

**THE BEST OF BOTH WORLDS**





Life is sometimes regarded as a series of 'Select One' options.

Self or society?  
Immediate gains or long term returns?  
Conservation or convenience?

At L&T we ask - do choices really need to be mutually exclusive?  
(There, a 'Select One' option again!)

We believe sustainability is all about re-visiting our choices. And making those that are informed, responsible, and most importantly, inclusive. We do not see industry and the environment as sworn adversaries or view profit as incompatible with a social conscience.

'क' - the first letter of the Devnagari script symbolises learning in all its varied aspects. It goes hand in hand with '₹', the symbol of currency, and life blood of economics.

Together, they point to a meeting ground of values

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



Global Compact Network  
 India





## Message from the Group Executive Chairman

Dear Fellow Stakeholders,

I am happy to present our seventh annual Sustainability Report, indicating the triple bottom-line performance (Economic, Environment and Social) and offering perspectives for the road ahead.

L&T views sustainability through the lens of its core values, consciously and continuously aligning our activities to priorities articulated by the nation's leadership. Soon after the Prime Minister of India - Mr. Narendra Modi launched the 'Swachh Bharat Abhiyan', we were among the first companies to respond with a comprehensive programme that encompasses the objectives of the national campaign. I am confident that our efforts will add traction to the drive for a cleaner India.

In tune with the growing recognition of the need for inclusive growth, the Company along with the L&T Public Charitable Trust has pledged to work towards 'Building India's Social Infrastructure'. The investments will cover the thrust areas of water & sanitation, education, health and skill development.

### Interdependent Communities

CSR at L&T has all along been premised on our belief in the essential interdependence of communities. There cannot be an India for the rich, and another India for the rest. Unity between extremes is inherently fragile, and even if it were to hold, would be unacceptable to any organization with a social conscience. That is why our community

initiatives pre-date the provisions of the Companies Act 2013. We are using the newly introduced provisions as a window of opportunity to streamline our processes and enhance the impact of our social outreach.

We have created a suitable structure for ensuring the effective implementation of the CSR programs through an Apex Sustainability and Corporate Social Responsibility team. During the year, we reached out to more than 800,000 beneficiaries through our intervention programs in education, healthcare and skill building - a 14 % increase from last year and indicative of the goals that we as a company have set for ourselves. We have increased the depth of our work through intensive interventions in our project areas and its width by expanding the ways in which we partner communities.

### Social Transformation through Water

We view water - in its pure, potable form - as an important community resource. The assurance of year-round availability of water sets in motion a train of benefits that touch multiple aspects of human life - physiological, cultural and social. As the check dams built by the Company and the L&T Public Charitable Trust have shown - a perennial water body eliminates the need for seasonal migration among tribal village communities. This in turn means that women no longer have to traverse far from home to fetch water; children can continue their studies without disruption and enhancement of livelihood

*There cannot be an India for the rich, and another India for the rest. Unity between extremes is inherently fragile, and unacceptable to any organization with a social conscience.*

*We reached out to more than 800,000 beneficiaries through our intervention programs in education, healthcare and skill building.*

*The assurance of year-round availability of water sets in motion a train of benefits that touch multiple aspects of human life - physiological, cultural and social.*

*Last year, L&T was adjudged 'Corporate Citizen of the Year - 2013' by The Economic Times. In addition, we have won laurels for our reporting and disclosure standards.*

options for communities. The tally of check dams that we have built has crossed 150. Within each of our factories and facilities too, the message of water conservation has been strongly propagated. All of our 28 major campuses have achieved zero water discharge status.

## Green Growth

We are investing in reducing our carbon foot print through various initiatives. We have successfully commissioned India's first monorail in Mumbai, thus providing an eco-friendly mass transit mode. With the addition of two new Green Buildings within L&T Campuses, we have also completed the construction of 43 million sq. ft. of certified green space for clients.

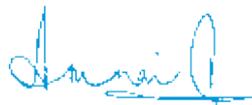
We are ensuring cleaner and greener technologies in our operations by using renewable energy, introducing sustainable practices across the product lifecycle.

## Public Recognition

I am happy to add that our CSR performance has won wide recognition. Last year, L&T was adjudged 'Corporate Citizen of the Year - 2013' by The Economic Times. In addition, we have won laurels for our reporting and disclosure standards. Among the leading corporates in Asia, L&T is being increasingly regarded as setting the benchmark for sustainability reporting.

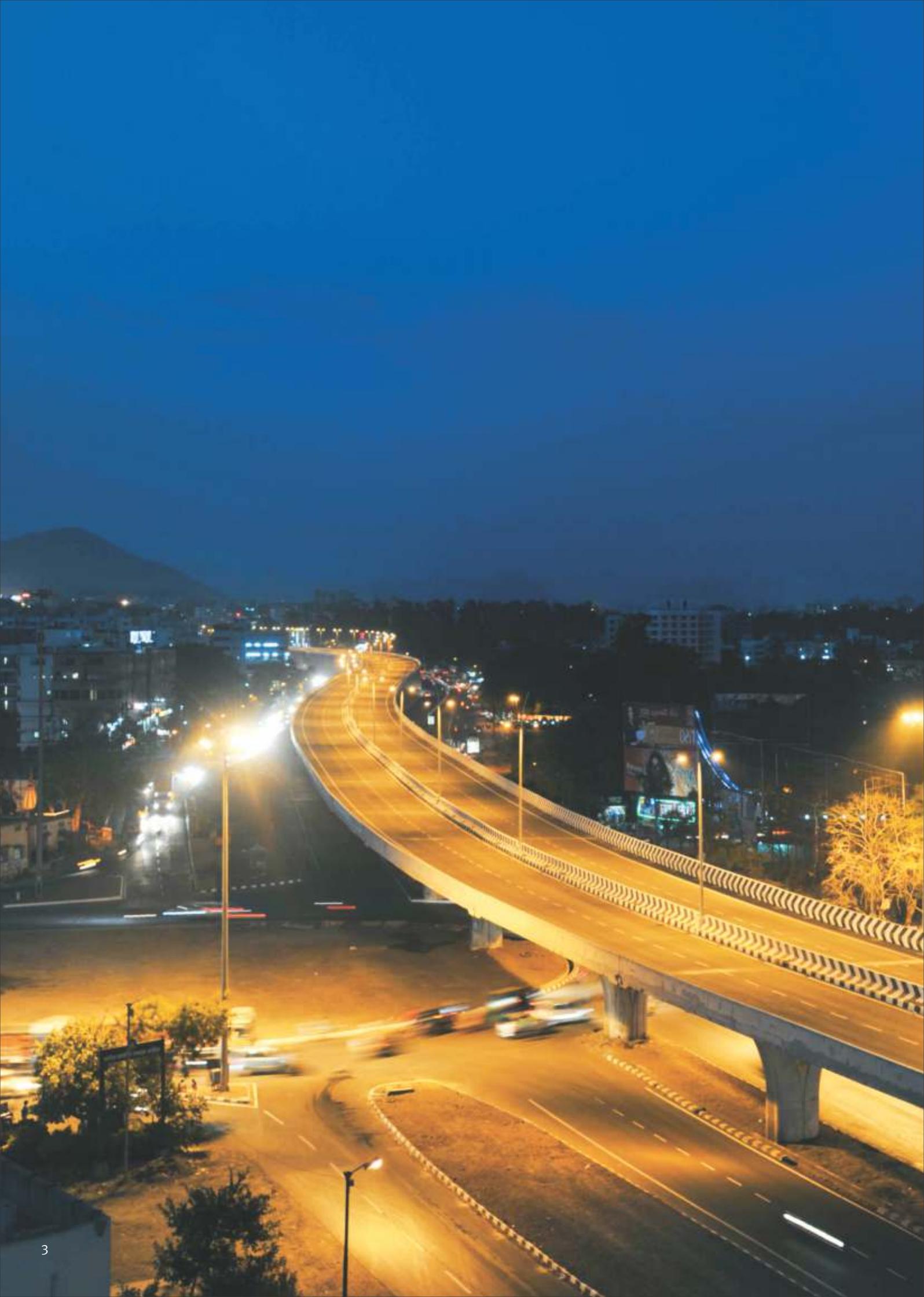
As part of our commitment to the United Nations Global Compact and its ten principles, this Sustainability Report serves as our annual Communication on Progress. The report details our performance across the three 'Ps'- People, Planet and Profit.

I have always believed that good ideas are generated by exchanging views. I look forward to hearing from you as we march ahead on our sustainability journey. I am confident that by working together in a spirit of partnership we will ensure that the ripples of growth and development extend to the far corners of our vast and disparate country.



**A.M. Naik**  
Group Executive Chairman  
Larsen & Toubro

*For more information about the economic performance of the Company and its Group, please refer to Chairman's Statement in our Annual Report at [www.LarsenToubro.com](http://www.LarsenToubro.com)*





## VISION

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

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

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



**LARSEN & TOUBRO**

# Message from the Leadership Team

## K. Venkataramanan

CEO & Managing Director



At L&T we view sustainability as being socially conscious while remaining a technology - driven organization that delivers on stakeholders' expectations. Our sustainability initiatives encourage practices that promote corporate governance, environmental stewardship, consumer protection, human rights, and diversity in our workforce.

We have invested in social infrastructure for the community right from our inception, and the CSR initiatives are reflective of our core values. We invest time and money in the form of resources in the thrust areas of Education, Skill building and Health towards promoting equitable growth. All of our CSR initiatives now are being driven with the holistic theme of 'Building India's Social Infrastructure'.

### L&T Hydrocarbon Engineering

L&T Hydrocarbon Engineering (LTHE) is now a wholly owned subsidiary of Larsen & Toubro. While providing greater levels of empowerment, this formation accompanies enhanced accountability, strengthened performance culture and better benchmarking with our global peers.

In line with our thrust on the triple bottom line of 'People, Planet & Profit', we continue to promote inclusive growth and towards this, we have strengthened our organizational structure to support company's sustainable business practices.

As we decisively move towards consolidating our operations in the Middle East, through a replication of LTHE's domestic structure and systems along with a vibrant multi-cultural workforce, we continue to respond to our stakeholder's expectations as we build LTHE into a global EPC force.

We reaffirm our commitment towards forging a brighter future by building a more successful, responsible and sustainable organization.

## M.V. Kotwal

Heavy Engineering



Success in all 3 Ps - People, Planet and Profit, can be achieved only when we empower the communities around us and include them in our journey of sustainable and profitable growth. This year, at all locations, our units have been driving various initiatives in this regard such as waste segregation and management, minimizing usage of paper & plastics and reduction of GHG emissions through energy conservation.

Corporate Social Responsibility will form an integral component in our journey towards excellence. Behaviour based safety, quality, on time delivery and reduction in working capital will continue to be our prime thrust areas along with a focus on optimal use of resources.

## S.N. Subrahmanyam

Construction & Infrastructure



At L&T Construction, the sustainability deeply ingrained in our system is reflected in the various kinds of infrastructure that we create to enhance the quality of life. Across our business verticals, specific sustainability themes are promoted and implemented like green buildings, environment protection, enhancement and social welfare community initiatives, compact substations, smart grids, water management & reuse, and tapping the power of solar and wind energy. To preserve rapidly depleting natural resources, we have initiated several enablers: we use solar-powered lamps, implement classifier technology to produce crushed sand instead of river sand and use digesters to produce power through organic waste. High-quality, ultra-high-strength materials such as M100 grade concrete and higher, are developed and tested in our laboratory and used across our operations to reduce material consumption by 15-20%. In essence, as we develop vital infrastructure for nations, sustainability will continue to be integral to what we do and how we do it.

## R. Shankar Raman

Chief Financial Officer



Our business sustainability processes address risks of varied kinds-strategic, tactical and operational-relevant to the Company's businesses.

At L&T, each business has well documented risk management policies and procedures that address their uniqueness. We have processes to ensure alignment of business practices to the strategic objectives of the Company. This enables the Company to create shareholder value.

We believe that sustainability in practice is fundamental to the progress of a company. We value and encourage the creation of new sustainable processes and products. In our pursuit of growth we ensure optimising the inherent risks and maximising stakeholder value in the most responsible manner.

## S.N. Roy

Power, Minerals & Metals



The journey of L&T in sustainable development has been quite enriching in terms of learning and adopting good practices.

L&T has always sought to address the social, economic and environmental concerns for inclusive growth and capacity building for all its stakeholders through its CSR activities. We have been ensuring the welfare of employees and labourers by addressing their concerns of safety, security, professional enrichment and healthy working conditions beyond the mandated requirements.

Our way of addressing sustainability issues has always been that of integrating sustainability initiatives and CSR drives with the company's business plans and strategies. We constantly seek increased commitment at all levels in the organisation to conduct business in an economically, socially and environmentally sustainable manner.

In the power and minerals & metals business, our focus is on project sites; it is our endeavour to see that site activities are scientifically designed and executed in such a manner so as to deliver sustainable results in line with the aspiration of the societies in which we operate.

## V.K. Magapu

L&T Infotech



At L&T Infotech, sustainability has twin dimensions - human and technical.

'My CSR' is an initiative that brings in the human aspect of sustainability. It carries with it an intrinsic reward and encourages employees as well as their spouses to participate in volunteering. Collective engagement leads to sustained interest and higher impact.

On the technical front we are diligently working to reduce waste in energy, water and all other consumption with the aim of reducing our carbon footprint.

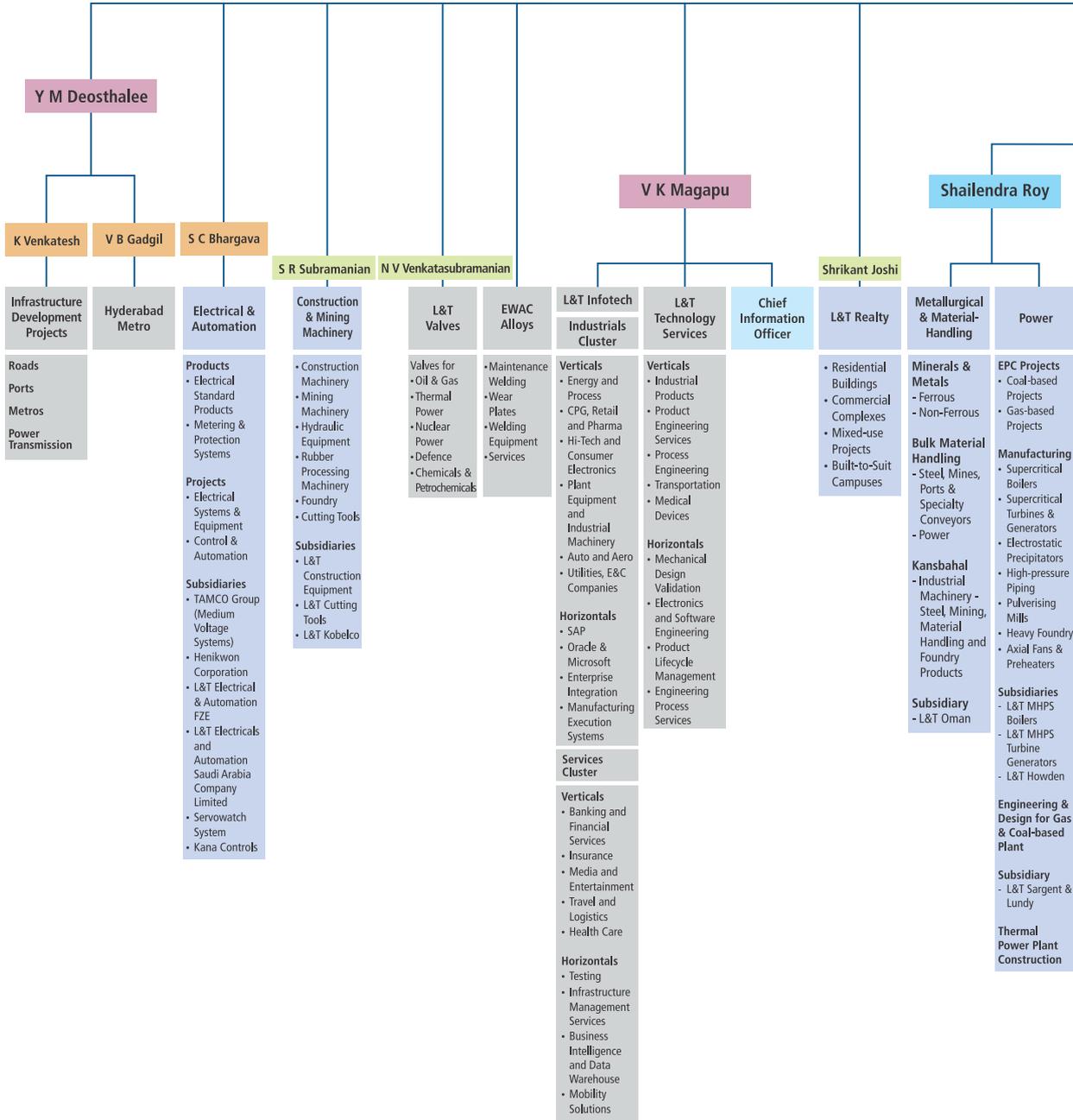
## S.C. Bhargava

Electrical & Automation



Our sustainability strategy is crafted to ensure that we are agile and competitive in the current challenging market conditions, while creating value in the long term for all our stakeholders. We do this through a constant focus on addressing our key materiality issues of being competitive in our offerings, cost-competitive, customer focused, as well as fostering innovation, enhancing employee engagement and extending sustainable practices in the supply chain.

We consider our channel partners and suppliers as key partners in our sustainability journey. We therefore invest in capacity building, leadership development and enhancing operational excellence. Our range of products and solutions offer an opportunity to help our customers reduce their carbon footprint of operations and business from these products has continued to grow.



**Group Executive Chairman  
A M Naik**

**Chief Executive Officer & Managing Director  
K Venkataraman**

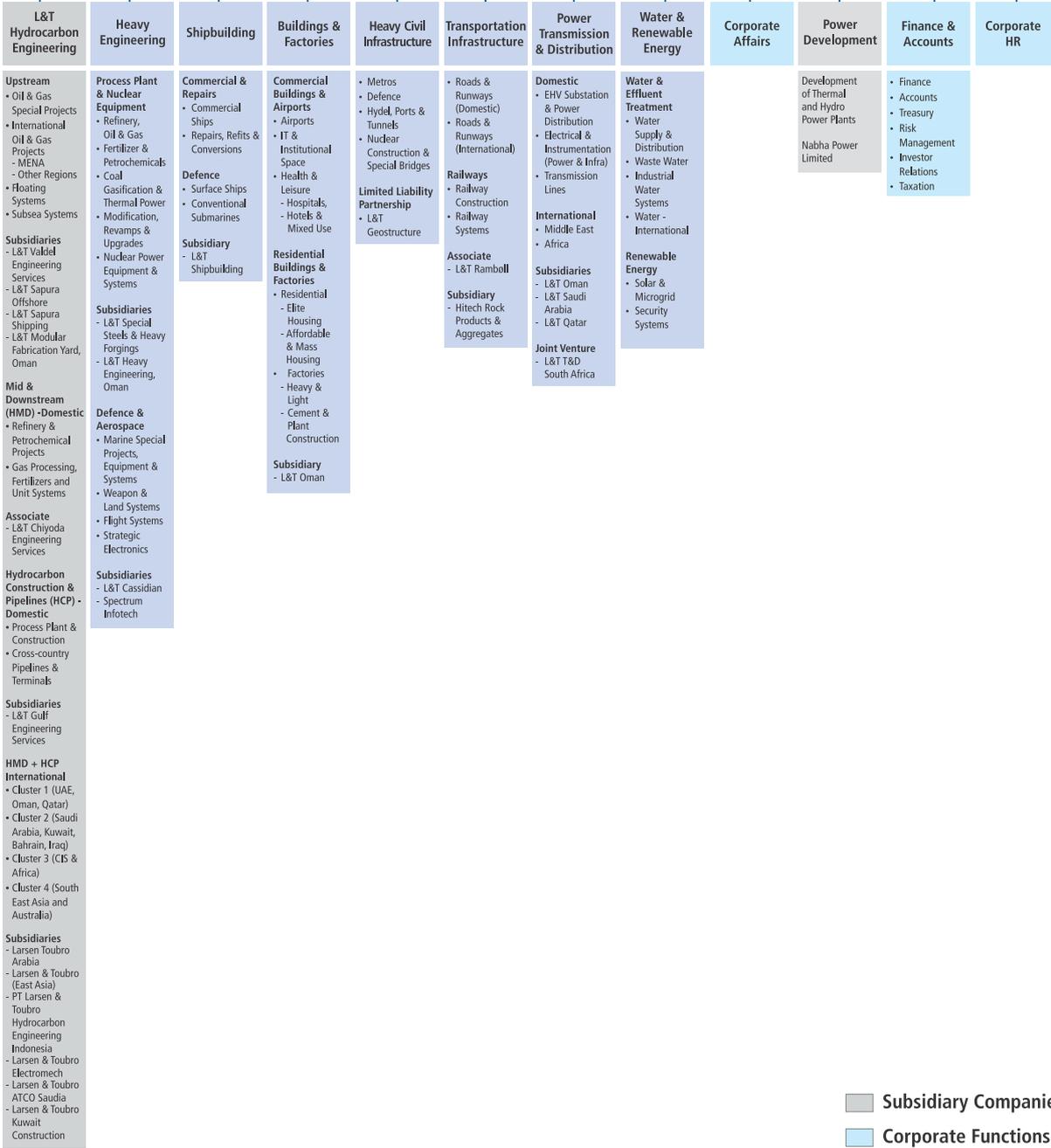
**M V Kotwal**

**S N Subrahmanyam**

**R Shankar Raman**

**Yogi Sriram**

**Ashwani Kumar**



■ Subsidiary Companies  
■ Corporate Functions

# Business Portfolio



**Buildings & Factories:** Builds airports, IT parks, office spaces, educational institutions, stadiums, convention centres, metro stations, hospitals, hotels, residential buildings, factories, cement plants and warehouses.

**Transportation Infrastructure:** Constructs roads, runways and elevated corridors, infrastructure in international markets, railway construction and railway systems.

**Heavy Civil Infrastructure:** Executes metro rail systems, ports, tunnels, special bridges, hydroelectric power plants, nuclear power and defence infrastructure sectors.

**Water & Renewable Energy:** Executes turnkey projects for water supply & distribution, wastewater collection, treatment, disposal and reuse. The business also offers turnkey services for solar power plants and wind power plants, and smart-grids.

**Power Transmission & Distribution:** Sets up transmission lines, substations, distribution networks, electrical & instrumentation. The business caters to the needs of power, process and infrastructure projects and communication systems.



Provides EPC solutions for the oil & gas industry - upstream, mid and downstream and pipelines. Turnkey capabilities cover oil & gas, petroleum refining, chemicals, petrochemicals and fertiliser industries.

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



Executes coal and gas based power generation projects on an engineering, procurement and construction (EPC) basis. It has integrated manufacturing facilities for boilers, steam turbines, generators, pressure piping, ESPs, axial fans, air preheaters, etc.



Constructs ferrous and non-ferrous metal plants, bulk material and ash handling systems in the power, port, steel and mining sectors. The business has workshops at Kansbahal in Orissa and Kancheepuram in Tamil Nadu.



## HEAVY ENGINEERING

Manufactures and supplies custom designed, engineered critical equipment & systems to core sector industries like Fertiliser, Refinery, Petrochemical, Chemical, Oil & Gas, Thermal & Nuclear Power, Aerospace and equipment & systems for Defence applications. Its special steels & heavy forge shop in Hazira is designed to serve sectors like Power, Process Plant, Oil & Gas, Mining and Minerals, Steel Industries, Shipbuilding and Nuclear.



## SHIPBUILDING

Two major shipyards, on the east and west coast of India, build specialized vessels for defence including corvettes, destroyers, submarines, interceptor boats and auxiliary vessels. The Company also builds specialised commercial ships in collaboration with Mitsubishi Heavy Industries, Ltd. Japan.



## ELECTRICAL & AUTOMATION

Offers solutions for power distribution and control with a wide range of low and medium voltage switchgear, energy meters, relays and industrial & building automation systems.



## INFORMATION TECHNOLOGY

Larsen & Toubro Infotech Ltd. (L&T Infotech), a wholly-owned subsidiary - provides end-to-end IT solutions and services to Banking & Financial Services; Insurance; Energy & Process; Hi-tech & Consumer Electronics; Utilities, Engineering & Construction; Consumer Packaged Goods, Retail & Pharmaceuticals; Auto & Aerospace; Media & Entertainment; Healthcare; Plant Equipment & Industrial Machinery and Travel & Logistics industries.



