

# Management Approach



## Economic

L&T has been a pioneer in offering 'concept-to-commissioning' engineering solutions across various verticals. Our key competitive advantages across businesses include dedicated engineering design centres, competency cells, advanced formwork systems, project execution capability, digitized project control and a pool of talented employees. These have enabled the Company to establish itself as one of the premier EPC solutions providers, in India and in targeted markets overseas. Characterised by professionalism, high standards of corporate governance and sustainability, L&T continues to evolve, seeking better ways of engineering to meet emerging challenges.



## Environmental

Across all our operations, it is our endeavour to minimise our impact on the environment. Our corporate Environment, Health & Safety Policy is implemented through a dedicated team of professionals to ensure environment preservation and optimal consumption of natural resources, energy and water. Our initiatives encompass entire project lifecycles and we extend these to all stakeholders including employees, partners, clients and suppliers, among others.



## Corporate Social Responsibility (CSR)

We believe in inclusive development and have been partnering with communities for many years. In 2014, we conducted a large-scale interaction with 3600 stakeholders to understand our influence, need assessment and the community's expectations from the Company. We then crafted our CSR theme 'Building India's Social Infrastructure', to develop focused CSR programmes on Water, Sanitation, Health, Education and Skill Development.

We have dedicated teams to implement these initiatives and also encourage our employees in all businesses to participate in these initiatives through 'L&Teering' – our employee volunteer programme.



## Labour Practices and Human Rights

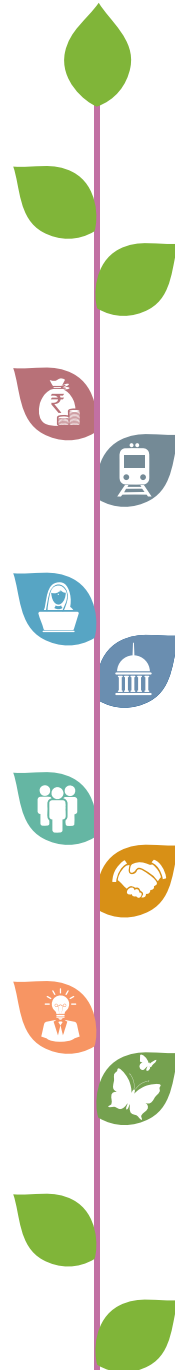
Our people are valued and we nurture individual learning and development. Being a project-oriented engineering company, amicable labour relations are critical to our success. In our constant quest to work towards the health and safety of employees, we follow conventions of the International Labour Organisation and applicable local laws covering the Factories Act 1948, Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act 1996, Central Rules 1998, Industrial Disputes Act 1947 and amendments thereof.

The implementation of policies is ensured by dedicated managers throughout the Company. We also offer extensive opportunities for training and skill enhancement with our Any Time Learning (ATL) web-based module, Leadership Development Programmes and functional and technical training programmes. Our HR policies and practices comply with ethical and human rights standards.

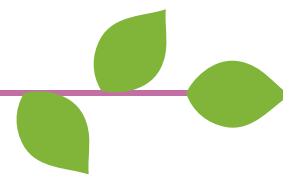


## Product Stewardship

We recognize our responsibility towards minimising our environmental impact in everything we build or make. Our products and services are designed, manufactured and constructed by taking into consideration their impact on the environment. Our products are engineered for eco-friendly operations, while accounting for their health and safety impact across their life-cycle. We are conscious of the sensitive and strategic nature of many of our projects and products and maintain complete customer confidentiality. Detailed user manuals are provided and training imparted to customers and their employees in plant operation and product usage.



