOs and Institutions to create positive impact in areas of water & sanitation, education, health and skill development.
- Harnessed innovation and technology driven solutions to address social needs.
- Strengthen systems and processes to achieve measurable results.

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

26th November, 2014

A M Nair
Group Executive Chairman

116  L&T Sustainability Report 2017
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 processes
- Ensure compliance to statutory and other applicable requirements
- Prevent adverse environmental impacts and occupational health and safety risks
- Conserve natural resources, minimise waste generation and environmental emissions
- Implant structured training and augment resources for effective EHS performance
- Encourage communication, consultation and collaboration with all the stakeholders

A M NAIK
Group Executive Chairman

11th June, 2013

Corporate Human Resource Policy

We believe that people are our most valuable resource, and play a pivotal role in helping us realize 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 International Labour Organisation.

A M NAIK
Chairman & Managing Director

15th June, 2013
### Acronyms

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<td>Accountability 1000 Assurance Standard</td>
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<td>AHU</td>
<td>Air Handling Unit</td>
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<td>APDRP</td>
<td>Accelerated Power Development and Reform Programme</td>
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<td>ASEAN</td>
<td>The Association of Southeast Asian Nations</td>
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<td>ASSE</td>
<td>American Society of Safety Engineers</td>
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<td>ASSOCHAM</td>
<td>Associated Chamber of Commerce and Industry of India</td>
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<td>ATL</td>
<td>Any Time Learning</td>
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<td>Bombay Chamber Of Commerce &amp; Industry</td>
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<td>BIS</td>
<td>Bureau of Indian Standards</td>
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<td>Bn</td>
<td>Billion</td>
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<td>C&amp;A</td>
<td>Control &amp; Automation</td>
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<td>CDM</td>
<td>Clean Development Mechanism</td>
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<td>Carbon Disclosure Project</td>
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<td>CFL</td>
<td>Compact Fluorescent Light</td>
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<td>CFO</td>
<td>Chief Financial Officer</td>
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<td>CI</td>
<td>Confederation of Indian Industry</td>
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<td>CO₂</td>
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<td>LED</td>
<td>Light-Emitting Diode assembled into a lamp</td>
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<td>LEED</td>
<td>Leadership In energy and Environmental Design Widely used green building rating system</td>
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<td>Million Liters per day</td>
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<td>Royal Society for Prevention of Accidents</td>
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<tr>
<td>ROW</td>
<td>Right Of Way</td>
</tr>
<tr>
<td>SAARC</td>
<td>The South Asian Association for Regional Cooperation</td>
</tr>
<tr>
<td>SEB</td>
<td>Sustainability Executive Board</td>
</tr>
<tr>
<td>SEBI</td>
<td>Securities &amp; Exchange Board of India</td>
</tr>
<tr>
<td>SHG’s</td>
<td>Self Help Groups</td>
</tr>
<tr>
<td>SOFI</td>
<td>Data Management Software</td>
</tr>
<tr>
<td>SOP’s</td>
<td>Safe Operating Procedures</td>
</tr>
<tr>
<td>TL</td>
<td>Transmission Line</td>
</tr>
<tr>
<td>UAE</td>
<td>United Arab Emirates</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>USGBC</td>
<td>U.S. Green Building Council</td>
</tr>
<tr>
<td>VRV</td>
<td>Variable Refrigerant Volume</td>
</tr>
<tr>
<td>Wi-Fi</td>
<td>Wireless Fidelity</td>
</tr>
<tr>
<td>YoY</td>
<td>Year on Year</td>
</tr>
</tbody>
</table>
Feedback on Sustainability Report 2017

Thank you for your interest in L&T’s Sustainability Report 2017. Your feedback is important to us as it helps to improve our reporting on sustainability performance. Please do spend a few minutes to give us your feedback on this report. It will help us make it even more engaging and relevant to your needs.

1. Which of the following describes your affiliation with L&T?
   - [ ] Employee
   - [ ] Customer
   - [ ] Vendor/Supplier
   - [ ] Regulatory Agency
   - [ ] Other, Please specify ……

2. Your rating of the entire report
   - [ ] Excellent
   - [ ] Good
   - [ ] Fair
   - [ ] Poor

2.1 If you ticked ‘Excellent’ or ‘Good’, what did we do well? (Choose relevant options)
   - [ ] Navigation
   - [ ] Design & Layout
   - [ ] Readability
   - [ ] Comparability
   - [ ] Clarity in representation
   - [ ] Completeness

2.2 If you ticked ‘Fair’ or ‘Poor’, what do we need to improve most? (Choose relevant options)
   - [ ] Navigation
   - [ ] Design & Layout
   - [ ] Readability
   - [ ] Comparability
   - [ ] Clarity in representation
   - [ ] Completeness
   - [ ] Flow of information

3. How would you rate individual sections in depth and coverage?

3.1. Stakeholder inclusiveness (Prioritisation and engagement of stakeholders)
   - [ ] Depth
     - [ ] Appropriate
     - [ ] Too detailed
     - [ ] Too brief
   - [ ] Coverage
     - [ ] Appropriate
     - [ ] Too broad
     - [ ] Too narrow

3.2. People Performance
   - [ ] Depth
     - [ ] Appropriate
     - [ ] Too detailed
     - [ ] Too brief
   - [ ] Coverage
     - [ ] Appropriate
     - [ ] Too broad
     - [ ] Too narrow

3.3. Economic Performance
   - [ ] Depth
     - [ ] Appropriate
     - [ ] Too detailed
     - [ ] Too brief
   - [ ] Coverage
     - [ ] Appropriate
     - [ ] Too broad
     - [ ] Too narrow

3.4. Environmental Performance
   - [ ] Depth
     - [ ] Appropriate
     - [ ] Too detailed
     - [ ] Too brief
   - [ ] Coverage
     - [ ] Appropriate
     - [ ] Too broad
     - [ ] Too narrow

3.5. Social Performance
   - [ ] Depth
     - [ ] Appropriate
     - [ ] Too detailed
     - [ ] Too brief
   - [ ] Coverage
     - [ ] Appropriate
     - [ ] Too broad
     - [ ] Too narrow
3.6. Product Stewardship

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

3.7. Case Studies

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

4. How would you rate L&T’s Sustainability Report as compared to our peers?
☐ Excellent ☐ Good ☐ Fair ☐ Poor

5. Any other comments / suggestions (inclusions / exclusions)...

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

Please provide your contact details for updates.
Name: ____________________________ Company: ________________________________
Address: __________________________
Phone: _____________ Fax: _____________ Email: ____________________________

Fax/Email your responses to: Mr. Gautam Kar, Head, Corporate Infrastructure & Administrative Services,
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