## MACHINERY & INDUSTRIAL PRODUCTS

The Machinery Strategic Business Group offers construction and mining machinery, rubber processing machinery and foundry products. The Industrial Products SBG offers valves, welding consumables and cutting tools.



## TECHNOLOGY SERVICES

Provides integrated engineering services - offering design and development solutions throughout the development chain across various industries.

# NATIONAL NETWORK



The pictorial representation does not purport to be the political map of India.

- ★ Registered Office
- Campus
- 🏠 Leadership Development Academy
- Offices
- ◆ Knowledge City
- ▲ Construction Skills Training Institutes\*

\*Part of L&T's Corporate Social Initiatives

# G L O B A L P R E S E N C E



Note: Map is broadly representative of L&T's global presence.

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



THE BEST OF BOTH WORLDS  
**IN LETTER & IN SPIRIT**

*Accepting the norms of good governance and abiding by all of them is essential - but not enough. We believe in going a step further, and internalizing the spirit in which the rules were framed. What matters for us is not just having 'policies in place', but policies in practice.*

# Corporate Governance

## Adding value across stakeholders

We believe that Corporate Governance is best expressed as performance with integrity, and balancing the interest of all stakeholders in a transparent manner. Much in advance of legislation, L&T has been addressing issues related to the environment, social inclusion and corporate governance. We have been reporting our Triple Bottom Line performance since 2008 (long before it was made mandatory), and since then have been enhancing the scope and depth of the report.

## Governance Structure

Our four-tier Corporate Governance structure ensures greater management accountability, facilitates increased autonomy of businesses and increases stakeholder confidence. We value integrity and transparency in our business. Our governance structure ensures accountability with professionalism.



### Strategic Supervision

by the Board of Directors comprising Executive and Non-Executive Directors.



### Executive Management

by the Corporate Management comprising Executive Directors, person from Senior Management and Advisor to the Group Executive Chairman.



### Strategy & Operational Management

by the Board of Directors of each business comprising representatives from the Company Board, Senior Executives from the Business and independent directors.



### Operational Management

by the Independent Business heads

For details on L&T's governance structure, refer to its Annual Report 2013-14 at [www.Larsentoubro.com](http://www.Larsentoubro.com)

## Sustainability & CSR Structure

The practice of sustainability is driven by top management. We have expanded the sustainability organisational structure and formulated a Sustainability & Corporate Social Responsibility (SCSR) team.

## Sustainability & CSR (SCSR) Organisation Structure



## Release of L&T Sustainability Report 2013



## Remuneration Policy

**Team L&T enjoys competitive remuneration enhanced by a culture of empowerment, professionalism and creative freedom.**

Our compensation packages consist of base remuneration, perquisites and performance incentives. The components of remuneration vary for different grades, and are governed by industry patterns, qualifications, experience, responsibilities and individual performance.



The Board Members' remuneration is based on our size and global presence, economic and financial factors, industrial trends, compensation paid by peer companies, etc. We pay remuneration to Executive Directors in the form of salary, perquisites and retirement benefits (fixed components) and commission (variable component), based on recommendation of the Nomination & Remuneration (N&R) Committee, approval of the Board and the shareholders. The commission is calculated with reference to net profits in the financial year and as per the Sections 198 and 309 of The Companies Act, 1956.

## Process Excellence

L&T has conceived and implemented a succession of strategic programmes - christened LAKSHYA. The programmes have identified focus areas for businesses and set specific targets. The Company's successes in re-aligning its business structure to meet emerging challenges are a measure of the efficacy of the LAKSHYA programmes.

## IT-driven Productivity

Executives across the Company at all levels, functions and geographies rely on IT systems to enhance the scope, speed, security and accuracy of business processes.

## Sustainability Genesis

L&T was the first engineering and construction company in India to publish its Corporate Sustainability Report. In 2007, we set up a dedicated task force to report our environmental and social performance, and implement sustainability initiatives. Over the years, in addition to implementing initiatives the focus is also on embedding a sustainability culture within the organisation.

Our Sustainability Roadmap 2012-15 focuses on seven thrust areas. These include:

Energy Conservation

Greenhouse Gas (GHG) Mitigation

Inculcating a 'safety culture'

Water Conservation

Material Management

Enhancing the Health Index of the Organisation

Continuing Social Interventions

## Certifications

All our units are ISO 9001 certified. Further, 19 of them are certified for ISO 14001 and 18 for OHSAS 18001. Our E&A business secured ISO 27001 certification. We currently have five Platinum, five Gold, three Silver, one certified Green building and one Silver rated Green Factory among L&T establishments.

## Performance Measurement and Review Mechanisms

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

Qualitative data on performance indicators is collated from:

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

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

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

## Code of Conduct and Risk Management Framework

All Board members and Senior Management personnel\* of the Company abide by L&T's 'Code of Conduct'. This ensures compliance with the provisions of the revised Clause 49 of the Listing Agreement with Stock Exchanges.

\* 'Senior Management' is defined as personnel at one level below Executive Directors and includes functional heads.

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

These cover:

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

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

*To the Shareholders of  
Larsen & Toubro Limited*

### Sub: Compliance with Code of Conduct

I, hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

**K. Venkataraman**  
Chief Executive Officer &  
Managing Director

Date: May 29, 2014  
Place: Mumbai

## To ensure that sustainability is practiced across our supply chain, we have developed a dedicated 'Environment & Social Code of Conduct'.

Many of our suppliers are signatories to this code. Essential environment-friendly and socially-responsible business practices propagated by the code include energy efficiency, water conservation, waste reduction, occupational health & safety, prevention of corruption and respect for human rights.

We adhere to Section 299 of the Companies Act, 1956, which requires that every Director of a company who is in any way concerned or interested in a contract or arrangement, discloses the nature of his concern or interest at a meeting of the Board of Directors. An annual declaration to the Board by individual directors discloses membership, if any, of corporate bodies or firms that could be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that corporate body or firm.

Any change in directorship is immediately reported to the Board. This information is shared with the accountants of all businesses and compliance with the provisions of The Companies Act, 1956 is ensured. In consonance with the provisions of Clause 49 of Listing Agreement, every Board

member confirms, on a yearly basis, that he has complied with L&T's Code of Conduct as applicable to Board members and senior management of the Company. Senior executives of the Company are required to confirm whether they or any of their specified relatives have entered into any transaction with L&T. During the year, there were no transactions of material nature with the Directors or the Management or the subsidiaries or relatives that had potential conflict with the interests of L&T.

The Audit Committee of the Board oversees the risk management process.

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## Every independent business segment has its own risk management policy and procedure within the overall Enterprise Risk Management framework of the organisation.

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The process followed by L&T complies with the International Risk Management Standard ISO 31000:2009. L&T is a member of the Engineering & Construction Risk Institute (ECRI), USA and participates in training and knowledge sharing. State-of-the-art tools are deployed for cost estimation and schedule risk analysis.

## Internal Control System

L&T's corporate policy on internal control provides a framework for identification, rectification, monitoring and reporting of internal control weaknesses (if any) in the organisation.

Accounting guidelines ensure uniformity and reliability of financial statements. Financial authorisation guidelines cover purchase, sale and authorisation of expenses. Individual businesses have well-documented standard operating procedures (SOPs) for various processes which are regularly reviewed to ensure that they take into account evolving business needs.

Additionally, L&T periodically engages independent professional firms to review the effectiveness of control processes in businesses and support functions. All significant observations and corrective actions taken are reviewed by the management and Audit Committee of the Board.

## Corruption & Anti-competitive Behaviour

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

No incident of corruption was reported during the year. We also comply with relevant statutory requirements including anti-competitive behaviour. No legal action in this regard was initiated in FY 2013-14.

## Public Policy Advocacy

The government is an important stakeholder in our organisation. We engage with the government through multiple business forums and trade organisations. Our senior executives are active members of industry bodies that participate in the formulation of public policy affecting industry, business, products and customers.

## Compliance

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

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

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

No significant financial or non-monetary sanctions were imposed on the company in the reporting year.

## Precautionary Approach

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

*For more information, please refer to page 148 of L&T's Annual Report 2013-14.*

## Commitment to External Initiatives

We follow the Global Reporting Initiative (GRI) framework, the National Voluntary Guidelines (NVG) and United Nations Global Compact (UNGC) principles to report on our economic, environmental and social performances. Additionally, we comply with applicable International

Labour Organisation (ILO) conventions and 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 & energy

## Memberships

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

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

*\*The list is indicative, not exhaustive.*

## Disclosures on Management Approach

### Economic

Our portfolio is subjected to constant review in light of changing market dynamics, the emergence of new technologies, as well as our assessments of the likely impacts of social, political and cultural forces.



We exercise prudent management of risks and costs to ensure sustainable wealth generation. We continue to augment our manufacturing capacities in low-cost regions and lay greater emphasis on increasing execution and operational efficiency. Multiple initiatives for cost optimisation and productivity enhancement have been taken up.

Major initiatives are underway to replicate the structure of our India operations in the Gulf.

## Environment

A positive, transparent and inclusive approach helps business work towards its objectives while simultaneously minimising environmental impact. Each of our businesses has comprehensive policies on quality, environment, health and safety.

**Our green initiatives begin at the design stage and extend through the entire product and project life cycle.**



Managers of our project sites and offices are responsible for ensuring optimal consumption of material and energy. To maximise our environmental efforts and widen our sphere of impact, we work closely with our clients, suppliers, and various stakeholders.

## Social

Sustainability is a balance of the interests of all the stakeholders in an organization. Our efforts are directed to fostering a system which every stakeholder can see that their interests are being well served.



### Labour Practices and Human Rights

Our HR policies and practices are designed to attract and motivate talent and enable potential to turn into performance.

We comply with ethical and human rights standards and follow the applicable local laws and regulatory requirements such as conventions of the International Labour Organisation (ILO), the Factories Act 1948, Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act 1996, Central Rules 1998 and Industrial Disputes Act 1947.

Implementation of policies is ensured by committed IR, HR and EHS managers.

**Our 'Policy for Protection of Women's Rights at Workplace' sets out objectives, applicability, structure of committees and processes to redress complaints.**



We have constituted apex and regional complaints committees to address cases of sexual harassment at the workplace, if any. Our Safety Management Committee meetings regularly review issues related to safety and workmen at manufacturing units and project locations.

**Our 'Working on Wellness' initiative enhances employee well-being with a focus on stress management and essential healthcare.**

### Societal Commitment

A collaborative and inclusive spirit influences every aspect of our operations. Our CSR activities consist of a mix of initiatives driven by CSR teams at various locations and project sites, the L&T Public Charitable Trust and Ladies Clubs (a social service association formed by the spouses of employees). They work closely with the community, NGOs, government agencies, chambers of commerce and academic institutes to address major social issues.

### Product Responsibility

We are committed to mitigating the environmental impact of our products. Our workforce is being continuously trained to deal with the concept of extended product responsibility. We also lay emphasis on stakeholder engagement and feedback. This forms the basis for improvement in our products and services. Research & Development is actively encouraged, with our business heads being responsible for ensuring that our products and services meet global standards.

We are conscious of the sensitive and strategic nature of many of our projects and products, and therefore maintain customer confidentiality. We provide detailed user manuals and impart training to customers and their employees in plant operation as well as product usage.

## Corporate Social Responsibility Policy



We are committed to fulfilling our Social, Environmental and Economic responsibilities for Sustainable Development.

Towards this, we shall:

- Continue to ensure ethics and transparency in our engagements with stakeholders, and advocate responsible business practices
- Incorporate social and environmental considerations in our business operations
- Foster a culture of trust and caring to enhance the well-being of employees and communities
- Promote social equity and partner with communities in health care, education and skill building
- Conserve natural resources, reduce the adverse impact of climate change and enhance energy efficiency
- Adopt sustainable and resource efficient processes and provide value added products and services

## 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 with statutory and other applicable requirements
- Prevent adverse environmental impacts and occupational health and safety risks
- Conserve natural resources, minimise waste generation and environmental emissions
- Impart structured training and augment resources for effective EHS performance
- Encourage communication, consultation and collaboration with all stakeholders

## Corporate Human Resource Policy



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

We are committed to:

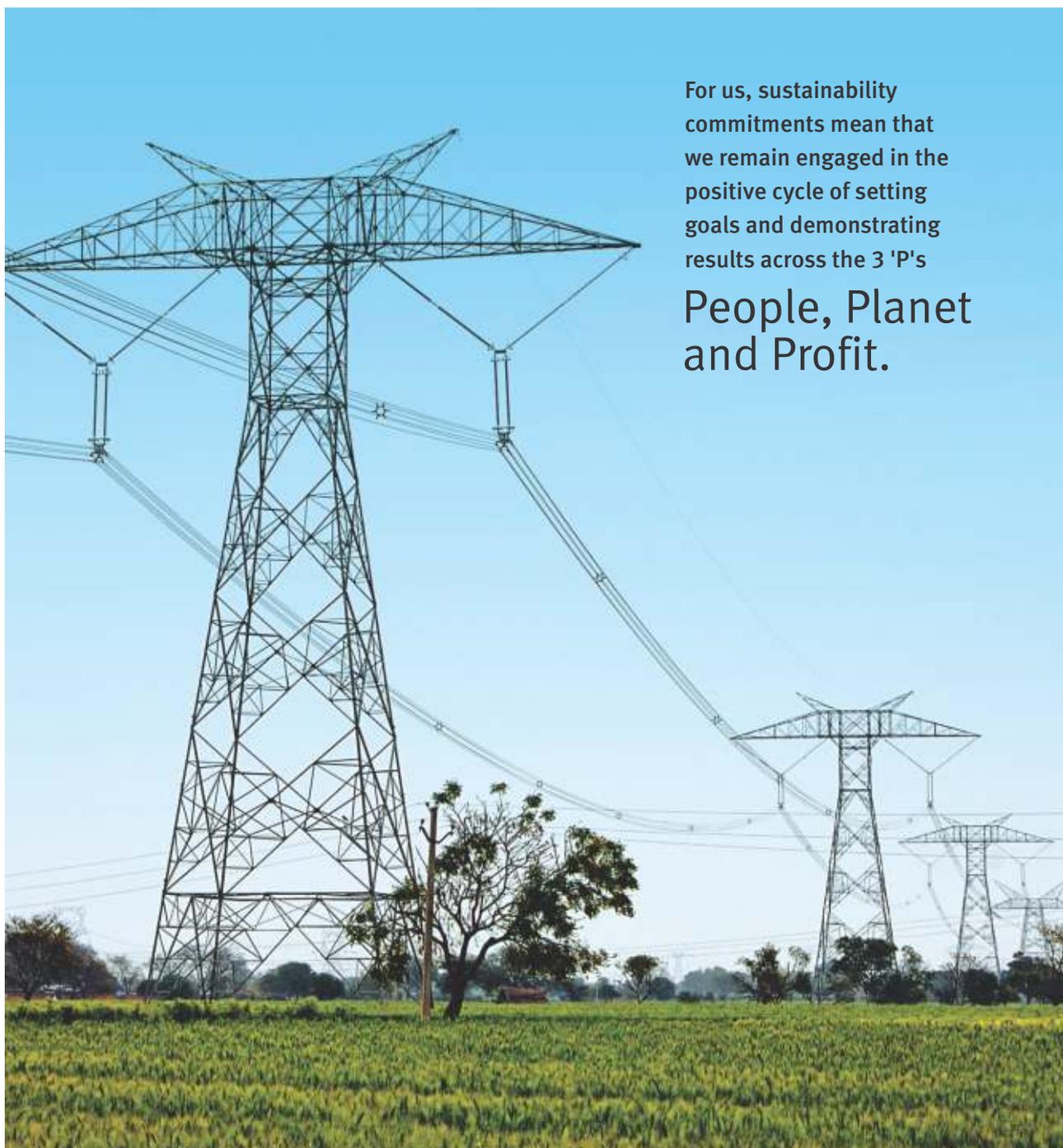
- Acquiring, developing and retaining a pool of high-calibre talent
- Enabling and empowering our employees to be creative and innovative
- Establishing systems and practices for maintaining transparency, fairness and equity
- Creating a culture of continuous learning, competitiveness and excellence through change management, respecting ethics, values and good governance

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

## Sustainability Approach

A concept that advocates resources being produced and used in ways that generate economic growth, create social benefits and minimise the impact on the environment guides decision-making at L&T. Our core values are closely linked with sustainable growth and our purpose as a company is to achieve overall growth in harmony with the environment and society. We recognise that today the earth's resources are under severe strain and thus sustainability principles need to be embedded in our decision making for competitive and equitable growth.

We were the first Indian engineering & construction company to report on the triple bottom line and this is the seventh year of reporting. Our first 3- year sustainability targets for 2009-2012 were successfully accomplished. In the second year of our 2012-15 roadmaps we continue to work towards our goals and implement plans linked to these goals. We have made proactive changes in our processes to address climate change and extensively propagate renewable energy. Investments have been made in technology to improve our operational efficiency and environmental performance. We have reaffirmed our commitments to stakeholder engagement, community investment, and respecting human rights.



**For us, sustainability commitments mean that we remain engaged in the positive cycle of setting goals and demonstrating results across the 3 'P's People, Planet and Profit.**

# In Harmony with NAPCC

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

## Mission 1 | SOLAR



- L&T is a leading EPC solution provider for Solar Photo Voltaic (PV) based power plants.
- Completed execution of 187 MWp of solar projects till date
- **Key Milestones:**
  - Completed construction of the largest Solar Thermal Power Plant (125 MWp) in Asia
  - Successfully commissioned the 7.5 MWp rooftop-based Solar PV, the largest of its kind in the world.
  - Continue to tap solar energy at L&T's units in Chennai, Kattupalli, Hazira, Talegaon, Mahape, Vadodara, Ahmednagar, Mysore, Coimbatore, Powai and Sohar - Oman

## Mission 2 | ENHANCED ENERGY EFFICIENCY



- Energy savings of more than 207,368 GJ at L&T establishments over last seven years - avoiding over 47,000 tonnes of CO<sub>2</sub> emissions
- Renewable energy constitutes around 8% of L&T's indirect energy mix
- ISO 50001:2011 Energy Management System implemented at L&T units of Hazira, Kancheepuram, Pithampur & Pondicherry.
- Energy auditor training for employees. Currently, we have 19 certified energy auditors
- L&T has set up full-fledged training centres around the country which provide generic (i.e. brand-agnostic) training on good electrical practices.
- L&T offers energy-efficiency services including BEE-accredited energy audit services and energy efficient electrical equipment.

## Mission 3 | SUSTAINABLE HABITAT



- Construction of 43.02 million sq. ft. certified green buildings space for clients. 11.47 million sq. ft of green building space is under certification
- Fourteen buildings measuring more than 2 million sq.ft. within L&T premises are certified green buildings with the following score card.

**Platinum - 5 | Gold - 5 | Silver - 3 | Certified - 1**

- L&T's E&A factory at Vadodara is IGBC certified silver rated 'Green Factory'

## Mission 4 | WATER



- 28 L&T campuses across India have adopted zero wastewater discharge approach
- Check dams increased from 100 to 150 in 2013-14 with a collective water storage capacity of over 866 million litres benefiting tribals in the Thane district of Maharashtra
- L&T caters to turnkey infrastructure projects including supply & distribution, desalination, water management, sewerage networks, treatment plants, industrial water systems, lift irrigation systems and canal rehabilitation.
- Water consumption intensity measured per employee reduced by 10% w.r.t 2011-12

From enhancing energy security to developing low-carbon technologies for building infrastructure, from spreading sustainability knowledge to greening the nation's landscape - we have been increasingly investing in products and processes that assist sustainable economic growth.

#### Mission 5 | SUSTAINING THE HIMALAYAN ECOSYSTEM



- Providing local employment and enhancing employability through skill development programmes within the Himalayan region
- Continual community engagement programmes such as medical camps, health camps at project sites in Uttarakhand, Arunachal Pradesh, Himachal Pradesh and Bhutan
- Extensive tree plantation near projects sites in the Himalayan region

#### Mission 6 | GREEN INDIA



- Around 35% of the available open land at manufacturing locations has been converted into a green cover
  - Over one million saplings planted across campuses and project sites in last three years
  - More than 150,000 fully grown trees are being nurtured across L&T campuses
  - Developed tree inventory portal for monthly monitoring of tree plantation across campuses and project sites
- 'Enlarging Green Cover' - a scientific manual on tree plantation published by Corporate Sustainability Dept.
- Present tree certificates instead of flower bouquets to felicitate guests

#### Mission 7 | SUSTAINABLE AGRICULTURE



- L&T caters to turnkey infrastructure projects including lift irrigation systems and canal rehabilitation.
- Check dams constructed by L&T Public Charitable Trust are helping to recharge groundwater, many farmers now cultivate two crops in a year
- Heavy Engineering and L&T Hydrocarbon Engineering Businesses are preferred suppliers to major fertiliser plants in India
- E&A Business manufactures motor starters and pump controllers which are widely used in farms across the country, contributing to higher productivity. E&A also conducts training programmes for farmers
- Solar water pumps by E&A business helps to reduce farmers' dependency on traditional electric pumps for irrigation

#### Mission 8 | STRATEGIC KNOWLEDGE FOR CLIMATE CHANGE



- Publication of Annual Sustainability Reports since 2008
- L&T Solar in association with Ministry of New & Renewable Energy (MNRE) has set up a Solar Training Institute at its Construction Skills Training Institute (CSTI), Delhi
- In-house sustainability capacity building by deputing employees as,
  - Energy auditors and Energy managers at various units certified by Bureau of Energy Efficiency (BEE)
  - Participants in GreenCo rating system programme
  - LEED Accredited Practitioners (AP) for Green Building construction
  - Certified 'Sustainability Assurance Practitioners'
- Introducing subjects of Climate Change, Sustainable Development and EHS to all new recruits as part of the induction process
- Regular participation in various forums, seminars and symposiums related to sustainability and climate change.

# Risks and Opportunities

## CONSTRUCTION

RISKS & OPPORTUNITIES	STRATEGIC & OPERATIONAL INITIATIVES
Safety of workmen	Continuous training on safety and work methods. Focus on increased utilisation of PPE and orientation through animated videos and increased near miss reporting. Increased monitoring and thrust.
Skilled workmen & productivity	Impart tailor made training through CSTI and on-job training at construction sites.
Sustainability related focus areas for business	Green building construction, smart grids and emphasis on renewable energy. Mass rapid transit systems , energy efficient technologies and offering waste water treatment systems to our customers
Energy conservation	Energy efficient practices being followed at campuses and project sites and supporting the purchase of products & services in energy efficient manner for project sites.
Water scarcity	Recycle and reuse water at our campuses. Use alternative technologies and materials to reduce water consumption. Promoting rain water harvesting at design stage.
Environmental management	<ul style="list-style-type: none"> <li>• Tree plantation at construction sites, go beyond the contractual requirements.</li> <li>• Upgrade Plant &amp; Machinery to reduce air and noise pollution. Integrated Management system (IMS) is under implementation.</li> </ul>
Health & hygiene of workmen	Periodic health-checks improve health and hygiene in labour colonies by providing drinking water and sanitary facilities.
Corporate Social initiatives	Conducting need assessment surveys and accordingly implementing programs in line with the thrust areas of education, skill building and Health care.

## L&T HYDROCARBON ENGINEERING

RISKS	STRATEGIC & OPERATIONAL INITIATIVES
Limited domestic opportunities	<ul style="list-style-type: none"> <li>• Expanding Core-Products (Modular Process Plants, Integrated Decks) &amp; Geographic Adjacencies to select South East Asian, African and CIS Countries.</li> <li>• Building L&amp;T II for LTHE in GCC countries</li> </ul>
Fluctuations in foreign exchange rates and commodity prices	Mitigating risk by hedging or by taking suitable covers based on foreign exchange inflow and outflow
Change in domestic and international policies	Ensure incorporation of critical issues like engagement of society through roll out of various new or revamped policies and legislations.
Protection of Health, Safety & Environment	Continue to ensure thrust on safety culture, human rights & wellness initiatives and good practices in health safety and environment
OPPORTUNITIES	STRATEGIC & OPERATIONAL INITIATIVES
Manage stiff competition and risk sharing	In an increasingly competitive industry, emphasis is laid on continuous efforts in targeted partnerships for large value projects to address PQ issues and Project Risks as well as alliance with Local Partners to address local content requirement.