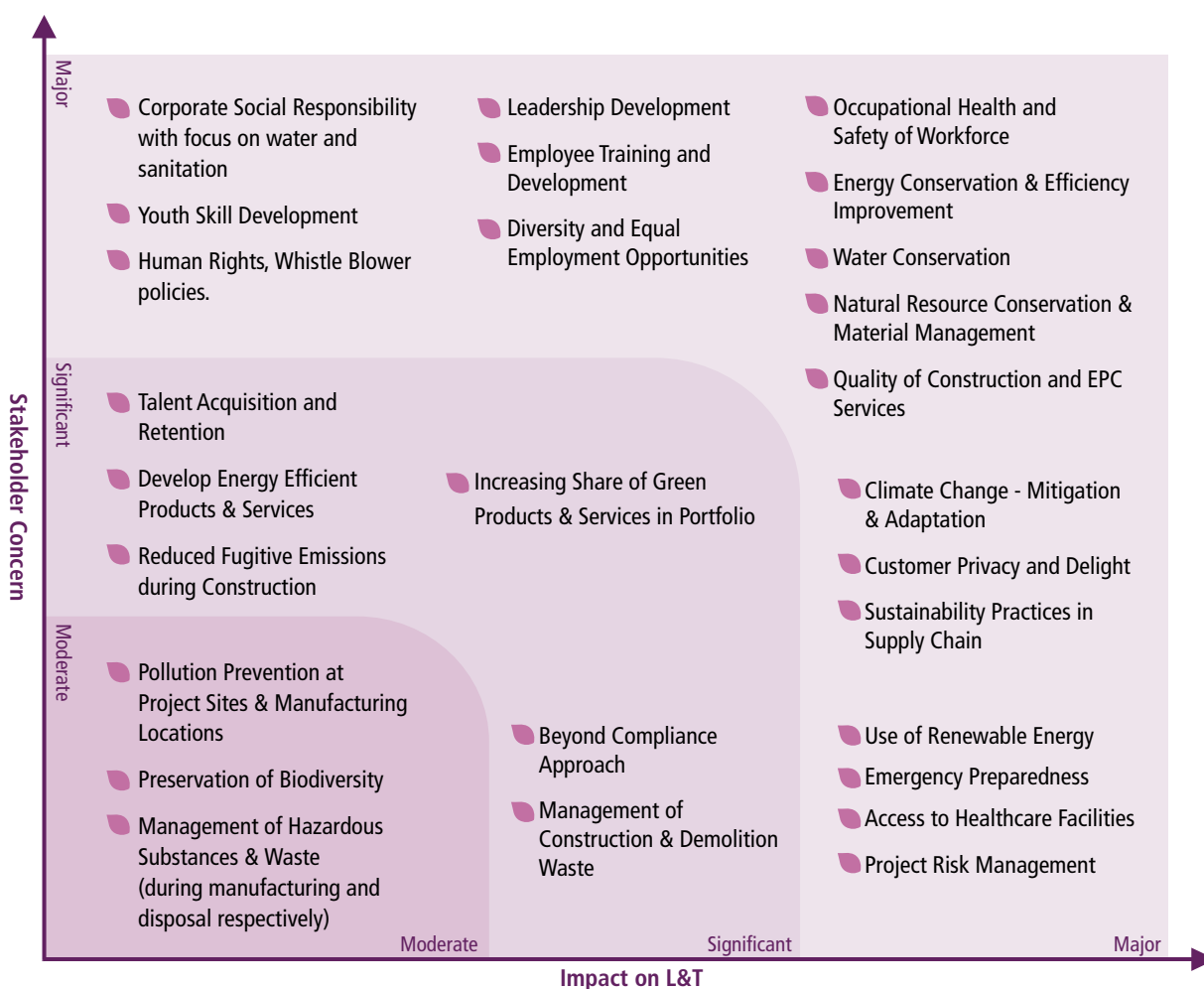
# Materiality Assessment



Materiality Assessment is conducted for identification of sustainability issues that have the potential to affect our business, and/or our stakeholders. It is an ongoing process, incorporating stakeholder inputs, compiled through regular interaction. The outcome is condensed into a list of topics which provides information on company strategy, targets, and reporting. Our methodology attempts to identify the economic, environmental and social issues material to us and society at large.

## Materiality Matrix

Consolidated for the Company



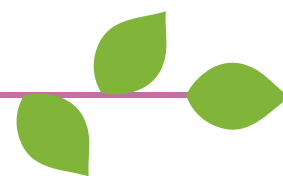
## Materiality Assessment Inputs

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

## Description of Material Issues

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

# About the Report



## Report Scope

This Sustainability Report for Larsen and Toubro Limited (L&T – ‘The Company’) is published in accordance with Global Reporting Initiative (GRI) G4 Guidelines ‘Comprehensive’ option and covers L&T’s Environment, Economic and Social performance between April 1, 2015 and March 31, 2016. The last Sustainability Report 2015 ‘In Harmony’ was released in 2015. Annual reporting cycle is maintained for all our Sustainability Reports since 2008 and these are available on the Company’s website [Lntsustainability.com](http://Lntsustainability.com).

L&T has a robust mechanism for compilation and reporting of Sustainability indicator performance. The report is compiled in-house by the Corporate Sustainability Team with data inputs from all businesses compiled using a data management software. The data management techniques used in the report comprise actual measurement, computations and estimations (the assumptions are specified). The data for economic performance has been included from L&T’s Annual Report FY2015-16. The data presented in the report is verified through systematic internal and external assurance.

## Reporting Boundary

This report is for the Larsen & Toubro standalone and its subsidiaries. The reporting boundary covers all manufacturing locations, projects sites and offices across India, and overseas projects managed from India. There are no significant changes during the reporting period in reporting scope, boundaries, organisational size, structure, ownership and locations.