Technology driven projects	Modularization in Onshore process modules for Gas processing / LNG / Shale Gas / Oil Sands • Alliance with Process Licensors • Building FEED Capabilities
Sharpening cost-competitiveness	Use of Robust Project & Risk management Tools for operational excellence initiatives towards cost-competitiveness and enhancing mechanization in construction activities • Enhancing capacity utilisation.
Efficient implementation of international projects	Building an international organization through multinational talent recruiting. • Promotion of cross learning within international project site teams

## HEAVY ENGINEERING

RISKS & OPPORTUNITIES	STRATEGIC & OPERATIONAL INITIATIVES
Ensuring Safety at workplace	<ul style="list-style-type: none"> <li>• Sharing and implementation of safety practices across locations</li> <li>• Introduction of concept of Proactive Safety through the implementation of BBS</li> <li>• Extending safety awareness beyond boundaries i.e. to families, vendors and community at large to increase impact on employees</li> </ul>
Product Reliability and Delivery Performance	<ul style="list-style-type: none"> <li>• Effective implementation of planning, methods engineering, full kit management under 'Theory of Constraints' for optimal resource management and maximizing the output.</li> <li>• Dashboard monitoring of On Time Delivery Index.</li> <li>• Cross functional teams being formed for handling pre-manufacturing hurdles under ECAS (Enterprise wide Collaboration in Alignment with Strategy)</li> <li>• Quality Review Meetings &amp; Analysis to speed up the inspection procedures of finished products</li> <li>• PLM - Product Lifecycle Management' provides a common interactive platform for all operations involved throughout the life of the product and helps to ensure the delivery of most business value.</li> <li>• Product Centre - product specialisation matrix is formed to align unit specific special manufacturing capabilities so as to reduce the cycle time of fabricating Process Plant and Nuclear equipment.</li> </ul>
Carbon Footprint reduction	<ul style="list-style-type: none"> <li>• Carbon footprint mapping studies at selected locations</li> <li>• Increased use of renewable energy (wind, solar) across locations through on site generation and procurement</li> <li>• Continuous awareness via various initiatives</li> <li>• Extensive use of video conferencing, tele-presence and office communicator system thereby reducing business travel for conducting meetings</li> </ul>
Energy and Water conservation	<ul style="list-style-type: none"> <li>• Task force for establishing the energy baseline and formulation of further action plan. Cross fertilisation of ideas, practices</li> <li>• Dedicated energy conservation cell with increasing number of BEE certified energy auditors and managers</li> <li>• Feasibility study and Implementation of ISO 50001</li> <li>• Increase in wastewater recycling and water conservation initiatives</li> <li>• Awareness campaign for employees on conservation of resources</li> </ul>
Sustainability in Supply Chain	<ul style="list-style-type: none"> <li>• Signing of COC - Code of Conduct by top brass suppliers and contractors</li> <li>• Streamlined several critical processes involving supplier relationship, delivery, quality and costs with unified procurement model and practices</li> <li>• Training and capacity building programmes for supply chain on demand</li> <li>• Import substitution to develop local supply chain</li> <li>• Unit specific supplier meets being conducted</li> </ul>

## ELECTRICAL & AUTOMATION

RISKS	STRATEGIC & OPERATIONAL INITIATIVES
Increase in input costs affecting profitability	<ul style="list-style-type: none"> <li>Continued emphasis on procurement optimisation, value engineering, and lean manufacturing.</li> <li>Product design initiatives to optimise material consumption</li> </ul>
Technology obsolescence	Resources deployed to identify and develop potential new technologies for the future.
Delay in speed to market	Restructuring and improving processes for speedier introduction of new products
Inadequate sustainability practices in supply chain	Conduct risk assessment of suppliers based on their sustainability practices
Wide gap in employee age profile	<ul style="list-style-type: none"> <li>Leadership and skill development programmes</li> <li>Innovation programme to tap entrepreneurial spirit</li> <li>Engaging seniors as trainers in skill and knowledge building programmes.</li> </ul>
OPPORTUNITIES	STRATEGIC & OPERATIONAL INITIATIVES
Enhanced awareness on need for improving energy efficiency	Provide products and solutions that help customers reduce their carbon footprint
Increase in installed electricity generation capacity and rural electrification	<ul style="list-style-type: none"> <li>Continuing efforts to build capabilities in Medium Voltage (MV) switchgear.</li> <li>Enhancing marketing efforts and sales reach to increase market share.</li> </ul>
Growing potential in emerging economies	Business plans made to increase sales in international markets.

## L&T INFOTECH

RISKS & OPPORTUNITIES	STRATEGIC & OPERATIONAL INITIATIVES
IT Operations energy conservation	<ul style="list-style-type: none"> <li>We are saving energy consumed by desktop computers by hibernating them through software agents</li> <li>New data centre with improved cooling mechanism has been set up to conserve electricity</li> </ul>
Conserving energy in operations	<ul style="list-style-type: none"> <li>Installation of Variable Frequency Drives in Air Handling Units to save electricity</li> <li>Recycling of papers used in offices and PET bottles used in bottled drinking water</li> </ul>
Assisting employability	Through its CSR efforts; L&T Infotech has started imparting PC based spreadsheet skills to youth who have dropped out of school so that they get suitable job opportunities as computer operators.
Building in internal motivation for CSR by employees - through 'My CSR' scheme	Employees participate as volunteers and they find it self-fulfilling. 'My CSR' of employees involve volunteering in areas such as teaching to government school children, promoting NGO products to support them financially and supporting environmental initiatives.

## MACHINERY AND INDUSTRIAL PRODUCTS

RISKS & OPPORTUNITIES	STRATEGIC & OPERATIONAL INITIATIVES
Product liability	Application based selling, warranty management systems, customer complaint reviews and product liability cover
Intense competition	Broadening of product offerings, after-sales support and service, strengthening dealership network and financing tie-ups
Product offering	Acquiring greater management control over erstwhile Joint Ventures. Strengthening international footprint and in-house product development centre
Commodity risk	Long-term rate contracts with vendors, price variation clause, Forex hedging

## Materiality

Materiality analysis helps us in identifying the direct and indirect impact we have on creating, preserving or eroding economic, environmental and social value for us, our stakeholders and society at large. It helps us address the risks and capitalise on the opportunities that we have in our operations which improve our efficiency.

Considering the diverse operations at L&T we need to address a gamut of subjects for each business. Hence, we focus on structured stakeholder engagement process which identify the core materiality issues and helps us prioritize them at the organisational level. This year, as an on-going exercise we have initiated stakeholder interviews in collaboration with professional consultants to identify the issues that should be material to the whole of L&T.

### The six parameters of the materiality test:

Economic impacts – issues that may pose a financial, social and environmental risk to the Company	Legal / regulatory drivers – issues emerging out of government policy on environmental and social front	Internal policy drivers – issues that are critical to the internal working of the organisation
Industry / sector-based indicators - issues unique to an industry or sector	Stakeholder concerns - issues that are of high importance to the stakeholders	Opportunity for innovation - issues with potential for innovative solutions



The key material issues that emerged are:

KEY MATERIAL ISSUES	INITIATIVES TO ADDRESS MATERIALITY ISSUES
<p>Key issues on EHS:</p> <p>Employee Health &amp; Safety, product design &amp; execution, water conservation, waste management and carbon footprint</p>	<p>Improve safety performance and wellness of employees across businesses</p> <p>Give prime importance to safety during design and execution of projects</p> <p>Identify operation risks and develop a framework to manage the same before scaling up to entire value chain</p> <p>Consider safety performance as an important parameter during supplier rating and selection</p> <p>Evaluate water, waste and carbon footprint and map performance to an established baseline</p> <p>Address suppliers' request to provide them training on water, waste and carbon footprint mapping</p> <p>Include aspects of environment in business management: Use of eco-friendly equipment and engage in eco-friendly / green construction</p>
	<p>Review of sustainability agenda in structured manner by top management: sustainability strategy implementation, dashboard and 3 year roadmaps</p> <p>Benchmark sustainability performance vis-à-vis global standards and subsequently adopt global best practices</p> <p>Create a sustainability dashboard for each business, to be monitored by the leadership team</p> <p>Use sustainability as a complementing tool to business performance</p>
<p>Create awareness and communicate effectively on L&amp;T's sustainability initiatives</p>	<p>Create awareness of L&amp;T's sustainability performance and propagate the same through communication modes and events</p> <p>Engage proactively with stakeholders and improvise the engagement framework to better understand stakeholder concerns</p> <p>Bring all businesses on a common platform to have uniform understanding of their sustainability aspects</p>
<p>Increase consumption of renewable energy and concentrate on energy efficiency</p>	<p>Assess and improve levels of energy efficiency and focus on energy conservation across all our businesses</p> <p>Focus on harnessing and increasing consumption of renewable energy</p>

## Reporting Scope

We publish our Corporate Sustainability report annually. Our seventh report covers Environment, Economic and Social performance between April 1, 2013 and March 31, 2014. The reporting framework is in accordance with the Global Reporting Initiative (GRI)-G3 2006 guidelines and the applicable GRI indicator protocols have been followed for reporting on core and additional indicators. The data management techniques used in the report comprised actual computations and estimations. Wherever estimates are made, the assumptions are specified. To facilitate like-to-like comparison, the financial figures for 2012-13 have been restated to exclude Hydrocarbon business which has been transferred w.e.f. April 1, 2013 to a wholly owned subsidiary.

### Reporting Boundary

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

#### Corporate Locations

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

#### Construction

Business operations and India based support processes and project sites including Kansbahal location.

#### L&T Hydrocarbon Engineering

Project locations across India and offices within India at Powai, Vadodara, Faridabad, LTV Bangalore and Chennai, Fabrication Facilities at Hazira and Kattupalli, HCP Domestic (Hydrocarbon Construction and Pipeline) Division and Upstream (off-shore) projects. This year, Hydrocarbon International Projects (Cluster-I) and Fabrication Facility at Sohar (Oman) have been added to the reporting scope.

#### Heavy Engineering & Shipbuilding

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

#### Electrical and Automation

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

#### Machinery and Industrial Products

L&T Construction Equipment Limited, L&T Valves (Manapakkam and Kanchipuram) and Rubber Processing Machinery at Kanchipuram.

#### Domestic Marketing Network

Offices in India.

#### L&T Power

Project sites at Malwa (MP), Dhuvaran (Gujarat), Rajpura (Punjab). This year, Knowledge city campus and following additional project sites and have been reported by L&T Power: Koradi (Maharashtra), Krishnapatnam (Andhra Pradesh), Nigrie (Madhya Pradesh), DB Power (Chattisgarh), Koderma (Jharkhand), Cuddalore (Tamil Nadu), Lapanga (Odisha), TTSP (Punjab), Vidyanchal (Uttar Pradesh), Kota (Rajasthan) and Mahan (Madhya Pradesh).

#### L&T Infotech

Offices in India.

*The data for economic performance has been disclosed as per L&T's financial report of FY 2013-14.*

### Assurance

We focus on continuous assessments through internal and external mechanisms. The Corporate Sustainability report follows GRI-G3 guidelines to measure sustainability performance. The report is assured by Ernst & Young (E&Y), India. The limited assurance was conducted in accordance with both the International Standard on Assurance Engagements (ISAE) 3000 and Type 2 moderate level as set out in the AA1000 Assurance Standard 2008, covering qualitative and quantitative information. Their assurance statement with the work undertaken and conclusions given are included in this report.

### L&T declares that the report confirms to application GRI level A+.

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

**Mr. Ajit Singh,**  
Executive Vice President,  
Corporate Infrastructure & Services

Larsen & Toubro Limited,  
Saki Vihar Road, Powai Campus,  
Mumbai 400072, India

Email: sustainability-ehs@Larsentoubro.com

## Progress on our Sustainability Roadmap (2012-15)

In the first year of our three-year sustainability roadmap, we performed well on most parameters. In quite a few areas such as increase in energy savings, decrease in scope 2 emissions and reduction in water consumption, we surpassed the final targets.

Our ambit of social interventions grew and so did our commitment to employee wellness. While we have strengthened our focus on EHS, there is more to be done on Severity Rate front and we are committed to achieving our targets in the coming years.

ENERGY CONSERVATION 	
<p><b>Target</b></p> <p><b>15%</b> increase in energy saving by conservation and efficiency improvements (YoY target)</p>	<p><b>Target</b></p> <p><b>5%</b> reduction in energy consumption intensity (measured per employee)</p>
<p><b>Status</b></p> <p>Promoting energy efficiency within operations by using retrofits and energy efficient fixtures</p> <p>20.6 % increase in energy conserved w.r.t. 2012-13</p> <p>Cumulatively, more than 57 million units energy conserved so far avoiding around 47,000 tonnes of CO<sub>2</sub></p>	<p><b>Status</b></p> <p>Due to increase in scope of reporting, activities at manufacturing locations and project sites, specific energy consumption in 2013-14 increased to 132.81 GJ per employee as compared to 108.08 in 2011-12</p>

CLIMATE CHANGE 	
<p><b>Target</b></p> <p><b>5%</b> reduction in Scope 1 (Direct) GHG emissions intensity (measured per employee)</p>	<p><b>Target</b></p> <p><b>3%</b> reduction in Scope 2 (Indirect) GHG emissions intensity (measured per employee)</p>
<p><b>Status</b></p> <p>With increase in specific energy consumption intensity, direct GHG emissions intensity in 2013-14 increased to 7.80 tonnes/employee from 7.53 tonnes/employees in 2011-12 due to increased activities at manufacturing locations.</p>	<p><b>Status</b></p> <p>With increase in specific energy consumption intensity, indirect GHG emissions intensity in 2013-14 increased to 4.65 tonnes/employee from 4.41 tonnes/employee in 2011-12 due to increased activities at manufacturing locations as well as increase in the average GHG emission factor.</p>

WATER CONSERVATION 
<p><b>Target</b></p> <p><b>5%</b> reduction in water consumption intensity (measured per employee)</p>
<p><b>Status</b></p> <p>28 campuses are zero waste - water discharge.</p> <p>10.3 % reduction in water consumption intensity (measured per employee) w.r.t 2011-12</p>

MATERIAL MANAGEMENT 
<p><b>Target</b></p> <p><b>5%</b> reduction in direct material consumption and/or increase the share of recycled input materials</p>
<p><b>Status</b></p> <p>Increase in share of recycled input material (Zinc &amp; Steel) from 260 tons in 2011-12 to 4,336 tons in 2013-14</p>

*The Scope of 2013-14 reporting has been expanded with inclusion of International Projects and Manufacturing operations. The Energy, GHG emissions and Water consumption intensity per employee has been derived w.r.t YoY scope of reporting instead of w.r.t 2007-08 scope.*

**SAFETY** 

<p>Target</p> <p>Working towards <b>Zero</b> accident goal</p>	<p>Target</p> <p><b>30%</b> reduction in Severity Rate (SR)</p>
<p>Status</p> <p>18 L&amp;T Campuses, 9 L&amp;T Infotech offices, 17 DMN offices, L&amp;T House &amp; LDA Lonavala had <b>zero reportable accidents in 2013-14</b></p>	<p>Status</p> <p>Severity Rate reduced by <b>24%</b> w.r.t 2011-12</p>

**HEALTH** 

<p>Target</p> <p><b>10%</b> improvement in employee health index through 'Working on Wellness' (WoW)</p>
<p>Status</p> <p>Interventions continued in the six risk areas identified - cancer, diabetes, cardiac disease, obesity, ergonomic issues and stress - through counselling, awareness sessions, diagnostic camps and workshops across locations.</p> <p>Second comprehensive online health-scan drive to determine employee health index Pan L&amp;T is planned in FY 2014-15.</p>

**ONGOING CORPORATE SOCIAL INITIATIVES** 

<p>Target</p> <p><b>Scaling up of community development</b> interventions in education, health &amp; skill building</p>	<p>Target</p> <p><b>Enhancing employability</b> of urban and rural youth &amp; women through capacity building initiatives</p>	<p>Target</p> <p><b>Widening the reach of employee volunteering</b> for community welfare</p>
<p>Status</p> <p>Over 200,000 children impacted through the educational programs A new health centre at Vadodara added to existing seven health centres</p> <p>8 construction skills training institutes empowering more than 13,000 people through vocational training</p> <p>Total beneficiaries count increased by 48% to over 800,000 w.r.t 2011-12</p>	<p>Status</p> <p>Skill building/vocational training programs in the community for youth were initiated in 8 locations</p>	<p>Status</p> <p>2,202 L&amp;Teers registered</p> <p>Key L&amp;Teering areas include: Teaching in schools; visiting geriatric homes, orphanages and the terminally- ill, mobilising funds, making blood donations, imparting training to youth and assisting in medical camps</p> <p>More than 450,000 trees planted inside and outside L&amp;T establishments</p> <p>Donated above 9,500 units of blood</p>



THE BEST OF BOTH WORLDS

## **LISTENING & SPEAKING**

*Each of our solutions was once a problem encountered by a stakeholder. We empathized, we listened, we learnt. And from a close and continuing dialogue with our multiple stakeholders emerged solutions that made a difference.*

# Stakeholder Engagement

## In-depth Insights

When our stakeholders speak, we listen and act. Proactively, we put in place an increasing number of forums for them to communicate with us. These engagement channels help us gain deeper insights into their expectations.

## Engagement Framework

Our engagement framework is based on objectives like proactive response, transparency, inclusiveness and trust. The framework has been continually updated incorporating inputs from a detailed stakeholder engagement exercise carried out in the year 2011. The framework enables us to customise our communication and undertake elaborate engagement initiatives.



## Modes of Engagement



Our suppliers, vendors and contractors engage with us on a continuing basis on multiple platforms:

- More than 150 suppliers have signed the Environmental & Social Code of Conduct
- A Partners' Meet on sustainability for contractors, sub-contractors and suppliers was conducted by Construction, L&T Hydrocarbon Engineering, Heavy Engineering and Electrical & Automation businesses.
- A vendor meet was organised to raise awareness levels about business value chain, vendor recognition system, payment processing procedure and quality documentation etc. E&A business conducted their annual supplier meet in August 2013



Internal communications indicate the prevailing climate of openness within an organisation and the freedom that employees enjoy in both accessing information and sharing views.

At L&T the modes for interaction and communication that have been institutionalised include:

**In-house magazines - published on quarterly, half-yearly &**

**annual basis | Internal Spot News | Circulars**

**Intranet module - L&T-scape and various in-house portals**

**Welfare initiatives for employees and their families**

**Social Initiatives | Employee Feedback Mechanisms**

## Shareholders

Multiple shareholders mean multiple opinions, interests and expectations. As a company committed to good governance, we recognize the importance of a continuing dialogue with all our shareholders. We use virtually all media available to update shareholders of major developments, indicate directions of growth and provide the context and rationale for key decisions.

Our interactions with investors involves periodical meetings, video and audio conferences, e-mailers for announcements and response to queries through emails and phones.



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



L&T's Annual Report provides shareholders with comprehensive information about the Company's performance and capabilities.

Quarterly financial reports are published in local and national newspapers, and are also posted on the corporate website - [www.Larsentoubro.com](http://www.Larsentoubro.com). Announcements, invitations for the Annual General Meetings are published in accordance with the statutory requirements. We have a Stakeholder Relationship Committee (earlier known as Shareholders'/Investors' Grievance Committee) comprising one Non-executive Director and two Executive Directors.

L&T also makes presentations to Institutional Investors and Equity Analysts on its quarterly performance. Information to Stock Exchanges is now being filed through Corp-filing and can be viewed on the website - [www.corpfiling.co.in](http://www.corpfiling.co.in).

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

## Customers

The nature of our businesses involves long term engagements with our customers. We are committed to transparency, clarity and continuity in all our dealings. Engagement mechanisms include:

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

We periodically track customer satisfaction through surveys and 'focus groups' conducted by independent agencies.

*For information on how we engage with our suppliers and communities around our areas of operation, please refer the Economic and Social performance sections respectively.*



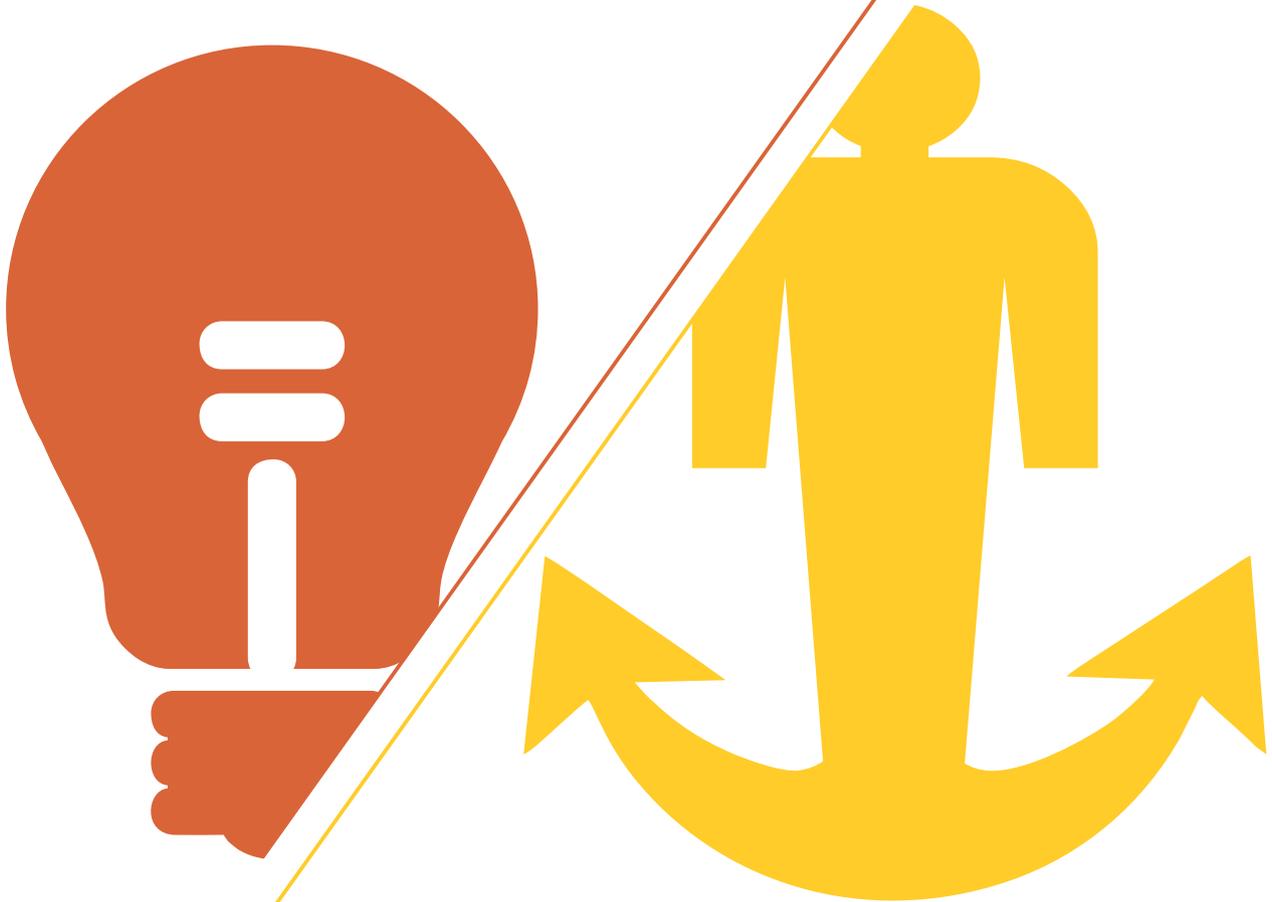
**LARSEN & TOUBRO**

It's all about Imagineering



**CUSTOMER ENGAGEMENT**

Customers meet in session at the Oman expo



THE BEST OF BOTH WORLDS

## **FRESH THINKERS & KNOWLEDGE ANCHORS**

*What happens when new ideas intermingle with accepted wisdom, when the veteran stands shoulder to shoulder with the new-comer? The result is a talent mix that derives the unique dividends of diversity. It is only possible in a 75-year old company that is growing younger.*

# People Performance

## We love what we do

Diversity in all its many facets characterizes Team L&T. With over 50% of its workforce below the age of 30, L&T is a young company that is over 75 years old. Every year we induct large batches of fresh engineering graduates. They share work space with veterans who are called 'L&T-lifers' - professionals who cannot dream of working anywhere but here. Apart from age, there is diversity too in ethnicity, education, family backgrounds, etc.

But there is one thing that unites our large and cosmopolitan team - we love what we do. We also believe that diversity provides the environment for original thought. Our efforts are therefore focused on sustaining and enhancing this diverse work environment. At every step of our employees' careers, we invest in them by offering learning avenues, thus expanding their skill sets to serve clients need better.

### 5R APPROACH TO ENSURE RECRUITMENT AND RETENTION OF TALENT

#### Recruitment

Intensified recruitment of lateral hires at the management level in key markets beyond India



#### Remuneration

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



#### Recognition

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



#### Retention

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



#### Recreation

Setting up facilities and organising cultural and welfare programs to provide worklife balance.



## Talent Management

Talent management consists of a judicious mix of opportunity and challenge. We continuously present our employees with challenges, and simultaneously provide them with the opportunities to develop the competencies to master those challenges. Training, including functional and behavioral, is continuous and embraces all levels.

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

**Business leadership rests on people leaders.**

A.M. Naik  
Group Executive Chairman, L&T

## Talent Acquisition & Retention

We recognize talent acquisition and retention as a constantly evolving discipline. Built on an entrenched set of core principles, the Company's HR policies are designed to ensure that the Company remains the employer of choice. The Company also offers an unmatched canvas of professional opportunity for growth and development. While our focus remains on hiring of local talent, our compensation packages ensure that superior resources are sufficiently incentivized to join and stay with the company.

The Company is an 'equal opportunities' employer and embraces diversity in race, nationality, religion, ancestry, marital status, gender, age, ethnic origin, physical ability and sexual orientation. Our recruitment decisions are merit-based, determined by qualification, experience levels, special skills if any and performance.



## Preferred Employer

Ranked as 58th 'Most Innovative Company' in the world. The only Indian engineering and construction company to be included in the list of 'Top 100 Most Innovative Companies'.  
Forbes

Among India's Top 10 Most Attractive Employers. The only engineering, construction and manufacturing company in India to have featured in the list.

A special recognition as the most attractive employer in the country's infrastructure sector.  
Survey by Randstad

Ranks 1st in Engineering & Automotive Sector.  
Business Today Survey

Among the Top 5 companies to work for, and the first in the Engineering & Automotive sector.  
People Strong Survey

## LEARNING DEVELOPMENT CENTRE AT SHARJAH



With the LDC at Sharjah we have been able to bring greater focus on core developmental programs for employees posted in GCC countries. Some of the programmes which have been conducted are:

- MDP (Management Development Programme)
- EDP (Executive Development Programme)
- SDP (Supervisory Development Programme)

LDC has also been catering to the requirement of behavioural training programs such as Art of Living, Communication and Presentation Skills, Team Building etc.

## Workforce Dashboard

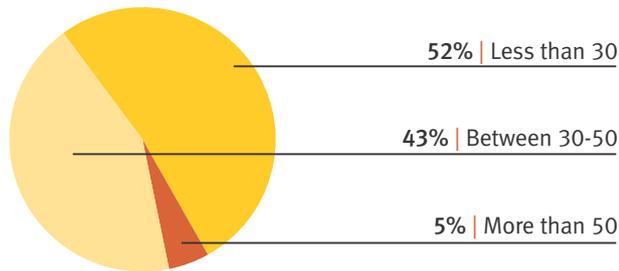


Total Workforce	Numbers
L&T*	51,005
L&T Infotech*	16,823
Sub Total**	67,828
Full Term Contract Workers	384,978
<b>Total Including Contract Workers</b>	<b>452,806</b>

\*Full time employees | \*\* Number of employees as per 2014 report scope and boundary, refer page no. 30

## Workforce Composition

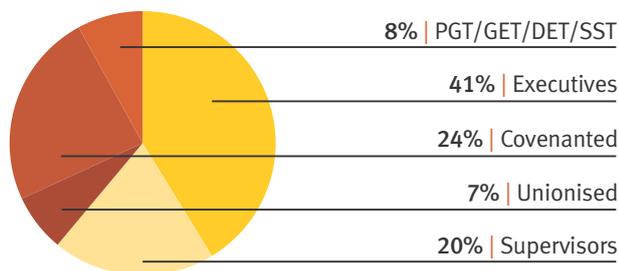
### AGE DISTRIBUTION



### GENDER DISTRIBUTION



### CADRE DISTRIBUTION



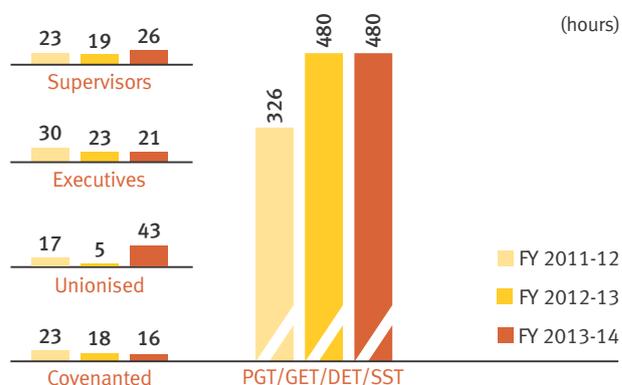
## Employee Turnover

Employee Turnover		Including Infotech	Excluding Infotech
Total number of employees leaving employment in the reporting year		6,592	4,292
Male	Less than 30	3,024	2,192
	Between 30 to 50	2,242	1,507
	More than 50	295	286
Female	Less than 30	765	232
	Between 30 to 50	256	68
	More than 50	10	7

## Training

Training is of vital importance to the progress of our company. Training programmes address specific goals, for instance understanding a process and operating a certain machine or system. We also have training programmes for career development which emphasize on broader skills, which are applicable in a wide range of situations. This includes decision making, thinking creatively and managing people.

We match competencies required for business success with the existing skills an individual employee possesses to identify training needs. Specific modules are then planned as part of the personal and organisational development programme thus making them customised to the need of individual employees.



### AVERAGE TRAINING HOURS

**L&T employees have had more than 4 million training man hours in the reporting year**

### Structured Training Courses

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

**Core Development Programmes (CDP)** It develops and grooms talent in general management and equips trainees to address higher-level responsibilities.

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

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

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

## Training Highlights



PT&D organised a two day in house programme on lifestyle modification and stress management for testing & commissioning engineers.

Construction businesses had building programmes to create an environment of collaboration and mutual respect and focus on the dynamics of team-spirit among the employees. The training was aimed at improving communication and inter-personal skills among team members to build productive relationships.



L&T has been awarded accreditation from the Institution of Occupational Safety & Health (IOSH), UK as 'Training Provider' for delivering their course 'Managing Safely'.

A two-day workshop was organised for L&T Power as part of 'Improvement Initiatives & Operational Excellence' module.

## Key Training Institutes

L&T's major training centres include:



**Leadership Development Academy**  
at Lonavala, Near Mumbai



**Project Management Institutes**  
at Vadodara and Chennai



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



**Safety Innovation School**  
at Hazira

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

*Power Transmission & Distribution Business set up a dedicated Construction Skill Training Institute at Cuttack to enhance workmen skills.*

*The Water & Renewable Energy Business in association with MNRE has started a 'Solar Training Institute' at our Construction Skills Training Institute (CSTI), Delhi, with an objective to bridge the gap between demand and supply of skilled manpower for the solar projects.*

## Leadership Development

Our leadership development programmes are conducted in collaboration with reputed Indian and International Business Schools.

The 7-Step Leadership Pipeline Development process has been meticulously structured:



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

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## Employee Benefits

We are committed to building a positive work environment for professional and personal growth of our employees. We provide a range of benefits at par with the best in the industry.

### Collective Bargaining

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All unionised employees retain the right to exercise the option of collective bargaining.

In the reporting year, no operations were identified in which the right to exercise freedom of association and collective bargaining may be at significant risk.

### Minimum Wages to Workmen

---

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

### Organisation’s Defined Benefit Plan Obligations

---

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

### Minimum Notice Period for Operational Changes

---

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

# Occupational Health & Safety

Occupational Health and Safety is an integral part of our business philosophy. We are committed to providing a safe and healthy workplace to our employees and stakeholders. Employees have been given training on OH&S and the performance is reviewed during business meetings and management review meetings.



## SIGNIFICANT SAFETY INTERVENTIONS

- Over 785 personnel underwent training at L&T's 'Safety Innovation School' at Hazira – India's 1st experiential safety training centre
- Construction of second L&T 'Safety Innovation School' began at Kancheepuram
- An IVRS (online Interactive Voiceover Response System) based Safety Improvement System (i-SIS) was launched
- Competency training and EHS Leadership programmes conducted for L&T Construction
- Use of GPS and SMS for safe vehicle and crane movement
- A mock drill involving a stationary train with "passengers" on board conducted for Mumbai monorail
- EHS Animation modules developed for L&T Construction (including in regional languages)
- L&T participated in the 3rd traffic safety Expo held at Oman International Centre



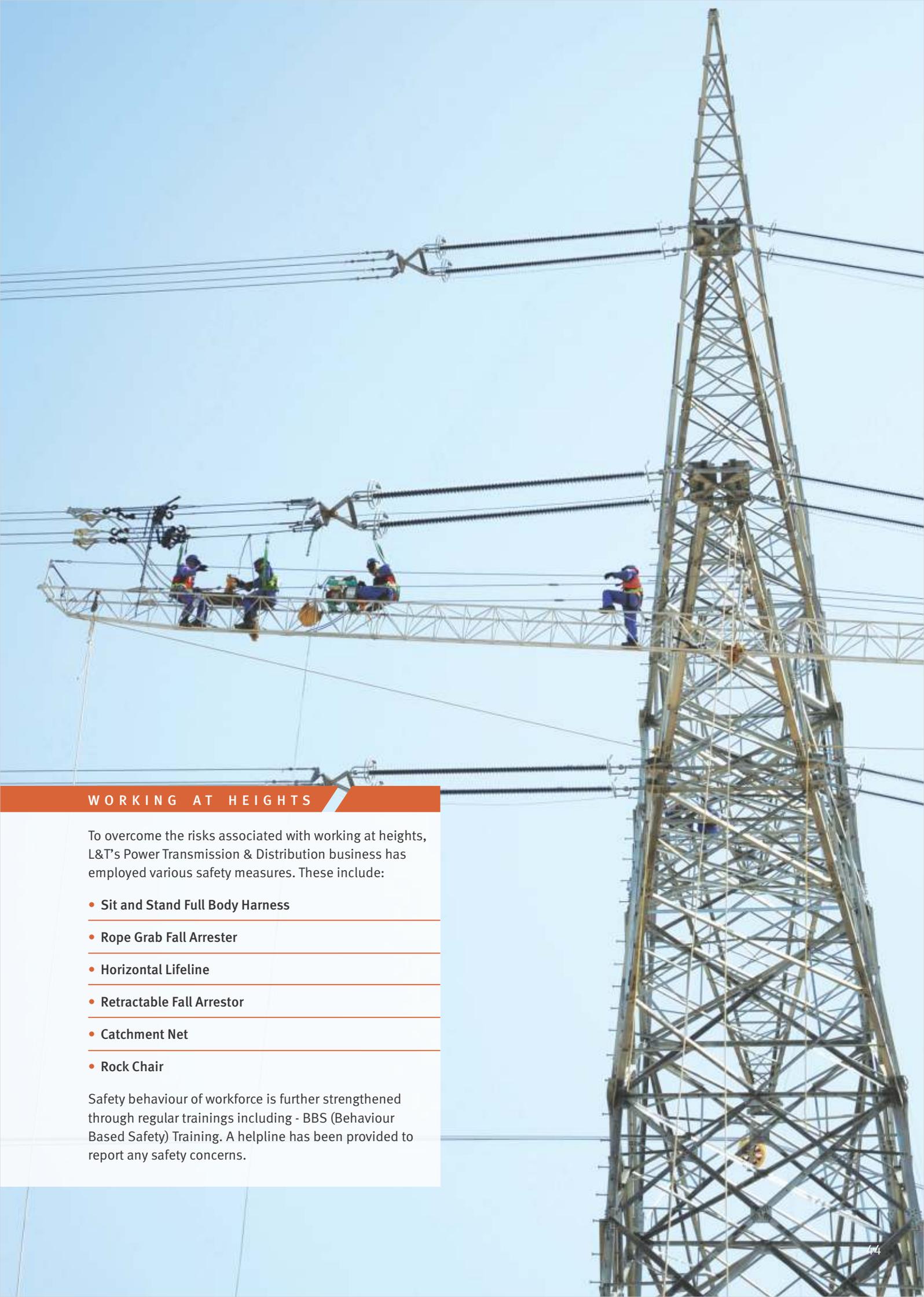
## SIGNIFICANT SAFETY ACHIEVEMENTS

- Heavy Civil Business - Kakrapar Atomic power project bagged the prestigious Sarvasreshtha Puraskar - the highest honour in India for construction safety given by National Safety Council
- L&T Infotech reported zero accidents
- L&T Hydrocarbon Engineering's MFF Hazira won Platinum award during FICCI Safety Excellence Awards
- PT&D business bagged 14 Gold and 6 Silver Awards from RoSPA, UK
- L&T Power's Malwa project site received British Safety Council's Five Star Rating and Sword of Honour award. Four major L&T Power project sites achieved zero reportable accident status
- Transportation Infrastructure received 3 Gold and 1 Silver Awards from RoSPA, UK
- L&T projects sites and locations received 31 British Safety Council 'International Safety Awards'



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

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

To overcome the risks associated with working at heights, L&T's Power Transmission & Distribution business has employed various safety measures. These include:

- Sit and Stand Full Body Harness
- Rope Grab Fall Arrestor
- Horizontal Lifeline
- Retractable Fall Arrestor
- Catchment Net
- Rock Chair

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

## Safety Dashboard

Accident Statistics (YoY)	FY 2011-12	FY 2012-13	FY 2013-14
FR	0.20	0.18	0.15
SR	287	272	218
Fatality Rate	12.04	11.09	8.83
Fatalities (YoY)	47	49	40

Frequency Rate (FR) No. of reportable accidents per million man-hours worked

Severity Rate (SR) No. of man-days lost per million man-hours worked

Fatality Rate No. of fatalities per lac workforce



Transportation Infrastructure has bagged 11 International Safety awards, 3 RoSPA Gold (Royal Society for the Prevention of Accidents), 1 RoSPA Silver & 7 British Safety Council Award along with 5 prestigious Safety Awards from National Safety Council (NSC), India for the year 2013.

## Safety Framework

Safety is one of L&T's core values. It is our commitment to provide a safe and healthy workplace to our workforce across campuses and project sites. Towards this we have spelt out policies and systems that guide our employees on how to remain safe and ensure a safe workplace. Our safety framework includes:

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

A well-defined Environment, Health & Safety Policy ensures compliance to all statutory EHS standards and encourages adherence to best practices. It articulates our commitment towards environment conservation and building a workplace that is conducive to the mental and physical well-being of the workforce.

Additionally, the EHS policy is also explained to our sub-contractors and suppliers during induction training. Safety capability evaluation of sub-contractors is carried out before awarding contracts. The compliance is ensured through regular training, site visits, audits and involvement of sub-contractors in the safety management system.

### Structure for EHS

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

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

### Environmental & Safety Management System

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

- Leadership & Commitment
- Policy and Strategic Objectives
- Organisation, Resources and Competence
- Risk Evaluation & Management
- Planning, Standards & Procedures
- Implementation and Performance Monitoring
- Compliance Assurance
- Management Review
- Contractor Safety Management



## Safety Committees

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

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

## Formal Agreements with Trade Unions

Formal agreements with trade unions include aspects on Occupational Health & Safety such as audits and accident investigations, training and education, complaints mechanism, right to refuse unsafe work, and periodic inspections. Such agreements also cover aspects related to compliance with global agreement such as International Labor Organization (ILO) Conventions and Codes of Practice, and arrangements or structures for resolving problems.

## Training



Training needs for Safety are identified on the basis of the following:

- Analysis of incident investigation reports
- Addition of any new process, technology or operational controls
- Hazard Identification & risk assessment details
- New & lateral recruits
- Management Review outputs
- Periodic refresher trainings
- Observations & interviews to decide behavioral trainings



*L&T's unique Safety Innovation School at Hazira, near Surat reflects the Company's commitment to safety and to the dissemination of safe practices across all its worksites and production centres through experiential learning.*

## EHS Training Highlights

Employees are regularly trained in:

- Importance of EHS
- Defensive Driving
- Construction Hazards and Preventive Measures
- Precautionary Measures during Radiography
- Safety while Working at Heights
- Legal Requirements
- Safety during Material Handling
- Confined Space Entry Requirements



## L&T'S UNIQUE AUTOMATION ACADEMY AT NAVI MUMBAI

The L&T automation academy provides students a 6-month course comprising different modules like Drives, PLC, SCADA, Instrumentation, Networking and Project Management along with the requisite hands on-experience. Exposure to different functions like project software development, testing in shop-floor and service centre operations enhances employability.



### Human Rights

L&T believes in the fundamental rights of all human beings and is committed to upholding human dignity. We condemn child or forced labour and ensure that human rights clauses are included in our contract documents with sub-contracts and are strictly adhered to within our premises and sites.

We comply with all applicable legal requirements and contractual agreements. This approach cascades down to each business.

### Diversity and Equal Opportunity

We welcome diversity at the workplace. It introduces fresh perspectives and enables our people to integrate better in society.

We are an equal opportunity employer and adhere to statutory & regulatory norms. Our egalitarian work culture fosters diversity and equal opportunity. We do not discriminate on the basis of caste, religious or political affiliation, gender, nationality, age, sexual orientation or disability.

Through Project Neev the Company provides career opportunities to the specially-abled. The Company directly employs 82 persons with disabilities and value chain also employs 96 persons with disabilities.





THE BEST OF BOTH WORLDS  
**LOCAL & GLOBAL**

*Borders are lines that men have drawn on a map. We have consciously sought to de-risk our operations by seeking out promising new geographies. Today as growth returns to national shores and business regains its stride, we are reaping the benefits of two revenue streams - national and international.*

# Economic Performance

## Growth for all Stakeholders

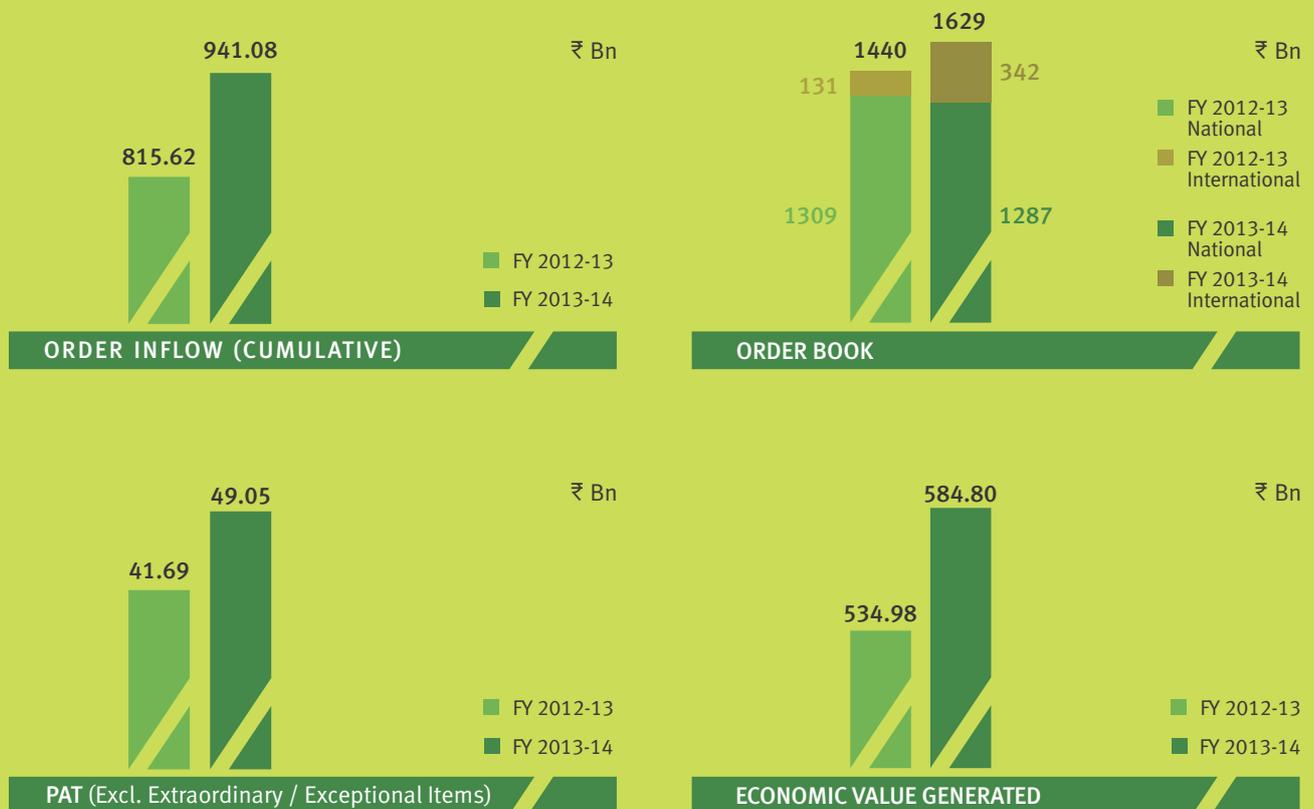
The Indian economy grew by 4.7% in 2013-14 — the second successive year of sub-5% growth. This domestic economic slowdown worsened with limited investments made in the private sector and many government projects mired in uncertainty. This impacted the pace of capital expenditure in infrastructure, power and industrial sectors.

Against this challenging economic environment, we have performed commendably on most key performance parameters. Order inflows of the company have shown a robust 15% growth over the previous year. This has been achieved through the various initiatives taken to counter the slowdown in the domestic market. Despite severe execution challenges, we have managed to meet the timelines on major projects. The Company completed the transfer of its Hydrocarbon Business undertaking along with related assets, liabilities and specific identified reserves to a wholly owned subsidiary - L&THydrocarbon Engineering.

The Company, this year, moved decisively towards consolidation of its international operations through replication of its domestic structure and systems in the Middle East. In the latter half of the fiscal, we have seen an increase in the number of international orders contributing significantly in our order inflows. With a growing increasing international footprint, we are conscious of the need to induct experienced local talent familiar with these geographies, and are consciously strengthening our multi-cultural leadership base.

## Economic Value Generated\*

We have bagged important infrastructure projects in India and GCC Countries, predominately in the Engineering & Construction business. Order inflows clocked in at INR 941.08 billion representing a 15% growth over the previous year. International order inflows represented 21 % of the total inflows during the year under review.



\*To facilitate like-to-like comparison, the figures for 2012-13 have been restated to exclude L&THydrocarbon Engineering business which has been transferred w.e.f. April 1, 2013 to a wholly owned subsidiary.

## EPS/ROCE

PARTICULARS	FY 2012-13	FY 2013-14
EPS* (₹ Bn)	53.33	59.36
ROCE (%)	13.7	14.9
EVA (₹ Bn)	(1.12)	4.59

\*Including extraordinary and exceptional items

## Economic Value Distributed

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

(in ₹ Bn)

PARTICULARS	FY 2012-13	FY 2013-14
Manufacturing, construction and operating expenses	402.05	433.46
Employee wages and benefits	38.61	46.62
Payments to providers of capital		
Interest	9.55	10.76
Dividend	11.38	13.21
Payments to Government	57.48	57.73
Community investments	0.73	0.77

## Liquidity and Capital Resources\*

(in ₹ Bn)

PARTICULARS	FY 2012-13	FY 2013-14
Cash and cash equivalents at the beginning of the period	19.06	14.57
Add: Net cash provided/ (used) by:		
Operating Activities	14.72	10.47
Investing Activities	2.68	(19.41)
Divestment Proceeds	3.88	7.27
Financing Activities	(33.16)	5.04
Discontinued Operations	7.78	—
Cash and cash equivalents at the end of the period	14.96	17.94

We did not receive any significant financial assistance from the Government in 2013-14

\*To facilitate like-to-like comparison, the figures for 2012-13 have been restated to exclude L&T Hydrocarbon Engineering business which has been transferred w.e.f. April 1, 2013 to a wholly owned subsidiary

## Enriching Stakeholders

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



## CASE STUDY

### TOWERING ABOVE THE REST



The Power Transmission & Distribution (PT&D) business of L&T Construction is an industry leader in India, and among the front-ranking companies in select international geographies, viz., the Middle East. However, our constant endeavour is to better our performance to maintain leadership position.

PT&D has conducted training and capacity building sessions on 'Quest for Excellence' to achieve the following:

- 1 Reduce cycle time for tower erection
- 2 Increase production of components to fulfil demand
- 3 Improved management of site / store operations

The tools implemented include value stream mapping, comprehensive quantitative analysis, 5 'Why' analysis & observation studies, OEE (Overall Equipment Effectiveness), Bottom up operating structure (AET) and Lean & flow based operations.

Dedicated teams worked towards revamping the operating strategy, implementing the pull-based manufacturing system, improving quantity release and procurement, introducing the concept of 'Full Kit' for factory dispatches, stores layout optimization and standardisation.



The operational excellence exercise resulted in the following.