### L&T Subsidiaries included in the Report:

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

## Assurance

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

## Locations Reported

### Corporate Locations

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

### Infrastructure Business

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

### L&T Power

Project Sites at Malwa Phase-II (MP), Chhabra (Rajasthan), NPCIL RAPP 7 & 8 (Kota), Khargone (MP), Darlipali (Orissa), Kudgi IDCT+CW (Karnataka), Koradi (Nagpur), Lara (Raigarh), Yeramurus (Karnataka), Cuddalore (Tamil Nadu), Vindhyaachal (UP) and Mouda STPP (Maharashtra).

### Heavy Engineering

Powai, Ranoli, Talegaon, Coimbatore, Visakhapatnam, Bengaluru, Hazira, Sohar (Oman).

### Shipbuilding

Shipbuilding facilities at Kattupalli near Chennai and Hazira, Gujarat.

### Electrical and Automation

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

### L&T Hydrocarbon Engineering

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

### L&T Infotech

Offices across India: Mumbai, Chennai, 2 Campuses in Bengaluru, 2 Campuses in Pune and 2 Campuses in Navi Mumbai.

**Domestic Marketing Network** 17 Offices in India

**L&T declares that the Sustainability Report 2016 conforms to GRI–G4 ‘In accordance – Comprehensive’.**

Queries may be directed to:

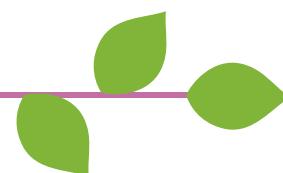
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Campus, Mumbai 400072, India

Email: [sustainability-ehs@Larsentoubro.com](mailto:sustainability-ehs@Larsentoubro.com)

## Risks and Opportunities



The Company has a risk identification framework which provides for risk reviews and also evaluates steps to strengthen its risk management processes. This framework involves evaluation of the risk at the enterprise level as well as the country's clearance process, pre-bid risks, execution risks and close-out risks. It also periodically assesses the new and upcoming challenges for the Company. Periodic 'Execution Risk Reviews' are conducted for the projects under execution. 'Top risks that Matter' are identified and the Company's response measures are integrated into respective business plans. Key risks and opportunities across significant businesses are listed below:

Infrastructure Business	
Risks	Strategic and Operational Initiatives
<b>Rising demand for trained and skilled labour force</b>	<ul style="list-style-type: none"> <li>Enhancing skill levels by organising site-based training for the Workmen Management Centre</li> <li>Construction Skill Development programmes run by the Company's dedicated Construction Skill Training Institutes</li> <li>Engaging skilled workmen on site after receiving training in construction practices</li> </ul>
<b>Project execution delay</b>	<ul style="list-style-type: none"> <li>Analysis of geological and climatic conditions</li> <li>Timely mobilization of resources</li> <li>Elimination of soil investigation delays</li> <li>Enhancing availability of bulk materials</li> <li>Reducing delay in materials supplied by clients</li> <li>Improvement in internal processes</li> </ul>
<b>Delay in project approvals and environmental clearances from clients</b>	<ul style="list-style-type: none"> <li>Removing ambiguity in interpretation of contract clauses</li> <li>Adoption of proper dispute resolution mechanism</li> <li>Faster claim settlement</li> </ul>
<b>Safe and congenial working environment</b>	<ul style="list-style-type: none"> <li>Continuously cultivating a culture of safety across sites including:                             <ul style="list-style-type: none"> <li>Adoption of 5 S principles on sites</li> <li>Implementing global best practices for elimination of unsafe conditions (e.g. Safety starters for rollers for safety of workmen on road development projects)</li> <li>Educating the workforce and staff on safe working practices</li> </ul> </li> </ul>
<b>Availability of credible subcontractors</b>	<ul style="list-style-type: none"> <li>Increased engagement with key subcontractors</li> <li>Reduction in attrition of skilled workmen, supervisors and trade specialists during project execution</li> <li>Timely mobilisation of associated plant and equipment by subcontractors</li> <li>Evaluation of subcontractor based on financial strength and past performance, before signing a contract</li> </ul>
<b>Environmental impact and CSR</b>	<ul style="list-style-type: none"> <li>Enhancing greenery through continuous tree plantation and maintenance at construction sites and establishments</li> <li>Promotion of Green buildings</li> <li>Installation of LED lights at project sites</li> <li>Extensive use of video-conferencing and digital practices, saving business travel time, cost and natural resources</li> <li>Optimal water usage for construction work at project sites</li> <li>Waste water treatment plants are at large sites to avoid / reduce pollution</li> <li>Proper selection of plant and machinery to reduce air and noise pollution</li> <li>Effective implementation of CSR activities for water &amp; sanitation, education, skill-development and health</li> <li>Need assessment survey before implementation of CSR programmes in thrust areas</li> </ul>
<b>Slowdown in Indian steel market</b>	More emphasis on material handling, mineral beneficiation and coal washery projects in India
<b>Slowdown in the Middle East business due to lower crude oil prices</b>	<ul style="list-style-type: none"> <li>Focus on major retained jobs for cost effective and timely execution with the help of experienced senior leaders</li> <li>Continuous efforts to get new major projects through the Consortium approach</li> </ul>