Increasing production by **40%** over 2010-11 (base year)

Days of inventory reduced from **68** to **56** days

**45%** improvement in productivity in erection of transmission tower

**Zero** shortages at pilot project (Varanasi Kanpur Transmission Line)

## Customers

We offer cost effective, high quality, state-of-the-art technological solutions catering to the needs of our clients with on-time delivery.

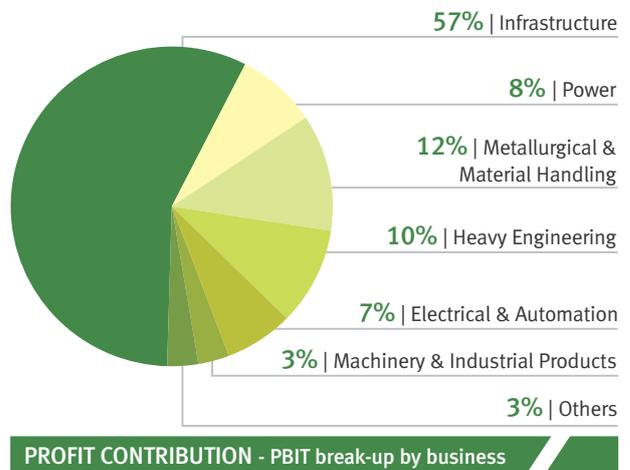
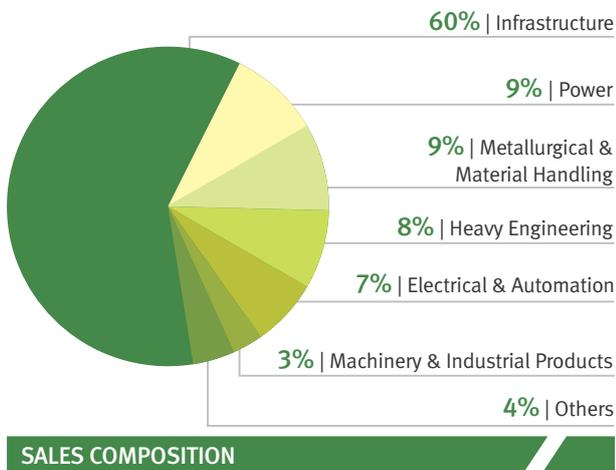
**Our Infrastructure business segment accounts for 60% of our sales and 57% of profits.**



In the reporting year, key projects commissioned by L&T Construction include the terminal building T2 and Air Traffic Control (ATC) Tower for Mumbai International Airport, terminal building in Bengaluru International Airport and an automobile manufacturing facility for Ford in Sanand, Gujarat.

Major achievements include commissioning of India's first Monorail - Mumbai Monorail, commissioning of a 471- metre high Guyed Mast communication tower – India's tallest, and construction of a 125 MW Concentrated Solar Power (CSP) Plant - the largest solar thermal power plant in Asia.

A bouquet of projects executed during the reporting year include - Khalifa Port Interchange Project (Department of Transport, UAE), 400 kV Switchyard projects for 2x660 MW Thermal Power Plant (TPP) in Chhattisgarh for DB Power, 400 kV Fujairah to Ras al-Khaimah (Saudi Arabia) transmission line project, Hogenakkal Water Supply & Fluorosis Mitigation project covering 3,300 habitations in Krishnagiri and Dharmapuri districts of Tamil Nadu and completion of Electric Arc Furnace for JSIS, Oman.



## Employees\*

**There was a net addition of 3987 employees during the year, taking the Company's manpower strength to 54,579 as of March 31, 2014**

The staff expenses for the year 2013-14 stood at 4662 Crores - an increase of 21% as compared to the previous year.

Apart from all statutory benefits like provident fund, family pension, medical, gratuity and leave encashment, we provide additional benefits such as holiday homes, medical insurance in accordance with company norms.

\*Excluding L&T Hydrocarbon Engineering Business



## Art meets Engineering in Lighthouse for the Skies

The ATC (Air Traffic Control) Tower is a modern day lighthouse. Where once those lonely, lyrical towers stood on land's end and guided ships home to safety, their more recent avatar does the same for airplanes.

At Mumbai International Airport, L&T Construction re-created the mystique of lighthouses in an Air Traffic Control (ATC) Tower that represents a fine fusion of art and engineering.

**At 83.8 m, it is one of the tallest in the country.**

Unlike most ATCs, it stands sentinel outside the terminal, allowing thousands of passersby to gaze up in admiration at its grace and beauty.

**The ATC can 'see' over 5 miles from the runway's start and end points.**

Built in a site area of 1200 sq. m, the tower consists of 3 floors at its base called the technical block for security and Airport Authority of India (AAI) staff for ATC operation. There are 4 floors at the top called the 'Stalk and CAB' that accommodates the ATC operational area, navigation equipment, etc.

The Air Traffic Control Tower may be the most elegant but it is by no means the only 'lighthouse for the skies' in L&T's long and growing construction record. The ATC tower at New Delhi airport, for instance, will soon surpass its Mumbai counterpart in height. Like many of L&T Construction's signature structures, they show the world that construction expertise can synergize the functional requirements and aesthetics to create a work of wonder.



(in ₹ Bn)

EMPLOYEE COSTS	FY 2012-13	FY 2013-14
Cost towards wages/salaries (a)	30.99	38.12
Other benefit costs (b)	7.62	8.50
Total personnel cost = a+b	38.61	46.62
Average pay out per employee (in million)	0.76	0.85

Local sourcing improves logistics through better response time, faster turnaround, efficient and cost-effective transportation as well as helps to develop the local economy. More than 80% of the Company's requirements in FY 2013-14 were met by local suppliers.

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

## Indirect Economic Impacts

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

### Vendors and Local Sourcing

We are committed to local sourcing of both people and raw materials as well as local manufacturing wherever possible. We work with customers and local vendors to identify potential suppliers and provide resources to help them become our business partners. The Company conducts capacity-building programmes for vendors, sub-contractors and provides training and technical expertise towards business efficiency improvement.

## Climate Change

The Company remains committed to the eight missions of the National Action Plan on Climate Change (NAPCC) instituted by the Government of India. The Company has been increasingly investing in products and processes that assist sustainable economic growth – enhancing energy security, developing low-carbon technologies for building infrastructure, spreading sustainability knowledge and greening the nation's landscape.

Numerous initiatives have been undertaken for energy and Greenhouse gas (GHG) emission intensity reduction. These include increased use of renewable energy, promotion of green building construction and energy efficiency, enhancement of green cover, provision of solar and renewable energy solutions to customers.

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



*Green Building at Talegaon*

## Green Portfolio

We understand that the greatest potential to positively impact the environment is through improving the efficiency of our products during use. Over the years, the Company has formulated and executed green strategies which yield both environmental benefits and business growth. The underlying philosophy is to continuously enhance the efficiency of processes and augment the Company's green portfolio.

**Over the years, the Company has formulated and executed green strategies which yield both environmental benefits and business growth.**

Our green products and services portfolio steadily increased to INR 81.83 billion in the FY 2013-14, an increase of 12% over the previous year.

**The percentage contribution of green products and service portfolio to overall sales grew to 14.31% in the reporting year.**

## Construction

### Green Buildings

The Company has developed proven expertise, and is widely recognized as a sector leader in construction of green buildings in India. Our Buildings & Factories (B&F) Business has constructed more than 43 million sq. ft. of certified rated green buildings space cumulatively. An additional 11.5 million sq. ft. of green space is under various stages of certification. The Company currently has five Platinum, five Gold, three Silver and one certified rated Green Buildings within L&T campuses. In addition, the Company's manufacturing unit (factory) at Vadodara is certified under the silver category as 'Green Factory'.

### Solar EPC

The Company has indigenous capabilities to design solar photovoltaic power plants, balance of system and the requisite power evacuation systems from 'concept to commissioning' basis for utility scale solar PV and CSP power plants as well as off grid and rooftop solar PV systems.

In the reporting year, the Company has successfully completed construction of 125 MW Concentrated Solar Power (CSP) Plant, the largest solar thermal power plant in Asia. The Company was also commissioned the 7.5 MW Rooftop-based solar PV plant in 2013-14, the largest of its kind in the world.

Cumulatively, the Company has installed and commissioned over 187 MW of solar power plants till date.



## Mass Rapid Transit



Metro and mono rail are widely acknowledged as eco-friendly mass transit systems that reduce per capita fuel consumption and carbon emissions. The Company has been involved in the execution of metro rail projects in cities across the country and in India's first monorail in Mumbai (Phase I commissioned in FY14).

**The Company has also won two major, prestigious contracts in the Middle East, for Riyadh and Doha Metro projects during FY14.**

## Hydropower Projects

Hydropower is a renewable energy resource and India ranks fifth in terms of exploitable hydro-potential on a global scenario.

Drawing from its rich experience of providing EPC services to various industrial sectors, the Company is one of the key players in the country's hydro-electric segment providing complete turnkey 'Water to Wire' solutions.

**The Company has the experience of executing projects in all geographies under extreme weather conditions.**

## Wastewater Treatment Plants

The Company has re-affirmed its status as a leading player in Water Infrastructure projects in India during the year 2013-14. It executes turnkey infrastructure projects including supply & distribution, desalination, water management, sewerage networks, advanced treatment plants, industrial water, lift irrigation and canal rehabilitation.



## Efficient Transmission and Distribution System

L&T is a leading EPC player in Power Transmission and Distribution business offering integrated solutions and end-to-end services. The services range from design, manufacture, supply, installation and commissioning of transmission lines, underground cable networks, substations, distribution networks, electrical, instrumentation & communication works for power, process & infrastructure projects in both domestic and international markets.

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The business also provides services in power quality improvement under urban and rural electrification projects like R-APDRP (Restructured Accelerated Power Development & Reform Programmes) and RGGVY (Rajiv Gandhi Gramin Vidyutikaran Yojana) with the objective of reducing Aggregated Technical & Commercial (AT&C) losses.

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## Power

### Supercritical Thermal Power Plant Equipment

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

Joint ventures of L&T and Mitsubishi Hitachi Power Systems, Japan for super critical boilers and turbines in India manufacture super critical boilers and turbine generators at L&T's Hazira complex.

Nabha Power Limited achieved commercial operations of the first 700 MW unit of 2x700 MW super critical thermal power plant at Rajpura, Punjab on January 31, 2014 with a boiler manufactured and supplied by L&T.

## Heavy Engineering

### Coal Gasifiers

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

## Electrical & Automation

### Energy Efficient Equipment

L&T offers a range of products, systems, services and software, for industrial, commercial and residential applications, such as:

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

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**Systems:** Industrial & Building Automation Solutions, smart metering systems, Building Management Systems

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**Services:** Energy audits

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**Software:** Energy performance analysis, Integrated Energy management

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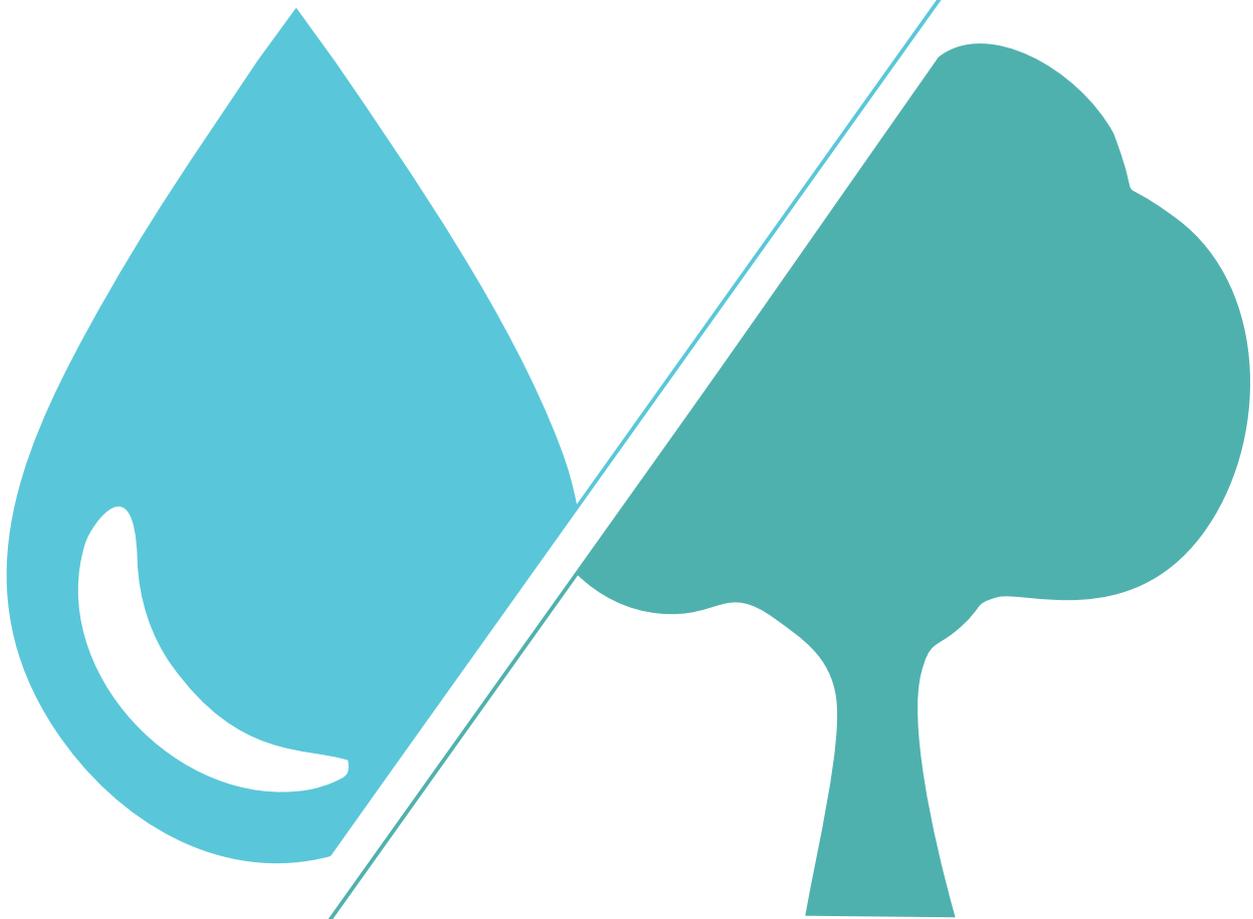






## HEAVY ENGINEERING

Continuous catalyst generation platformer process unit fabricated by L&T for OMPL - MARC (ONGC Mangalore Petrochemical Ltd - Mangalore Aromatic Complex) converts Paraffin and Naphthenic to Aromatics and also produces Hydrogen as the by product.



THE BEST OF BOTH WORLDS

## SMALL STEPS & BIG LEAPS

*From green processes to green products, from making every drop count to thinking out of the barrel, from following SOPs to setting new benchmarks, conservation has champions across L&T. It is progress that matters - whether it comes through incremental advances or quantum jumps.*

# Environmental Performance

## Going Green

Our environmental sustainability efforts consist of small, conscious steps taken within the campuses and project sites while promoting the same within our value chain to ensure a multiplier effect. We are committed to protect the environment and propagate the green way amongst our peers and value chain. We strive for performance that goes beyond the regulatory compliances by reducing our environmental impacts. We work towards conserving the natural capital and preserve the resources for future generations.

We regularly monitor our sustainability performance and map it against our sustainability roadmap for continual improvement.

<p><b>Renewable Energy</b></p>  <p><b>33 million units</b> of renewable energy used in campuses, contributing to 8% of our indirect energy mix</p>	<p><b>Energy Conservation</b></p>  <p><b>20% increase</b> in Energy Conservation over 2012-13 due to thrust on energy efficiency</p>	<p><b>GHG Emissions</b></p>  <p>Promotion of clean fuels, Energy efficiency, Increase in Scope 3 emissions inventorization and reporting</p>
<p><b>Material Management</b></p>  <p><b>Over 60% increase</b> in use of recycled steel and zinc by our construction businesses</p>	<p><b>Water Efficiency</b></p>  <p><b>5 campuses</b> have become water positive <b>28 campuses</b> have achieved 'Zero Discharge' status</p>	<p><b>Green Buildings</b></p>  <p><b>14 green buildings &amp; 1 green factory</b> within L&amp;T campuses reached to 2.1 million sq. ft. of certified green space</p>

## Energy

Energy is at the heart of our business processes. It makes perfect business sense to conserve energy and improve process efficiency, to yield environmental benefits. Hence, it is one of the focus areas for our businesses. The best practices are shared, adopted and strengthened across the businesses and locations. This helped us see an incremental amount of energy savings each year.

Further, use of renewable energy is promoted both onsite in form of Bio Gas Plants, Solar PV systems, Solar Water Heating systems etc. and offsite sourcing of indirect energy from wind farms.



*At the L&T's Delhi Metro Rail Corporation project sites, use high masts in place of conventional pole lighting has not only saved revenue but also resulted in energy savings of 17,14,680 kWh units and reduction in CO<sub>2</sub> emission*



## BLAZING A NEW TRAIL



When a furnace has carried out more than 130 charges, it is time for plant managers to ask themselves the question of whether it would be better to persist with the tried and tested or invest in a new facility. At the high tech workshop of L&T Heavy Engineering at Hazira (Surat), a cross functional team was formed to find the answer.

The team began with an analysis of the functioning of the furnace. The team found that the furnace could generate a maximum temperature range of 690° - 720° C and had a soaking time of up to 8 hours.

Continuous cyclic loading and atmospheric conditions, however, had caused efficiency to taper.

Further, study of load patterns indicated that the nature of the design made the furnace unsuitable for job sizes less than 30 m, which constituted 40% of the load.

It was therefore decided to invest in a new furnace. A Large Equipment Manufacturing Facility of dimensions 52mx 10m x10m was selected.

The new furnace has a movable back door which ensured that jobs of smaller sized could also be handled efficiently. A locking arrangement on the front door reduces door set-up time by over 75%. Small as they are each of these and other design features in the new facility add up to a high order of energy efficiency and savings.

**Annual savings of approximately Rs. 60 lakhs are expected.**

## Direct Energy\*

Our direct energy consumption has gone up this year due to the addition of local and international project sites in various businesses. It amounts to 7,470,949 GJ, a rise from 5,410,460 GJ in 2012-13

This year our specific direct energy consumption also saw a rise owing to the increased project activity at sites and inclusion of international project sites.

### Specific Direct Energy

Year	GJ/Employee
2011-12	89.19
2012-13	95.31
2013-14	110.15



## Indirect Energy\*

In the reporting year, the indirect energy consumption at our operations increased to 1,537,374 GJ, up from 1,078,736 GJ in 2012-13. This increase is attributed to the increase in reporting scope this year to include international manufacturing locations and project sites.

Further, our specific indirect energy consumption is 22.67 GJ/employee this year as compared to 19.00 GJ/employee last year. This is due to the increased activity at project sites and manufacturing locations.

### Specific Indirect Energy

Year	GJ/Employee
2011-12	18.89
2012-13	19.00
2013-14	22.67



*\* The Scope of 2013-14 reporting has been expanded with inclusion of International Projects and Manufacturing operations. The energy, GHG emissions and Water consumption intensity per employee has been derived w.r.t YoY scope of reporting instead of w.r.t 2007-08 scope.*

## Green Energy

We harness green energy within our operations wherever feasible in form of wind, solar and bio-mass. This year, there has been an increase in the scope of reporting and even with the increased consumption, the green energy contributed to around 8% of our indirect energy mix.

### 2013-14 HIGHLIGHTS

More than  
**31.3 million units** of electricity substituted by wind energy



**1.6 million units** of solar energy harvested within the campuses



Bio-gas facilities at four campuses contributes to more than  
**7,000 m<sup>3</sup> of bio-gas**



## Energy Conservation

We consider energy conservation and energy efficiency as a core measure of operational performance. Active energy conservation cells across businesses help us conserve our natural and financial wealth.



**CUMULATIVE ENERGY CONSERVED**

The cumulative energy conserved this year was up by 28.4% as compared to 2012-13.

(G)

Initiatives / Intervention	Total Energy Conserved during FY 2013-14 (GJ)
Process redesign	4,920
Optimisation/operational control and efficiency	564
Conversion and retrofitting of equipment	34,062
Change to CFL & LED lamps	2,848
Changes in personnel behaviour and auto shutting of lights when not in use	3,507
<b>Total</b>	<b>45,901</b>

CASE STUDY

POWER TO THE PEOPLE



'Power to the People' is the theme line of the multi-level CSR initiatives adopted by L&T at Rajpura, Punjab. The Company owns and operates a 2 x 700 MW coal-fired power plant at Rajpura through a special purpose vehicle - Nabha Power Ltd. Based on supercritical technology, it is one of the most eco-friendly and efficient coal-based thermal plants in India. The megawatts generated are supplied to the state of Punjab, helping industry and lighting up the lives of people.

Total EPC execution of an efficient power plant and L&T's technological prowess is only one part of the picture of progress. This account is about the other part and shows how Team L&T is also committed to contributing directly to local community development.

Rajpura receives an average annual rainfall of 677 mm. As part of its CSR programme, L&T engineers constructed a multi-tiered water conservation system. This includes two storage tanks, filtration chamber and a recharge-well for harvesting rainwater and facilitating artificial recharge. The two storage tanks have a total capacity of 7,694 m<sup>3</sup>. The rainwater harvesting system has the potential of recharging over 500,000 m<sup>3</sup> of water annually.



This has resulted in the rise of water table and availability of more water to the community.

## KEY CONSERVATION INITIATIVES

Our energy conservation efforts are focused on three broad areas:

**Fuel conservation | energy efficient equipment and systems | energy optimisation in manufacturing processes**

### Energy-efficient Lighting



- CFL lamps and T5 fittings replaced metal halide lamps
- Energy saver panel for street lighting systems / sodium vapour lamps for street lighting
- Replacement of incandescent lamps with LED lamps in office and on the shop floor for hand lamps and machine lamps
- Replacement of mercury vapour lamps with induction lamp fittings in the factory premises
- Introduction of double circuit in high mast light towers to reduce illumination and power consumption during non-working hours
- Installation of transparent sheets & sky light panels on shop sides for using day light obviating use of hand lamps during day time

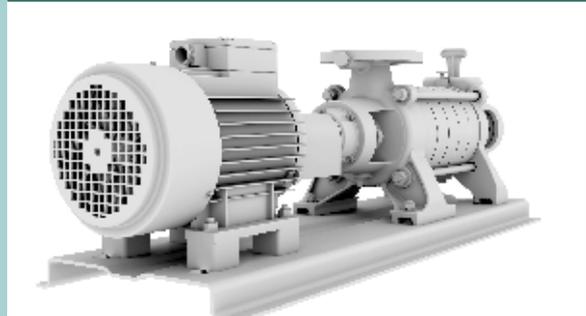
### Energy Efficient Machinery

- Installation of low Concentrating Solar Photovoltaic Tracker based grid system at Construction Skills Training Institute (CSTI) at Kanchipuram works
- Installation of energy efficient chiller compressor at centralized AC plant at Kansbahal
- Development of electrical resistance furnace for warm edge breaking of 110 thick plate

### Re-Engineering

- Power factor improvement in Daikin VRV Load Distribution System by installing APFC panels

### Efficiency & Retrofit in Processes



- Use of Variable Frequency Drive in motors for welding positioners, EOT cranes, AHU, Water pumps, Welding trolleys, Rotary table & Machine tools to improve the motor efficiency
- Replacement of rotary speed switch with VVVF drives in radial drilling machines
- Implementation of ISO 50001 - Energy Management System in Hazira and Kattupalli
- Optimization of LPG consumption in Shop floor by Implementing Hydrogen gas for CNC cutting machine in place of LPG
- Reduction in NG consumption in PWHT of top tube sheet of EO reactor by modifying internal firing arrangement thereby reducing cycle time from 55 hours to 43 hours
- Installation of solar pipes & solar water heaters to reduce use of conventional energy
- Replacement of stand-alone air dryer by centralized refrigerant type air dryer at Kansbahal
- Application of heat shield paint at admin building terrace for reduction in HVAC load
- Fixing VVF drive in 60T Hoist in the EOT crane at Rubber Processing Machinery Unit (LTRPM)

## Clean Development Mechanism (CDM) status

The Company has already registered a project by its Infrastructure Development arm (L&T IDPL) on Clean Development Mechanism (CDM) under United Nations Framework Convention on Climate Change (UNFCCC) related to Green Power Generation Project (8.7 MW wind farm). The National CDM Authority - Ministry of Environment & Forests, Government of India has already approved this as a 'Project contributing to sustainable development' and given 'Host country approval' for the project on June 12, 2012. This project aims to reduce approximately 16,128 tonnes of CO<sub>2</sub> equivalent per annum.

## CASE STUDY

### REDUCE, REUSE...RETHINK



Reduce, reuse and recycle to minimize the amount of waste people generate is the mantra for sustainability. To this, L&T-ites have added 'Rethink'. Case in point is L&T Special Steels and Heavy Forging, Hazira unit where one can see this in practice.

Vapour Absorption Machine or Chiller (VAM) is a refrigerator that uses a heat source like solar, direct-fuel firing, waste heat from factories, engine-exhaust, etc. to provide the energy needed to drive the cooling system. VAM technology has been found to be extremely beneficial with the availability of recoverable waste heat.

At L&T's Hazira unit, a dual fired 200 TR capacity VAM (which can operate both on fuel-firing and exhaust gas firing) was installed for use in air

conditioning of the Administration building. The machine was initially commissioned using natural-gas (NG). Recently, a tapping from the forge reheating furnace RH-250 exhaust duct has been connected to the VAM machine.

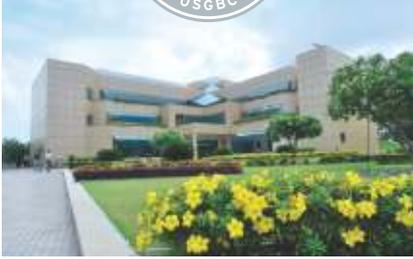
Thus no NG is consumed when furnace is in operation which has resulted in reducing the NG consumption to minimum- i.e. 52 m<sup>3</sup>/hr, leading to an overall saving of approximately 192,000 m<sup>3</sup> of NG or INR 82 lacs per annum.

The unit saves not only on costs but the methodology is also environment friendly, due to reduction in the greenhouse gas emissions.

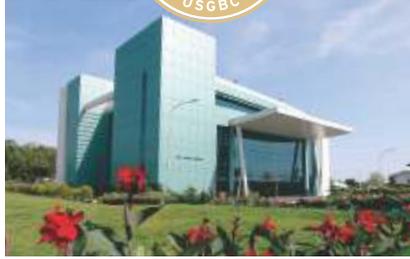
## Green Premises

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





Technology Block, Hazira



Office Complex, Ahmednagar



Green Factory, Vadodara



Administrative Building, Kattupalli



Unnati building at C&A Mahape (Navi Mumbai)



EDRC, Chennai



Office Complex, Talegaon



Knowledge City, Vadodara



L&TTC III, Chennai



SBU Block (2nd floor), Hazira



North Block II, Mumbai



Administrative Building, Vadodara



Administrative Building, LTSSHF, Hazira



Learning Centre, LDA, Lonavala



L&TTC II, Chennai



To view L&T's green building portfolio and details on total green built-up area constructed for clients, refer to the NAPCC section.

## CASE STUDY

# 'UNNATI' CONTINUES L&T'S GREEN BUILDING TRADITION



Sustainability begins at home. In addition to offering green construction services to customers, L&T has built a number of 'Green' buildings within its own campuses. The 13th in the L&T network, and among the more recent to be certified, is 'Unnati' - the Control & Automation facility at Mahape, Navi Mumbai.

In addition to amenities like zone-controlled air-conditioning and advanced energy management systems, 'Unnati' uses solar energy to the fullest, including for heating water for the campus cafeteria. Use of natural light is maximized through solar street lights.

A waste water treatment plant ensures treatment of waste water, and there is no discharge of effluents.

Kitchen waste is used as manure and eco-friendly chemicals are used for housekeeping.

Green construction needs to be accompanied by environmental consciousness. Recognizing the ill effects that waste paper cups and used packaged drinking water bottles contribute to, L&T employees at 'Unnati' have stopped using both.

**The building which was earlier 4 Star certified by the the Bureau of Energy Efficiency, won Leadership in Energy and Environmental Design (LEED) Gold Certification.**

## Emissions\*

Greater direct energy consumption has led to an increase in Direct GHG emissions. The Direct GHG Emission Intensity measured per employee is 7.80 tonnes of CO<sub>2</sub> equivalent as compared to 6.86 tonnes in 2012-13.

The indirect GHG emissions intensity measured per employee increased to 4.65 tonnes of CO<sub>2</sub> equivalent from 3.75 tonnes in 2012-13. This is attributed to an increase in the average GHG emission factor in India for indirect energy (electricity) consumption along with increase in reporting scope and activities at project sites and manufacturing locations.

*\*The Scope of 2013-14 reporting has been expanded with inclusion of International Projects and Manufacturing operations. The energy, GHG emissions and Water consumption intensity per employee has been derived w.r.t YoY scope of reporting instead of w.r.t 2007-08 scope.*

scope 1  
Absolute Direct  
GHG Emissions



528,823 tons CO<sub>2</sub>e

scope 2  
Absolute Indirect  
GHG Emissions



315,510 tons CO<sub>2</sub>e

scope 3  
Absolute Other Indirect  
GHG Emissions



4,320,013 tons CO<sub>2</sub>e

### Enhancement of Scope 3 Emissions Reporting

This year, we have enhanced our Scope 3 GHG reporting system to include following additional sub-categories of other Indirect GHG emissions with reference to GHG Protocol. This Protocol is developed by World Resource Institute (WRI) and WBCSD for Corporate Value Chain emissions:

- Purchased goods and services
- Fuel & energy related activities not included in Scope 1 & Scope 2 GHG emissions
- Waste generated in operations
- Business travel
- Employee commuting

GHG Emissions from upstream leased assets and investments are included in the Company's Scope 1 and Scope 2 emissions.

Year	Specific Direct GHG Emissions Tonnes/Employee	Specific Indirect GHG Emissions Tonnes/Employee
2011-12	7.53	4.41
2012-13	6.86	3.75
2013-14	7.80	4.65

### Ozone Depleting Substance (ODS), Particulate Matter (PM), NOx and SO<sub>2</sub> emissions

We endeavour to phase out chemicals that damage the ozone layer, across all our operations. We regularly measure the ODS, PM, NOx and SO<sub>2</sub> emissions and ensure that they comply with regulatory requirements.

This year, use of cleaner fuels and process redesign measures led to reduction of 23% in particulate matter emissions. NO<sub>x</sub>, SO<sub>2</sub> emissions and consumption of ODS witnessed a marginal increase due to more number of project sites reporting on air emissions.

Year	PM Tonnes/Year	SO <sub>2</sub> Tonnes/Year
2011-12	36.15	7.70
2012-13	41.09	10.21
2013-14	31.71	24.01

Year	NO <sub>x</sub> Tonnes/Year	ODS (R-22 Equivalent) Tonnes/Year
2011-12	4.83	1.07
2012-13	6.76	0.80
2013-14	12.65	1.27

## Water\*

### KEY HIGHLIGHTS

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

Rain water harvesting measures at ONGC Additional Process Units (APU) Project site help conserve around 1.3 million litres of roof-top rain water every year

Five L&T campuses - Powai (West), Talegaon, Ahmednagar, Hazira and E&A Mahape are water positive

We keep adding to the tally of zero wastewater discharge campuses and now all 28 campuses have become zero wastewater discharge.

This year, our specific water consumption per person increased slightly to 155.8 cubic meters per employee as compared to 147.0 cubic meters per employee last year. This is attributed to the increased manufacturing and project site activity and reporting of international projects.

*\*The Scope of 2013-14 reporting has been expanded with inclusion of International Projects and Manufacturing operations. The energy, GHG emissions and Water consumption intensity per employee has been derived w.r.t YoY scope of reporting instead of w.r.t 2007-08 scope.*

### Optimum utilization of water at construction sites

L&T Construction project sites are increasing installation of RO water plants at its labour colonies and site offices. This not only provides safe drinking water for clients, staff and workmen but the rejected waste water (30%) is utilized for sanitation purposes at the labour colony.

The skid-mounted plant can be easily relocated to any other location, once the need arises.

### Rainwater Harvesting at Pondicherry factory

The Pondicherry factory of our Power Transmission & Distribution business has constructed rain water recharge pits and connected them with the rain water gutters from four fabrication bays through a pipe line. This prevented flooding of the bay area which otherwise interferes with the regular manufacturing activities, and in turn recharges the ground water. With a rain water harvesting potential of more than 6000 cubic metres, this would result in increase of the ground water table.



#### Specific Water Consumption

Year	m <sup>3</sup> /Employee
2011-12	173.69
2012-13	147.00
2013-14	155.81



As per current scope:

**Total water consumption | 10,571,741**

**Total wastewater discharge | 203,574**

#### Water Consumption by Source

Source of Water	2011-12	2012-13	2013-14
River/Lake	2,475,405	1,689,846	2,991,156
Groundwater	342,613	1,189,571	2,173,743
Rainwater	7,060	7,689	8,803
Municipal Supply	889,364	1,443,246	1,301,963
Other	6,067,727	4,014,371	4,096,076
<b>Total</b>	<b>9,782,169</b>	<b>8,344,723</b>	<b>10,571,741</b>



## WATER - SOURCE OF LIFE

We understand that the pressures of increasing population and economic growth, climate change, pollution and other challenges has major impact on availability of water. There is a resultant decline in groundwater levels leading to severe water shortage in parts of our country.

To address this, we have undertaken a number of steps to ensure prudent water management systems in our campuses and project sites. Additionally, through our Public Charitable Trust, this year we undertook construction of 50 additional check dams in the Dahanu Taluka of Maharashtra thus taking the total tally of check dams built by us to 150. These check dams facilitate irrigation and ground water recharge for tribal communities within Maharashtra.

This year, we commissioned Det Norske Veritas (DNV), an independent assurance provider, to carry out assessment of water balance index for the period April 2013- March 2014 at five L&T campuses - Powai (west), HE - Talegaon, E&A - Ahmednagar, E&A - Mahape and Hazira.

**Total Water Debit | 805.90 million litres**

**Total Water Credit | 866.07 million litres**

Hence these five L&T campuses are water positive - by conserving more water than they consume

# Material Management<sup>9</sup>

Our approach to material management - 3R (Reduce, Recycle and Recover) help us to optimally utilize material that extend product usability and reduce waste. We encourage use of sustainable material and ensure responsible disposal of waste.

<sup>9</sup> The Scope of 2013-14 reporting has been expanded with inclusion of International Projects and Manufacturing operations.

## Alternative Material

Over the years, we have increased the use of alternative materials such as fly ash, crushed sand and Ground Granulated Blast Furnace Slag (GGBS) in our construction business.

**Increase in use of cumulative fly ash | 13.5%**

**Increase in use of cumulative crushed sand | 7.5%**

- Fly Ash Consumption for FY 2013-14 | **78,306 tonnes**
- Crushed Sand Consumption for FY 2013-14 | **134,305 tonnes**
- GGBS Consumption for FY 2013-14 | **18,106 tonnes**



## Packaging Material

Our products do not require extensive packaging. In our Electric and Automation business we continue to use green packaging materials. Owing to our global customer base and the nature of our products, reclaiming packaging material is not feasible.

Materials (partially reported)	Tonnes
Ferrous	1,077,079
Non-Ferrous	38,297
Hazardous Chemicals	53,999
Oils & Lubricants	28,682
Hazardous Gases	9,972
Packaging Materials	6,670

## Recycling

As our products are Engineered To Order (ETO) and adhere to stringent customer requirements, the scope of using recycled material is limited. However, we continue to recycle steel and zinc in our operations.

**Quantity of Steel recycled 4,282.41 tonnes**

**Quantity of Zinc recycled 53.74 tonnes**



## Waste and Spills

We focus on reducing waste across all our operations right from manufacturing facilities to project sites to office buildings. Our waste management strategy includes:

- Segregation of waste at source
- Compliance to regulations
- Innovative ways of waste reduction
- Waste management framework
- Adopting zero waste practices

Waste Disposed	FY 2013 - 14	Tonnes
Hazardous Waste and Waste Oil		8,442
Non-Hazardous Waste		45,384



### WASTE MANAGEMENT PRACTICES

- We do not import, export, transport or treat any hazardous waste covered under the Basel Convention
- Regular checks are conducted by internal and independent auditors, to ensure compliance with relevant pollution control regulations
- Hazardous waste generated in various production processes like used oil, non-ferrous metals etc. is disposed through MoEF / CPCB registered recyclers / re-refiners / re-processors and is transported as per the statutory requirements
- Authorized vendors for e-waste management
- Responsible disposal of bio-medical waste by dispensaries within campuses and by L&T health centres
- Biogas plant / Organic waste converter for treating canteen waste at our Powai, Chennai, Hazira, Mysore, Mahape, LDA, Knowledge City - Vadodara, Bengaluru and Ahmednagar campuses
- Bio composting of garden waste to produce compost for landscaping and green belt development
- We regularly report waste and spills as part of ISO 14001 and OHSAS 18001 compliance



## Biodiversity

We recognize that the natural ecosystem that is part of our projects and campuses is a precious heritage and every step is taken to conserve the same. At our project sites, we work closely with the authorities to achieve performance beyond compliance. Our facilities are located in notified industrial areas and do not fall under biodiversity rich or protected habitats.

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

This year, we also introduced an initiative to present a tree certificate instead of a flower bouquet to the guests visiting Powai Campus. The certificate demonstrates that a tree sapling would be planted on behalf of the guest. This is in line with the Company's objective to increase the tree cover and create natural carbon sinks in a sustainable way.



**This year we have planted more than 4.5 lakh saplings across locations and over 1.5 lakh fully grown trees are being nurtured across major campuses.**

### Enlarging Green Cover



A manual on scientific method of tree plantation was published by Corporate Sustainability department and widely circulated.

### Tree Certificate

We present a tree certificate instead of a flower bouquet to felicitate visiting guests and then plant a tree on their behalf.



### Green Hands

L&T in partnerships with NGO's through its ecological drive- 'Green Hands'- is working towards creating additional green cover in its campuses, project sites and neighbourhood. In the last 5 years, with the support of our green volunteers, over 3,00,000 saplings have been nurtured and planted in various public places - like schools, colleges, hospitals and local townships in and around Chennai.

## UPROOTED 150 YEAR OLD BANYAN TREE GETS NEW LEASE OF LIFE

The 159-year-old banyan tree at Kilpauk Medical College (KMC) in Chennai was uprooted due to the incessant heavy rains, when L&T team received a request to oversee its replantation. This seemingly difficult task took the engineering team 48 hours from start to finish.

After consulting with an environmental specialist and horticulturalist, L&T project team in Chennai ensured that an uprooted banyan tree was transplanted. It now sprouts new leaves.

A huge pit was dug, 15m in circumference and 5m deep. The branches were cut and medicine was applied to the cut ends of the branches and hormones to the root ends. The tree had a girth of 11m and weighed 20 tonnes after removing all the branches. With the help of a 50-tonne hydraulic crane, the tree was safely lifted and transplanted in to the pit with proper support.

L&T's project team thus played a vital role in restoring the tree, which has been commended by the KMC authorities.



## Compliance

All necessary approvals are taken from the relevant government authorities before commencement of operations at units and project sites. To ensure compliance, a 'system compliance report' is reviewed internally at all units and regional offices.

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



### GREEN COVER IN OUR CAMPUSES

Over 1 million tree saplings planted in and around manufacturing locations and project sites in the last three years. 35% of available open land at our manufacturing locations has green cover.



THE BEST OF BOTH WORLDS

## **INCLUSIVE SOCIETY & EMPOWERED INDIVIDUALS**

*Our goal is to provide each member of the community equal access to opportunities and provide them the wherewithal to harness these opportunities. Independence, dignity and self-reliance are the cornerstones of our approach to corporate social responsibility as they yield the highest social returns on investment in the long run.*

# Social Performance

We believe that the true and full measure of growth, success and progress lies in the difference that business and industry make to the lives of people. Through our social investments, we are addressing the needs of communities residing in the vicinity of our facilities, taking sustainable initiatives in community development in areas of healthcare, education, skill development. We are investing our energies and resources towards building a sustainable collective future towards a healthy, safe and stable society.

## CSR Thrust Areas

Thrust Areas	No. of Beneficiaries (2013-14)	% Change over Last Year
Education	242,024	14.75%
Skill building	45,209	
Health	517,837	
<b>Total</b>	<b>805,070</b>	



## Health



L&T's community health centres are located at Mumbai, Thane, Ahmednagar, Hazira, Coimbatore, Chennai, Kansbahal and a new centre was started this year at - Vadodara. These centres provide diagnostic health services, including gynaecological, paediatric, immunization, chest & TB, ophthalmic consultation and dialysis services.

In addition, medical vans owned and operated by L&T provide marginalized communities access to modern healthcare. The focus is on health education-promoting healthy behaviour, early diagnosis and referral. These vans currently serve nine locations. L&T also conducts periodic health camps, and participates in public private partnership (PPP) health projects to spread awareness of HIV/AIDS. This helps to greatly extend and enhance the impact of L&T's outreach programmes.

## EDUCATION

Educational interventions of L&T are focused on pre-primary and primary section of schools like Pandit Dindayal School & L&T HED STP, Ranoli



## Education

Educational interventions of L&T are focused on pre-primary and primary section of schools. L&T supports pre-schools (anganwadis & balwadis), which have been established as community learning centres for underprivileged children, has established libraries and provides infrastructure aids, teaching aids, uniforms and computers to schools.

We run specific programmes in schools on subjects such as Mathematics, Science, English, Health & Hygiene and Safety. Through L&T's 'Science on Wheels' programme, vans visit various schools in villages to impart knowledge through experiential learning. In addition, summer camps, sports activities, periodical health check-up camps are conducted at adopted schools.

## Skill-building

Eight Construction Skills Training Institutes (CSTI) run by L&T across India are currently imparting skills for school dropouts and illiterate village youth. CSTI provides training in construction trades such as carpentry, bar bending, masonry, electrician, welding and scaffolding. Course duration ranges from three to six months.



Trainees are provided with a stipend and hostel facility. Skill training has been found to have a transformative effect, turning unemployed youths into productive members of the society. Certificates of proficiency are issued to trainees on completion of the course. Trainees are free to start their own ventures or are recruited by subcontractors at L&T's project sites.



Project Neev is an initiative of the Company to work towards enriching the lives of the differently abled through interventions such as vocational training programmes. Handicrafts and other products made by the participants in the Project Neev programme are marketed through various channels.

## Implementation Structure

### Corporate Social Initiatives (CSI)

L&T's CSI department works closely with partner communities, government agencies and NGOs.

While L&T has a dedicated CSI unit staffed by professionals, assistance from all quarters is encouraged. Community development initiatives are also organized by:

- 1 Ladies Clubs are formed by spouses of L&T employees who participate in implementation of CSR projects. There are 34 ladies clubs across the country that work on the thrust areas of education, health and skill building. They are involved in several initiatives which include providing educational support programmes for schools, organising vocational training courses for underprivileged youth and enabling women to enhance their income generation capacity. The Clubs also provide support to the disabled.
- 2 Employee volunteers - christened "L&Teers" demonstrate personal commitment to CSR. Their efforts are focused on health and education programmes.

L&Teers - AT THE HEART OF L&T



What does one do when faced with issues of abject poverty or social deprivation?  
*If you are an L&Teer you address the issues by working closely with those affected.*

**2,202**  
Registered  
L&Teers

**13,000**  
Engagements  
Conducted

**16,000**  
Man-hours  
Clocked

Over the years, the concept of L&Teering has taken root across locations with an exponential growth in terms of both the number of L&Teers as well as the activities they support. With more than 2,000 L&Teers currently registered on our corporate social initiatives (CSI) website, 13,000+ engagements conducted and 16,000+ man hours clocked, L&Teering has found a definite space in L&T's organisational psyche.

L&T has a rich history of employee volunteering and community involvement. From teaching children at Municipal Schools to donating blood so that lives may be saved, running marathons for a cause to mobilising funds for supporting various community initiatives, L&Teering is part of L&T's way of life. L&Teers use their knowledge, skills, and talents to contribute to changing lives of people in the communities located around L&T campuses.

Besides community work L&Teers also contribute to L&T's philosophy of sustainable growth and development. L&T-ites work towards caring for the environment and L&Teers act as the messengers of the Company's Green philosophy. Through tree plantation exercises, campaigns on energy conservation, recycling and other similar initiatives, L&Teers do their bit for the environment.

PROJECT  
SANKALP

*The success of Project Sankalp, a paper recycling initiative undertaken at L&T's Powai Campus serves as a good example. Spearheaded by a team of 45 L&Teers, the project reused 15,880 kg of waste paper. These papers were recycled into 2,027 notebooks and distributed in 2013-14 to underprivileged students in schools supported by L&T.*

## L&T Public Charitable Trust

The L&T Public Charitable Trust (LTPCT), funded through contributions by employees of L&T matched by equal contribution from the Company, conducts focused programs in education, healthcare and skill building. We also run vocational training programmes for women. The programmes impart skills related to tailoring, beautician, home-nursing, food processing etc.

With the construction of 50 additional check dams in the Dahanu Taluka of Maharashtra, the tally of check dams built by the Trust has reached 150.

## HIGHLIGHTS

### 1 Kali Umaltana

'Kali Umaltana' is a programme aimed at teenage school girls studying in Std. VIII to XII.

**The focus is to increase awareness on reproductive health issues which cover adolescent health and hygiene.**

The session is conducted by medical professional who also offer one-on-one counselling of girls. Currently the programme covers two schools of Ahmednagar.

### 2 Ladies Club, Ahmednagar

Ladies Club, Ahmednagar supports school for deaf mute students. Many of the students are mentally and physically challenged as well. Those who are physically challenged are given skill training by the Club.

**Seven physically challenged trained youth were given work at L&T through contractors in finished goods-stores for packing and labelling. Today, they work 6 hours a day and are able to earn their livelihood.**

### 3 Science on Wheels

A workshop on "Science on Wheels" was organized on October 5, 2013 at L&T Branch Office, Coimbatore.



**15 School Heads, 3 assistant School Heads and 21 Science Teachers of 20 Government schools participated in the workshop.**

Science Models were displayed at the workshop venue and demonstrations done by the instructors for the benefit of participants. Participants have assured that they will adhere to the schedule and conduct science experiments in their schools more effectively.

#### 4 Solid and Liquid Resource Management (SLRM) Project

SLRM project was launched in 14 Panchayats (including those of Malumichampatti and Chettipalayam), in Chennai where L&T has a main Campus. Women's Self Help Group members collect segregated waste from households on a daily basis. As part of the project, two lakh sets of buckets were handed over to households to facilitate segregation of organic and inorganic waste at the primary source itself, out of which L&T has provided 2000 sets of buckets.

#### 5 Adolescent Health Education



##### Mysore

Mysore Campus has been implementing many school-based initiatives among the adolescent girls.

Under this programme health professionals have conducted sessions for girls in two identified schools. These sessions covered adolescent health and hygiene.

##### Hazira

In Hazira the CSI unit regularly conducts Adolescent Health Awareness Programme for girls in five schools.

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**The focus of the programme is on building knowledge and awareness of health problems related to adolescents.**

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The programme covers the changes attributed to the transition from childhood to adulthood.

#### 6 Project 'Adhar'



Project 'Aadhar' is a women empowerment initiative of Hazira, Gujarat which covers five villages. Under this programme tailoring skills training is imparted to rural women. The focus is to enable empowerment of rural women by imparting employable skills. After successful completion of the course each of three distinct courses, participant receives tailoring tool kits and a certificate.

#### 7 Computer Literacy Program



A computer literacy programme is another innovative programme at Vadodara. The programme covers the rural and urban community school drop outs and youth. The main objective of the programme is to provide computer training which is locally relevant, contextually attractive for schools drop out and youth so as to enhance their learning. The key focus of programme is to build employable IT skills.

## CASE STUDY

### PROVIDING HEALTH-CARE FACILITIES FOR VADODARA



For over a decade, L&T's Vadodara unit has been working on various health initiatives. A state-of-art healthcare centre was conceived to provide quality and affordable healthcare services for the under privileged members of the community.

**L&T's new health & dialysis centre was made fully functional this year.**

#### S E R V I C E S   A V A I L A B L E

##### GENERAL HEALTH SERVICES

Mother & child health care - Including pre and post natal care, gynaecological services & adolescent health counselling.

##### PREVENTIVE HEALTH CARE

**Awareness sessions:** Diabetes, Hypertension, Heart diseases, Osteoporosis, Eye Care, Computer Ergonomics, Obesity control, etc.

**Work-shop:** Backache, Computer Ergonomics, Safe Material Handling

**Diagnostic Camps:** Diabetes, Bone Mineral Density, Cancer detection, Health Check-up, etc.

##### CURATIVE HEALTH CARE WITH REGULAR OPD ACTIVITY

- Attending patients and providing comprehensive health care consultation
- Supplying general medicines
- Maintaining selected emergency lifesaving medicines

##### TERTIARY HEALTH CARE

- Empanelment of Multi-Specialty Hospitals for Industrial accidents cases / hospitalisation
- Regular follow up of hospitalised patients with close monitoring of treatment cost
- Focusing on rehabilitation, follow up of post hospitalised patients and fitness status of employees
- Counselling sessions to differently abled children

The centre has 15 eminent doctors comprising physicians and specialists like Gynaecologists, Paediatricians, Ophthalmologists, ENT specialist and Para-Medical Staff. Besides these, the centre is fully equipped to provide dialysis services using the latest equipment and systems. The centre has carried out 2,300+ dialysis at a subsidized cost. In total, this centre has reached out to over 42,000 beneficiaries through its various initiatives.



## HEALTHCARE

517,837 people have benefited from our healthcare interventions

## Aligned to the Millennium Development Goals (MDGs)

Our CSR programs incorporate global time-bound targets as prescribed under MDG. These goals address poverty in its multiple dimensions encompassing income, hunger, disease, gender inequality, education and environmental sustainability. They also incorporate basic human rights like access to health, education and security. L&T undertakes a host of initiatives in alignment with the MDGs.



**1**

**ERADICATE EXTREME POVERTY AND HUNGER**

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



**2**

**ACHIEVE UNIVERSAL PRIMARY EDUCATION**

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



**3**

**PROMOTE GENDER EQUALITY AND EMPOWER WOMEN**

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



**4**

**REDUCE CHILD MORTALITY**

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



**5**

**IMPROVE MATERNAL HEALTH**

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

**Aligned with MDGs**



**6**

**COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES**

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



**7**

**ENSURE ENVIRONMENTAL SUSTAINABILITY**

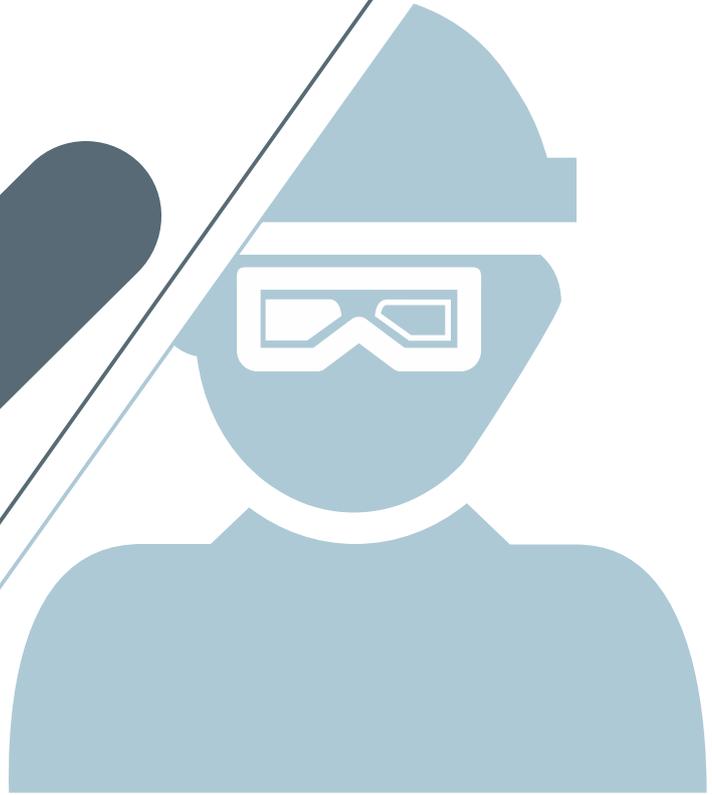
- Developing and enlarging L&T's green products & services portfolio
- Watershed development in rural areas
- Large scale tree plantation drive



**8**

**GLOBAL PARTNERSHIP FOR DEVELOPMENT**

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



THE BEST OF BOTH WORLDS

## **BEST PRACTICES & NEXT PRACTICES**

*At L&T, the best is not good enough. We are constantly asking 'What Next?' We encourage 'thinking ahead of the curve' and driving breakthrough innovations. Excellence for us is not just about achieving the gold standard today, it is about envisioning a new tomorrow.*

# Product Performance

Innovation adds wings to sustainability. We leverage our innovative ability to upgrade and enhance the products we make, the projects we execute and the processes we adopt thus preparing ourselves for the future. We ensure that we adopt not only the best practices available in the market but go beyond by innovating for our customers.

We have introduced multiple approaches to address environmental and social issues across the product life. These range from leveraging our R&D strengths to arrive at sustainable designs, to improving efficiency during manufacturing and transport.

The Company continues to identify opportunities associated with environmental, health, and safety (EHS) performance, and to identify and manage EHS risks and regulatory compliance throughout a product's life cycle (raw material acquisition, development, manufacture, use, and disposal). With the aim to operate through a low carbon footprint and support in mitigating the risk of climate change, the Company actively monitors the carbon footprint of raw materials and processes.

## Product Development

**Innovation has given our products an edge over the competition. A culture of collaboration between engineering and creative thinking has helped enhance the design, manufacture and execution of our end products.**

We also engage in dialogue with customers and associates to ensure that our offerings reflect their demand of a high quality sustainable product.

Focused R&D activities have enabled Electrical Standard Products to have a healthy New Product Intensity (NPI) index of >30% - an index that measures the sales of products introduced in the market in the last five years to the total sales in the financial year.

The R&D facilities (Switchgear Design and Development Centre) at Mumbai, Ahmednagar and Coimbatore are approved by the Department of Scientific & Industrial Research – Ministry of Science and Technology.

During the year two new R&D centres were introduced viz., EDDC (Embedded Design and Development Centre) at Powai and PEATC (Power Electronics and Automation Technology Centre) at Mahape – Navi Mumbai. These centres network with international labs, testing centres and academic institutions for sharing knowledge on new technology trends and introducing those to customers in different segments. The R&D expenditure at Company level increased to INR 1.74 Bn amounting to 0.3% of total turnover.

L&T's subsidiary, TAMCO Malaysia unit received the 'MV Switchgear Company of the Year-2014' award from Frost & Sullivan that cited its superior performance in leadership, technological innovation, customer service and strategic product development.



## HIGHLIGHTS

- 1 The percentage contribution of our green portfolio to overall sales increased from 13.6% last year to 14.31% in the reporting year.
- 2 The new Gateway of India - Terminal 2 at Mumbai Airport has received the Gold certificate from Leadership in Energy and Environmental Design (LEED).
- 3 The 83.8 m Air Traffic Control (ATC) tower - tallest in India, was commissioned at the Chhatrapati Shivaji International Airport, Mumbai
- 4 India's first Monorail - Mumbai Monorail commissioned on February 1, 2014.
- 5 E&A Patents - During the year 2013-2014, our Electrical & Automation business filed 153 Patent, 06 Trademark, 47 Design and 1 Copyright application in India, along with 9 foreign applications (1 TM, 1 Design, 7 PCT National Phase). This was the seventh consecutive year of filing more than 100 patent applications.



## CONSTRUCTION



Water & Renewable Energy Business has successfully completed construction of 125 MW Concentrated Solar Power (CSP) Plant, the largest Solar Thermal Power Plant in Asia.

The Power Transmission & Distribution business commissioned a 471 m high guyed mast communication tower - the tallest tower in India

Transportation Infrastructure also received Dossier Construction Award for Best Contractor of the year- 2013 in Oman

The Power Transmission & Distribution business was named 'Outstanding Company in Power T&D' in EPC category from EPC World 2013

Water & Renewable Energy also setup a solar PV plant at CSTI, Kanchipuram which won the prestigious Intersolar award 2013

## POWER



L&T-MHI Turbine Generators has been accorded the ISO Integrated Management Systems Certification by DNV. It is the first manufacturing company in the country to receive this combined certification for all four ISO certifications (ISO 9001, ISO 14001, ISO 18001 and ISO 50001).

The business achievement of COD (commercial operations date) in a record time of 46 months for Nabha Power Limited's first unit of 2x700 MW supercritical thermal power plant at Rajpura in Punjab, demonstrates the Company's experience in project management, engineering & construction management. This power plant has nation's first indigenously manufactured boiler, turbine and generator.

## L&T HYDROCARBON ENGINEERING



L&T Hydrocarbon Engineering completed the augmentation of gas processing capacity at ONGC's Uran complex. The project is characterized by several critical aspects including challenges in detailed engineering and construction of new units within an existing process complex and managing an international supply chain spread across several countries.

L&T Hydrocarbon Engineering commissioned the Zawtika Wellhead Platforms and Sealines Project for PTTEP at Zawtika field, Myanmar. While the jackets and topsides constituting 40,000 MT of steel were fabricated at L&T's Modular Fabrication Yard, Sohar, Oman, single-piece piles of 10,000 MT are being fabricated at L&T's Modular Fabrication Facility at Hazira, India.

## HEAVY ENGINEERING

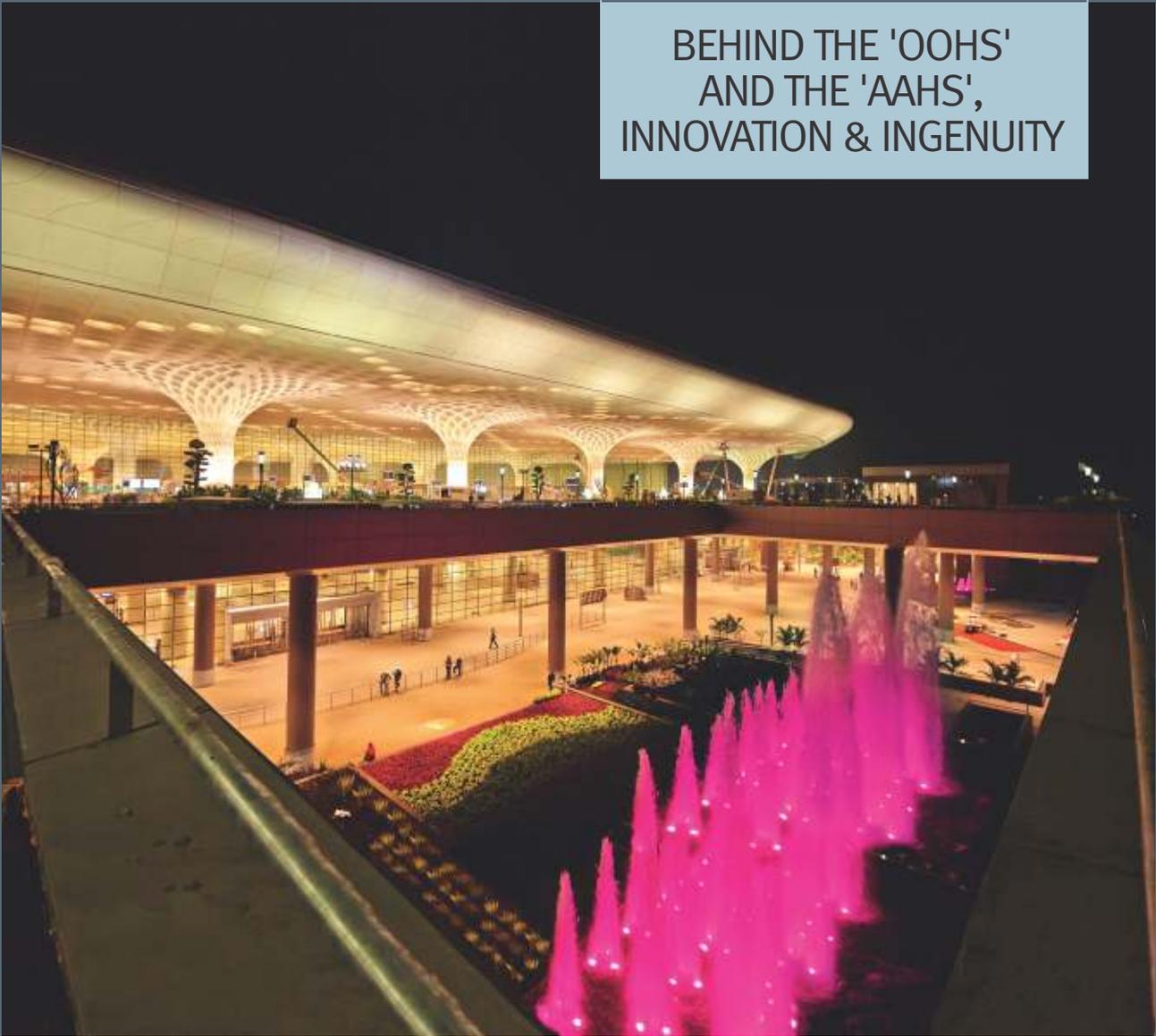


L&T is the single largest private-sector supplier to India's maiden Mars Orbiter.

The LTSSHF shop is amongst the largest forging facilities in the world. Spread over an area of 420,000 sq. mt., it can handle the largest heavy steel jobs under one roof, ranging from the making of steel, to forging, to machining.

L&T Shipbuilding delivered its first export commercial vessel, built at the Kattupalli Shipyard, to Halul Offshore Services Company WLL of Qatar. The ship is the first in a series of six platform supply vessels to be delivered to HOSC.

BEHIND THE 'OOHS'  
AND THE 'AAHS',  
INNOVATION & INGENUITY



**‘State-of-the-Art’**

**‘Truly World Class’**

**‘Marvel of Engineering’**

are just a few of the encomiums heaped on Terminal 2 at Mumbai's Chhatrapati Shivaji International Airport since it commenced operations in February 2014. Rarely does a public infrastructure project win such universal acclaim.

The rapturous visitors won't know it of course, but the marvel before them is the outcome of the engineering ingenuity and innovation of L&T's construction team – the 15,000 men and women who worked on the project. Highlights of the construction process include:

- Demolition with hydraulic concrete crushing machines improved efficiency and contributed to 35% savings in cost.
- ‘Rubblizing’ – the advanced method of systematically recovering rubble and re-using it as subgrade for pavements saved material and fuel.
- Transparent structural glass system called the cable net wall structure eliminated need for conventional support structures.
- Carbon Fibre Reinforced Polymer (CFRP) was used to strengthen runways and make them suitable for large aircraft like the Airbus A 380.
- Unique launching mechanism enhanced efficiency in erecting structural steel works.

## ELECTRICAL & AUTOMATION



The indigenously developed AU-Series of final distribution products comprising of miniature circuit breakers, residual current devices, isolators, time switches, surge protection devices, modular contactors, communication devices, distribution boards etc., were unveiled at ELECRAMA 2014. It offers complete solution in areas of distribution, protection, control and monitoring including communication with building management systems.

Smart meters and remote meter reading for residential and commercial meters were also showcased. It is enabled with a two-way communication module - capable to receive commands and messages from the data centre and sending data and alerts/alarms to it that helps in quick outage recovery, preventive maintenance and tamper detection.

An extensive range of indigenously designed Control Metering Protection Relays - the COMP series - that combines conventional and advanced protection functions, annunciation, metering, monitoring and communication into one, easy-to configure module is now available.

## MIP



The Business received a "Certificate of Merit" for its initiatives in the Manufacturing & Supply Chain Excellence in The Economic Times India Manufacturing Excellence Awards 2013.

The Foundry Business Unit of MIP-IC Coimbatore, has been conferred the 'Gargi Huttenes Green Foundry of the Year' Award by the Indian Institute of Foundrymen.

L&T 9020 Wheel Loader, conceived, designed and developed by L&T's Product Design Centre, has received the prestigious India Design Mark (I Mark) from India Design Council. 'I Mark' is the highest design recognition given by Government of India through India Design Council, an autonomous body functioning under the Ministry of Commerce & Industry.

## Green building at Rajpura

*Another of L&T's green initiatives is the construction of the building, housing the main control room that L&T has constructed at Rajpura. Built with special construction materials for civil works (Aerocon bricks, XPS thermal Insulation, roof treatment, double glazed glass, kota stone for flooring, ACP fins for shading), the building has a 5 KW solar plant on the roof used for lighting.*

## L&T INFOTECH



L&T Infotech's Sapphire™, developed by using Big Data technologies to monitor and analyse social media pulse, won the Most Promising New TM Product Award, and CampusNext, a next-gen cloud-based ERP (Enterprise Resource Planning) for academic institutions, won the Best Innovative Online Service Award during the World Innovation Congress (WIC).

Empower, L&T Infotech's SAP-HCM (Human Capital Management) implementation, was adjudged the 'Best Run HR Implementation' at SAP India's ACE Award 2013.

THE SUN GLOWS,  
WATER FLOWS



Over  
**150**  
installations  
are now  
operating  
around the  
country.

Farmers around the country now have a choice when it comes to operating their pump sets. They can continue to use diesel or they can turn to something much cheaper, greener - the sun.

L&T's new solar water pumping system operates on solar photo-voltaic panels. It is reliable and maintenance-free across the many months in India when ample sunlight is available. All it needs is a shadow-free area for the panels.

Unveiled at India's largest electrical and electronics exhibition - ELECRAMA 2014, the solar operated pump set was very well received. Over 150 installations are now operating around the country.

SPECIAL  
FEATURES

**Inverter not required -  
DC motor connects  
directly to solar array**

**Rugged construction**

**Simple installation and  
maintenance**

**High reliability**

The Solar Water Pumping System is one of L&T's many offerings that tap into the limitless energy of the sun. L&T also offers 'D.VA' – a solar lantern that is durable and emits brighter light. Also, L&T is the industry leader in the country in setting up large solar PV based power plants.

## Intellectual Property Rights

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

NATURE	FY 2011-12	FY 2012-13	FY 2013-14
No. of Patents filed	162	159	153

## Customer Delight

Meeting and exceeding customers' expectations is at the core of all we do as we continuously strive to deliver world class products and services.

Improvement tools and techniques like Value Stream Mapping, Value Engineering, Kaizen etc. are deployed leading to formulation of operational excellence. Individual interactions, customer meets and satisfaction surveys are channels to obtain stakeholder response. Prompt analysis is undertaken; corrective measures are implemented and institutionalised for every complaint / feedback received.

## Marketing Communication

Marketing Communication enable us to identify, engage and communicate to multiple stakeholders - customers, channel partners, consultants, collaborators, etc. We have developed a Brand Identity Manual which specifies expression and usage of the L&T brand. All marketing communications conform to the recommended brand guidelines.

During the reporting period, no complaints were received from any of our stakeholders on the subject of incorrect or misleading marketing communications.

## Product Labelling

Our labelling process adheres to relevant codes and specifications. Our electrical & automation products and industrial machinery carry the BIS label. Most of these products are internationally certified, verified and tested at third-party laboratories. Product specific documentation is shared with the customer. During the reporting year, there were no incidences of non-compliance pertaining to product labelling and information regulations.

## Customer Health and Safety

Health and Safety remain paramount right across the business cycle. Right from integration of safety at design stage to providing elaborate operation and maintenance manuals and training to customer's personnel, we minimize the risks of our product-related health and safety issues.

By following international best practices and standards we ensure integration of safety at the design stage. We deploy the best manufacturing practices to ensure highest possible health and safety standards and undertake a comprehensive review of health and safety impact of products, projects and services. All our products and projects come with adequate labelling and signage systems. Whenever necessary, operation and maintenance manuals are provided and training imparted to customer personnel.

No incident of non-compliance was reported with respect to regulatory and voluntary codes concerning the health and safety aspects related to any of our products in the reporting period.



## Compliance

We adhere to statutory regulations and voluntary codes related to our products and services. All our units have implemented a structured system to monitor and report compliance to regulatory requirements. During the reporting period, there were no incidents of non-compliance with statutory requirements, and no monetary fines were imposed.



## HEAVY CIVIL

330 MW hydroelectric project in Uttranchal - one of the many at the foothills of the Himalayas



## Awards & Recognition

### AWARDS FOR TOP MANAGEMENT

#### India Inc.'s most powerful CEOs 2014: Mr. A.M. Naik is the 20th most powerful

*The Economic Times* Corporate Dossier presents India Inc.'s definitive power listing. Mr. A.M. Naik was ranked 20th most powerful CEO in the list.



#### Best CFO in Asia

Mr. Shankar Raman won the 'Best CFO Award' among Asian Infrastructure companies in a poll conducted by Institutional Investor Magazine for sell side analysts.

#### Best Investor Relations (IR) Professional in Asia

Mr. Arnob Mondal was ranked as the 'Best IR Professional' among Asian Infrastructure companies in a poll conducted by Institutional Investor Magazine for sell side analysts.

## AWARDS FOR THE COMPANY

### **Ranked 12th in Top 500**

L&T scored high in The Economic Times (ET) 500 annual ranking of the largest companies in India.

### **Ranks high in 'Most Admired Company'**

Ranked India's No. 1 company in 'Quality of Leadership' and the country's 'Second Most Admired Company' in a survey done by Fortune India in association with Hay Group.

### **India's 8th Most Valued Brand**

Brand Finance - the leading global brand valuation and consultancy firm has ranked L&T 8th in its annual study of India's most valued brands. L&T is the only company from engineering & construction field to have made it to the Top 10 list.

### **Golden Peacock Occupational Health & Safety Award**

The Institute of Directors awarded L&T Powai campus the 'Golden Peacock Occupational Health & Safety Award 2014' at the 16th World Congress on Environment Management. The award recognises the company's significant achievements in the field of Occupational Health and Safety.

### **Dun & Bradstreet Award**

The D&B Corporate Awards recognize and felicitate corporate India's leading companies from various sectors. L&T received the award in the category of Engineering / Capital Goods sector.

### **Features in Forbes List of World's Most Powerful Companies | Highest Ranked Among Engineering & Construction Companies in India**

L&T features in the Forbes 'Global 2000' list of the world's largest, most powerful public companies. 54 Indian companies have made it to the prestigious list, and L&T is the highest ranked company in the engineering and construction space.

### **'Best Sustainability Report'**

L&T's Sustainability Report - Future Now - was declared the best corporate report by the World CSR Congress for its width and depth of coverage, its high degree of transparency and the engaging manner in which it has projected non-financial data. The community initiatives of L&T's Vizag unit also received an award in 'Outstanding Social Impact' category.

### **D&B Top Infrastructure Company**

L&T won the coveted Top Infrastructure Company award in the category Construction - Infrastructure Development -

(Large) at the third edition of Dun & Bradstreet (D&B) Infra Awards 2013. Dun & Bradstreet is the world's leading provider of business information, knowledge and insight. These awards felicitate leading infrastructure companies that have delivered exemplary performance.

### **L&T Construction wins Construction World's Largest Construction Company & Fastest Growing Company Awards**

L&T Construction secured two awards - Largest Construction Company and the Fastest Growing Company in the construction industry this year at the Construction World Annual Awards 2013.

### **Features in Top 10 - Businessworld's Real 500 Rankings**

In a survey conducted by India's leading business news magazine, Businessworld, L&T has been ranked 10th among the top 500 Indian companies that have addressed the economic slowdown and come out winners.

### **Scores High in Global 500 Climate Change Report 2013**

L&T has secured the distinction of featuring in the Carbon Disclosure Project's Global Report (CDP 500) 2013 with a ten point increase in its score over the previous report. L&T is the sole Indian company to feature in the 'Industrial Category'.

### **The Economic Times Good Corporate Citizen Award**

The award - among the most prestigious in the domain - cited the Company's long track record in community service and its core values of ethics and good governance. Accepting the award, Mr. A.M. Naik, Group Executive Chairman said: "As a concept, CSR is ingrained in our DNA and has been part of our value system. The only way growth is sustainable is when growth is inclusive"

### **Greentech Environment Award**

Recognising the outstanding achievement in adopting environmental friendly practices and processes at L&T's Powai Campus, the Greentech Foundation conferred the Environment Award 2013 in Gold Category to L&T Powai (West) Campus. L&T bagged the award in the Engineering Sector.

### **Golden Peacock**

The Institute of Directors (IoD) conferred two Golden Peacock Awards on L&T - Powai Campus bagged the Environment Management Award (GPEMA), and L&T Hydrocarbon Engineering won the Occupational Health & Safety Award (GPOHSA).

## INDEPENDENT ASSURANCE STATEMENT

### The Board of Directors and Management

Larsen & Toubro Limited  
Mumbai, India

Ernst & Young LLP (EY) was retained by Larsen & Toubro Limited (the 'Company') to provide independent assurance to its annual Sustainability Report (the 'Report') for the Financial Year 2013-14.

The development of the Report is based on the Global Reporting Initiative (GRI) G3 Guidelines (2006); its content and presentation is the sole responsibility of the management of the Company. EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the report content as described in the scope of assurance. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

### Scope of Assurance

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

- Data and information related to the Company's sustainability performance for the period 1st April 2013 to 31st March 2014;
- The Company's internal protocols, processes, and controls related to the collection and collation of sustainability performance data;

### Limitations of our review

The assurance scope excludes:

- Aspects of the Report and data/information other than those mentioned above;
- Data and information outside the defined reporting period i.e. 1st April 2013 to 31st March 2014;
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company;
- Review of the economic performance indicators included in the report which, we are informed by the Management of the Company, are derived from the Company's audited financial report.

### Assurance criteria

The assurance engagement was planned and performed in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) and the second edition of AccountAbility's AA1000 Assurance Standard 2008 (AA1000 AS). Our evidence-gathering procedures were designed to obtain a 'limited' level of assurance (as set out in ISAE 3000) on reporting principles and a 'Type 2 Moderate' level of assurance (as per AA1000 AS), as well as conformance of sustainability performance indicators as per GRI G3 (2006) Guidelines.

### What we did to form our conclusions

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

- 1 Interviews with select key personnel and the Apex Sustainability and CSR team responsible for the preparation of the Report to understand the Company's sustainability roadmap, mechanism for management of sustainability issues and engagement with key stakeholders;
- 2 Review of information on GRI G3 (2006) core indicators covering the Company's Corporate Office at Mumbai and at the following sites of operations, against evidences, on a sample basis: Ahmednagar, Chennai, Coimbatore, Hazira, Kanchipuram, Mumbai, Talegaon, Vadodara and Visakhapatnam;

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

## Observations and opportunities for improvement

The Company continues to demonstrate its commitment to disclosure on sustainability performance by releasing its Sustainability Report at the highest Application Level (A+) of the GRI G3 guidelines. The Report provides the Company's progress update on its sustainability roadmap targets. The Company also describes its ongoing Corporate Social Initiatives (CSI) in the focus areas of Education, Health and Skill-building in the local communities near the Company's campuses and project sites. While a high level of awareness on sustainability reporting was observed among data owners at sites visited for this assurance, there is further scope for uniform interpretation of certain indicators across sites in order to ensure consistent reporting. The Company may also consider strengthening the sustainability indicator data collection process from its customers.

## Our Conclusions

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

- **Inclusiveness:**

The Company has described its stakeholder engagement approach and activities in the Sustainability Report. We are not aware of any matter that would lead us to conclude that the Company has not applied the principle of inclusivity in engaging with the key stakeholder groups identified in the Report.
- **Materiality:**

The Company has identified key issues material to its sustainability performance and described the process for materiality analysis in the Sustainability Report. Nothing has come to our attention that causes us to believe that material issues so identified have been excluded from sustainability reporting by the Company.
- **Responsiveness:**

We are not aware of any matter that would lead us to believe that the Company has not applied the responsiveness principle in its engagement with stakeholders identified in the Report on material aspects covering its sustainability performance.
- **Reliability of performance information:**

We reviewed the accuracy and completeness of sustainability information in the Report. Nothing has come to our attention that causes us not to believe that the data has been presented fairly, in material respects, in keeping with the GRI G3 guidelines and the Company's reporting principles and criteria. Some data pertaining to key performance indicators underwent change as part of our assurance process.

## Our assurance team and independence

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

for Ernst & Young LLP



**Sudipta Das**  
Partner

24 December 2014  
Kolkata



**AA1000**  
Licensed Assurance Provider  
000-43

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



## Statement GRI Application Level Check

GRI hereby states that **Larsen & Toubro** has presented its report "Corporate Sustainability Report 2014 - Best of Both Worlds" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 21 October 2014

A handwritten signature in black ink, appearing to read "Ásthildur Hjaltadóttir".

Ásthildur Hjaltadóttir  
Director Services  
Global Reporting Initiative



The "+" has been added to this Application Level because **Larsen & Toubro** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 10 October 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

STANDARD DISCLOSURES PART I: Profile Disclosures

Profile Disclosure	GRI G3 Indicator Description	Reported	Cross-reference/ Direct answer (ref. page nos.)	If applicable, indicate the part not reported	Reason for omission	Explanation	UNGC - Communication on Progress Element
<b>1. Strategy and Analysis</b>							
1.1	Statement from the most senior decision-maker of the organization.	Fully	1				Statement of support
1.2	Description of key impacts, risks, and opportunities.	Fully	25-28				—
<b>2. Organizational Profile</b>							
2.1	Name of the organization.	Fully	Cover page				—
2.2	Primary brands, products, and/or services.	Fully	9-10				—
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	7-8				—
2.4	Location of organization's headquarters.	Fully	11				—
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	12				—
2.6	Nature of ownership and legal form.	Fully	1, 14				—
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	11, 12				—
2.8	Scale of the reporting organization.	Fully	7-12, 39, 42-43, 45-46, 50-51, 53, 55, Larsen & Toubro Annual Financial Report 2013-14, page 36				—
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	30; Increased the reporting boundary				—
2.10	Awards received in the reporting period.	Fully	97-98				—
<b>3. Report Parameters</b>							
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	30; April 1, 2013 and March 31, 2014				—
3.2	Date of most recent previous report (if any).	Fully	30; 15th November 2013				—
3.3	Reporting cycle (annual, biennial, etc.)	Fully	30; Annual				—
3.4	Contact point for questions regarding the report or its contents.	Fully	30				—
3.5	Process for defining report content.	Fully	28-30				—
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	30				—
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	30; For project sites, material, energy, safety, manpower and training is reported. At DMN, material, manpower, energy & training are reported. Material transportation is not reported				—

Profile Disclosure	GRI G3 Indicator Description	Reported	Cross-reference/ Direct answer (ref. page nos.)	If applicable, indicate the part not reported	Reason for omission	Explanation	UNGC - Communication on Progress Element
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	30				—
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	30				—
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. Mergers/acquisitions, change of base years/ periods, nature of business, measurement methods).	Fully	30				—
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	30; Increased the reporting boundary				—
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	102				—
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	30				—

#### 4. Governance, Commitments, and Engagement

4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	14				Governance
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	14-15				Governance
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	14-15				Governance
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	14, 34-35; The shareholders can put their grievance through shareholder grievance committees as a part of governance structure. More details about the governance structure are available at <a href="http://www.larsen-toubro.com">www.larsen-toubro.com</a>				Governance
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	16				Governance
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	16-17				Governance
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Fully	16				Governance

Profile Disclosure	GRI G3 Indicator Description	Reported	Cross-reference/ Direct answer (ref. page nos.)	If applicable, indicate the part not reported	Reason for omission	Explanation	UNGC - Communication on Progress Element
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	16-21				Governance
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	19-20				Governance
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	16				Governance
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	17-18				—
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	17-19				—
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	19				—
4.14	List of stakeholder groups engaged by the organization.	Fully	34-35				Stakeholder Engagement
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	34-35				Stakeholder Engagement
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	34				Stakeholder Engagement
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	34-35				Stakeholder Engagement

#### STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

G3 DMA	GRI G3 Indicator Description	Reported	Cross-reference/ Direct answer (ref. page nos.)	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in	UNGC - Communication on Progress Element
DMA EC	Disclosure on Management Approach EC		19					Principles 1,4,6,7
Aspects	Economic performance	Fully	19, 50-51, 53					—
	Market presence	Fully	11, 12, 19					—
	Indirect economic impacts	Fully	19, 22-24					—
DMA EN	Disclosure on Management Approach EN		19-20, 22-24					Principles 7,8,9
Aspects	Materials	Partially	73	Material procured in meter, sq.m. and units are not reported	Not available	We are developing a system in place to cover the material procured in m, Sq.m. and units into Tons	2015	—
	Energy	Partially	62	Electricity supplied by customers at their project sites is not reported	Not available	We are developing a system in place to monitor the energy supplied by clients	2015	—
	Water	Partially	70-71	Water supplied by customer at project sites is not reported	Not available	We are developing a system in place to monitor the water supplied by clients	2015	—

G3 DMA	GRI G3 Indicator Description	Reported	Cross-reference/ Direct answer (ref. page nos.)	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in	UNGC - Communication on Progress Element
	Biodiversity	Fully	74					—
	Emissions, effluents and waste	Fully	70, 71, 74					—
	Products and services	Fully	19, 88					—
	Compliance	Fully	75					—
	Transport	Partially	19, 70, 74	Material transportation is not covered under scope 3 emissions	Not available	We are developing a system in place to capture the Scope 3 emission from the transportation (by clients)	2015	—
	Overall	Partially	L&T Annual Report 2013-14, page 19	Environment expenses from project sites	Not available	We are developing a system to capture environmental expenses from project sites (As currently the expenses are integrated into the total project cost)	2015	—
DMA LA	Disclosure on Management Approach LA		20					Principles 1,3,6
Aspects	Employment	Fully	38					—
	Labor/management relations	Fully	39-42					—
	Occupational health and safety	Fully	43					—
	Training and education	Fully	40-42					—
	Diversity and equal opportunity	Fully	47					—
DMA HR	Disclosure on Management Approach HR		20					Principles 1-6
Aspects	Investment and procurement practices	Fully	47, 53, 55					—
	Non-discrimination	Fully	47					—
	Freedom of association and collective bargaining	Fully	42					—
	Child labor	Fully	21, 47					—
	Forced and compulsory labor	Fully	21, 47					—
	Security practices	Fully	17-18					—
	Indigenous rights	Fully	20, 21					—
DMA SO	Disclosure on Management Approach SO		20					Principle 10
Aspects	Community	Fully	32, 51, 78, 85					—
	Corruption	Fully	18					—
	Public policy	Fully	18					—
	Anti-competitive behaviour	Fully	18					—
	Compliance	Fully	18					—
DMA PR	Disclosure on Management Approach PR		20					—
Aspects	Customer health and safety	Partially	35, 94	Life Cycle impact assessment is done for selected stages of product	Not available	Life cycle impact assessment is done for selected stages of products	2015	—
	Product and service labelling	Fully	94					—
	Marketing communications	Fully	94					—
	Customer privacy	Fully	94					—
	Compliance	Fully	94					—

#### STANDARD DISCLOSURES PART III: Performance Indicators

Economic								
Performance Indicator	GRI G3 Indicator Description	Reported	Cross-reference/ Direct answer (ref. page nos.)	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in	UNGC - Communication on Progress Element
Economic performance								
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	50-51, 53, 55					—

Performance Indicator	GRI G3 Indicator Description	Reported	Cross-reference/ Direct answer (ref. page nos.)	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in	UNGC - Communication on Progress Element
<b>Economic performance</b>								
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	55-58					Actions taken to implement Principle 7
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	42					—
EC4	Significant financial assistance received from government.	Fully	51					—
<b>Market presence</b>								
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Fully	42					Outcomes from implementing Principle 6
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	55					—
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	53; 100% of the senior management is from India					Actions taken and outcome from implementing Principle 6
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	51, 53, 56					—
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	55					—
<b>Environmental</b>								
<b>Materials</b>								
EN1	Materials used by weight or volume.	Partially	73	The procurement of material in meters, sq.mt and nos. is not reported	Not available	We are developing a system to convert the material consumed in sq.mt and nos. into tons	2015	Outcomes from implementing Principle 7, 8
EN2	Percentage of materials used that are recycled input materials.	Fully	73					Outcomes from implementing Principle 8
<b>Energy</b>								
EN3	Direct energy consumption by primary energy source.	Partially	64	Electricity supplied by customer at project site is not reported	Not available	We are developing a system to record electricity consumption at project site (provided by customer)	2015	Outcomes from implementing Principle 7, 8
EN4	Indirect energy consumption by primary source.	Fully	64					Outcomes from implementing Principle 8
EN5	Energy saved due to conservation and efficiency improvements.	Partially	65	Energy conserved from project sites are not monitored and reported	Not available	We are in process of developing system to calculate energy conserved at project sites	2015	Outcomes from implementing Principle 8
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Partially	56-58, 65-66, 93	Reductions in energy requirements from clients premises is not monitored and reported	Not available	We are in process of developing system to calculate energy conserved at clients premises	2016	Actions taken to implement Principle 8, 9
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	66					Actions taken to implement Principle 8, 9
<b>Water</b>								
EN8	Total water withdrawal by source.	Partially	71	Project locations where the water provided by customer is not reported	Not available	We are developing a system to record water consumption at project site (provided by customer)	2015	Outcomes from implementing Principle 7, 8
EN9	Water sources significantly affected by withdrawal of water.	Not	—		Not available			Outcomes from implementing Principle 8

Performance Indicator	GRI G3 Indicator Description	Reported	Cross-reference/ Direct answer (ref. page nos.)	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in	UNGC - Communication on Progress Element
EN10	Percentage and total volume of water recycled and reused.	Not	—		Not available			Outcomes from implementing Principle 8
<b>Biodiversity</b>								
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	74					Outcomes from implementing Principle 8
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	74					Outcomes from implementing Principle 8
EN13	Habitats protected or restored.	Fully	74					Outcomes from implementing Principle 8
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	74-75					Actions taken to implement Principle 8
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not	—		Not applicable			Outcomes from implementing Principle 8
<b>Emissions, effluents and waste</b>								
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	70					Outcomes from implementing Principle 7, 8
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	70					Outcomes from implementing Principle 8
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partially	23, 66	Emissions avoided due to energy conservation have been included. Other emission reductions are not captured separately	Not available	We are in process of establishing system to capture other GHG emission reduction projects	2017	Actions taken to implement Principle 8, 9
EN19	Emissions of ozone-depleting substances by weight.	Fully	70					Outcomes from implementing Principle 7, 8
EN20	NOx, SOx, and other significant air emissions by type and weight.	Partially	70	Emissions from customer owned DG sets is not reported completely	Not available	We have started reporting DG set emissions from project sites (partially) and are in process of establishing system to capture all DG set emissions from project sites	2015	Outcomes from implementing Principle 7, 8
EN21	Total water discharge by quality and destination.	Partially	71	At project sites where client is responsible for wastewater treatment and disposal, wastewater discharge is not reported	Not available	We are establishing system to record water consumption and wastewater generation data, where customers provides these utility services	2015	Outcomes from implementing Principle 8
EN22	Total weight of waste by type and disposal method.	Fully	74					Outcomes from implementing Principle 8
EN23	Total number and volume of significant spills.	Fully	74					Outcomes from implementing Principle 8
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Fully	Not applicable					Outcomes from implementing Principle 8
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not	—		Not available			Outcomes from implementing Principle 8

Performance Indicator	GRI G3 Indicator Description	Reported	Cross-reference/ Direct answer (ref. page nos.)	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in	UNGC - Communication on Progress Element
<b>Products and services</b>								
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	56-58					Actions taken to implement Principle 7, 8, 9
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Fully	73					Outcomes from implementing Principle 8
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	75					Outcomes from implementing Principle 8
<b>Transport</b>								
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Not	—		Not material			—
<b>Overall</b>								
EN30	Total environmental protection expenditures and investments by type.	Not	—		Not available			—
<b>Social: Labor Practices and Decent Work</b>								
<b>Employment</b>								
LA1	Total workforce by employment type, employment contract, and region.	Fully	39-40, India is considered as a region					Outcomes from implementing Principle 6
LA2	Total number and rate of employee turnover by age group, gender, and region.	Fully	40					Outcomes from implementing Principle 6
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	42					—
<b>Labor/management relations</b>								
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	40					Outcomes from implementing Principle 3
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	42					Actions taken to implement Principle 3
<b>Occupational health and safety</b>								
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	46; More than 50% of representation of workers in health and safety programs					—
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Partially	45; Reported Frequency rate, Severity Rate, Fatalities and Fatalities Rate.	Did not report loss days due to occupational diseases	Not available	We are establishing system to report on loss days due to occupational diseases	2015	—
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	46					—
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	46					—
<b>Training and education</b>								
LA10	Average hours of training per year per employee by employee category.	Partially	40	Training programs conducted by clients in their premises is not reported. We are developing a system in place to record the training details	Not available	We are developing a system to record the training program details conducted by client	2015	Outcomes from implementing Principle 6

Performance Indicator	GRI G3 Indicator Description	Reported	Cross-reference/ Direct answer (ref. page nos.)	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in	UNGC - Communication on Progress Element
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	40-42					—
LA12	Percentage of employees receiving regular performance and career development reviews.	Fully	39-40; 100% of our employees receive periodical performance and career development review					Outcomes from implementing Principle 6
<b>Diversity and equal opportunity</b>								
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	40, 47 and L&T Annual Report 2013-14, page no. 61,62. All directors are male and are above 50 years of age					Outcomes from implementing Principle 6
LA14	Ratio of basic salary of men to women by employee category.	Fully	47; L&T is a merit based organisation					Outcomes from implementing Principle 6
<b>Social: Human Rights</b>								
<b>Investment and procurement practices</b>								
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Fully	47					Outcomes from implementing Principle 2
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Fully	47					Actions taken to implement Principle 2
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Not	—		Not available			—
<b>Non-discrimination</b>								
HR4	Total number of incidents of discrimination and actions taken.	Fully	47					Actions taken and outcome from implementing Principle 6
<b>Freedom of association and collective bargaining</b>								
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Fully	47					Actions taken to implement Principle 3
<b>Child labor</b>								
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Fully	47					Actions taken to implement Principle 5
<b>Forced and compulsory labor</b>								
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Fully	20, 21, 46, 47					Actions taken to implement Principle 4
<b>Security practices</b>								
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	20, 47; Human rights training is a part of induction training program					Actions taken to implement Principle 1

Performance Indicator	GRI G3 Indicator Description	Reported	Cross-reference/ Direct answer (ref. page nos.)	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in	UNGC - Communication on Progress Element
<b>Indigenous rights</b>								
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	No incidence of violation					Outcomes from implementing Principle 1
<b>Social: Society</b>								
<b>Community</b>								
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Fully	78					Actions taken to implement Principle 1
<b>Corruption</b>								
SO2	Percentage and total number of business units analysed for risks related to corruption.	Fully	17					Outcomes from implementing Principle 10
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	18					Outcomes from implementing Principle 10
SO4	Actions taken in response to incidents of corruption.	Fully	18					Actions taken to implement Principle 10
<b>Public policy</b>								
SO5	Public policy positions and participation in public policy development and lobbying.	Partially	19	All public policy positions occupied by L&T are not reported	Not available	Due to diverse nature of our businesses there are many issues pertaining to L&T businesses. In addition we occupy various positions in the same forums hence it is difficult to give a single specific response to public policy positions occupied by L&T	2015	Actions taken to implement Principle 10
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Not	—		Not available			—
<b>Anti-competitive behaviour</b>								
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	Fully	18; No legal action for anti-competitive behaviour					—
<b>Compliance</b>								
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	18					—
<b>Social: Product Responsibility</b>								
<b>Customer health and safety</b>								
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	94					—
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully	94					—

Performance Indicator	GRI G3 Indicator Description	Reported	Cross-reference/ Direct answer (ref. page nos.)	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in	UNGC - Communication on Progress Element
<b>Product and service labelling</b>								
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	20, 94					—
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	Fully	94; No incidents of non-compliance					—
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	35, 90, 94					—
<b>Marketing communications</b>								
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	94					—
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	94					—
<b>Customer privacy</b>								
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	94; No such complaints were reported					—
<b>Compliance</b>								
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	94; No such complaints were reported					—

## ACRONYMS

<b>AGM</b>	Annual General Meeting	<b>ISO</b>	International Organization for Standardization
<b>APFC</b>	Automatic Power Factor Control	<b>IT</b>	Information Technology
<b>ATC</b>	Air Traffic Control	<b>ITI</b>	Industrial Training Institute
<b>B&amp;F</b>	Building & Factories	<b>kWh</b>	Kilo Watt Hour
<b>BEE</b>	Bureau of Energy Efficiency	<b>LDA</b>	Leadership Development Academy
<b>BIS</b>	Bureau of Indian Standards	<b>LED</b>	Light-emitting Diode
<b>Bn</b>	Billion	<b>LEED</b>	Leadership in Energy and Environmental Design
<b>CEO</b>	Chief Executive Officer	<b>LPG</b>	Liquefied Petroleum Gas
<b>CFL</b>	Compact Florescent Light	<b>LTHE</b>	L&T Hydrocarbon Engineering
<b>CIS</b>	Commonwealth of Independent States	<b>MDG</b>	Millennium Development Goals
<b>CNC</b>	Computer Numerical Control	<b>MFF</b>	Modular Fabrication Facility
<b>CO<sub>2</sub></b>	Carbon Dioxide	<b>MIP</b>	Machinery & Industrial Products Business
<b>CPCB</b>	Central Pollution Control Board	<b>MoEF</b>	Ministry of Environment & Forest
<b>CSI</b>	Corporate Social Initiatives	<b>MNRE</b>	Ministry of New and Renewable Energy
<b>CSR</b>	Corporate Social Responsibility	<b>MT</b>	Metric Tonnes
<b>CSTI</b>	Construction Skill Training Institute	<b>MV</b>	Medium Voltage
<b>DMN</b>	Domestic Marketing Network	<b>MW</b>	Mega Watt
<b>E&amp;A</b>	Electrical and Automation	<b>MWp</b>	Mega Watt peak
<b>EHS</b>	Environment, Health and Safety	<b>NAPCC</b>	National Action Plan on Climate Change
<b>EMC</b>	Executive Management Committee	<b>NGO</b>	Non-Governmental Organisation
<b>EOT</b>	Electric Overhead Travelling	<b>NOx</b>	Oxides of Nitrogen
<b>EPC</b>	Engineering, Procurement and Construction	<b>NVG</b>	National Voluntary Guidelines
<b>EPS</b>	Earnings Per Share	<b>ODS</b>	Ozone Depleting Substances
<b>EVA</b>	Economic Value Added	<b>OHSAS</b>	Occupational Health and Safety Assessment Series
<b>FICCI</b>	Federation of Indian Chambers of Commerce and Industry	<b>PAT</b>	Profit After Tax
<b>FR</b>	Fatality Rate	<b>PV</b>	Photovoltaic
<b>FY</b>	Financial Year	<b>PWHT</b>	Post Weld Heat Treatment
<b>GCC</b>	Gulf Cooperation Council	<b>R&amp;D</b>	Research and Development
<b>GETs</b>	Graduate Engineer Trainees	<b>RO</b>	Reverse Osmosis
<b>GGBS</b>	Ground Granulated Blast Furnace Slag	<b>ROCE</b>	Return on Capital Employed
<b>GHG</b>	Green House Gas	<b>SBG</b>	Strategic Business Group
<b>GJ</b>	Giga Joules	<b>SBU</b>	Strategic Business Unit
<b>GRI</b>	Global Reporting Initiative	<b>SO<sub>2</sub></b>	Sulphur Dioxide
<b>HE</b>	Heavy Engineering	<b>SR</b>	Severity Rate
<b>HQ</b>	Headquarter	<b>STP</b>	Sewage Treatment Plant
<b>HR</b>	Human Resources	<b>T&amp;D</b>	Transmission & Distribution
<b>IC</b>	Independent Company	<b>UN</b>	United Nations
<b>IGBC</b>	Indian Green Building Council	<b>VAM</b>	Vapour Absorption Machine
<b>IIM-A</b>	Indian Institute of Management - Ahmedabad	<b>VVVF</b>	Variable Voltage Variable Frequency
<b>IP</b>	Intellectual Property	<b>WBCSD</b>	World Business Council for Sustainable Development
<b>IR</b>	Industrial Relations	<b>WoW</b>	Working on Wellness
<b>IS</b>	Indian Standard		

Standard Disclosures

Report Application Level	C	C+	B	B+	A	A+ 
<b>Profile Disclosures</b>  OUTPUT	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
<b>Disclosures on Management Approach</b>  OUTPUT	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
<b>Performance Indicators &amp; Sector Supplement Performance Indicators</b>  OUTPUT	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment.**		Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.***		Respond on each core and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

\* Sector supplement in final version

\*\* Performance Indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines

\*\*\* Performance Indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines

The L&T Sustainability Report 2014, 'The Best of Both Worlds',  
is a **'GRI Checked' Application Level A+** report.

## Sustainability Report 2014: Your feedback

Your feedback is important in helping us improve our sustainability performance as well as future reporting. Please take a few minutes to answer the following questions.

### 1. Your view of the reporting quality

Excellent       Good       Fair       Poor

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

Navigation       Design & Layout       Readability       Credibility

Others: \_\_\_\_\_

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

Navigation       Design & Layout       Readability       Credibility

Others: \_\_\_\_\_

### 4. Level of Information:

*Economic performance:*

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

*People performance:*

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

*Product performance:*

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

*Environmental performance:*

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

*Social performance:*

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

### 5. Any other comments/suggestions?

\_\_\_\_\_  
\_\_\_\_\_

Kindly provide us your contact information for further correspondence.

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

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

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

Fax/Mail your responses to: Mr. Ajit Singh, Executive Vice President, Corporate Infrastructure & Services, Larsen & Toubro Limited, Saki Vihar Road, Powai, Mumbai 400 072, India.

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