## Infrastructure Business

Opportunities	Strategic and Operational Initiatives
Government of India's thrust on Infrastructure	Development of core competency for increasing market share, owing to schemes such as 'Housing for All' and 'Make in India'
Growing potential in Africa/Asia/SAARC region	Plans are in place to increase our presence in these emerging markets
Enhancing productivity and controlling cost	<ul style="list-style-type: none"> <li>• Digitisation and reduction of waste</li> <li>• Ensuring timely availability of materials at project sites</li> <li>• Reducing skill-gap for productivity enhancement</li> </ul>
Conservation of energy	<ul style="list-style-type: none"> <li>• Usage of energy-efficient products at campuses and project sites</li> <li>• Increasing alternative energy usage, especially at training centres</li> </ul>
Capability building	Organisational capability building through competency mapping and imparting competency development training at various employee cadres
Strong infrastructure demand in the country	Plans are in place to effectively increase business presence
Digitalisation	Exclusive team assigned to look after technology enhancement and future prospects
Government thrust on water and waste water projects	<ul style="list-style-type: none"> <li>• Augmenting in-house capabilities</li> <li>• Spread business in new geographies</li> </ul>

## L&T Hydrocarbon Engineering

Risks	Strategic and Operational Initiatives
Declining Capex due to falling oil prices	<ul style="list-style-type: none"> <li>• Step up Business Development efforts including venturing into new geographies and markets</li> </ul>
Aggressive bidding by competitors	<ul style="list-style-type: none"> <li>• Enhance pre-bid engineering</li> <li>• Cost optimisation through value-added solutions</li> </ul>
Cost Overrun	<ul style="list-style-type: none"> <li>• Achieve Operational Excellence</li> <li>• Use of robust project and risk management tools</li> <li>• Mitigating risk by hedging or by taking suitable covers based on detailed analysis of foreign exchange inflow and outflow</li> <li>• Implementation of effective Knowledge Management process</li> </ul>
Increased brownfield offshore projects	<ul style="list-style-type: none"> <li>• Build capabilities in executing brownfield projects</li> <li>• Explore strategic partnerships</li> </ul>
Talent acquisition and retention	<ul style="list-style-type: none"> <li>• Enhance employee engagement and alignment</li> <li>• Capability building</li> </ul>
Protection of Health, Safety & Environment	<ul style="list-style-type: none"> <li>• Continue to ensure thrust on safety culture, human rights and wellness initiatives</li> <li>• Focus on good practices in Health, Safety and Environment</li> </ul>
Opportunities	Strategic and Operational Initiatives
International operators open to low-cost EPC Contractors	Stepping up pre-qualification efforts and entry into new geographies
Upcoming clean-fuel projects in India	Advocacy to convert mode of execution from Non-LSTK to LSTK
Large investments in Saudi Arabia	Leveraging long-term agreements and track record to pursue projects
Growth in domestic gas demand	Pursue LNG regasification projects through strategic alliances
Investments in petrochemical sector in Middle East and India	<ul style="list-style-type: none"> <li>• Leverage track record to pursue international projects</li> <li>• Build strategic partnerships</li> </ul>
Digitisation	Focus on Digitisation through analytics, mobile and cloud technology

Power Business	
Risk	Strategic and Operational Initiatives
Limited domestic opportunities	<ul style="list-style-type: none"> <li>• Aim to be more competitive</li> <li>• Selectively pursue opportunities in gas-based projects outside India – particularly in South-East Asia</li> </ul>
Increased competition	Enhanced focus on project management to ensure cost optimisation and timely execution of projects as per business plan – LAKSHYA 2021
Risk during bidding and execution of projects	<ul style="list-style-type: none"> <li>• Deployment of Structured Risk Management process.</li> <li>• Due diligence on prospective clients and projects</li> <li>• Back-to-back arrangements with sub-contractors and vendors</li> </ul>
Talent management	<ul style="list-style-type: none"> <li>• Fine-tuning HR policies to facilitate talent acquisition and retention</li> <li>• Establishment of Power Training Institute for developing skillsets required for execution of power projects</li> </ul>
Opportunities	Strategic and Operational Initiatives
Stringent pollution control norms requiring installation of additional systems in power plants	<ul style="list-style-type: none"> <li>• Identifying partner(s) to provide technology for additional systems</li> <li>• Tapping business opportunities that arise from the new norms</li> </ul>
Corporate Social Responsibility	Partnering with communities by implementing sustainable developmental programmes

Heavy Engineering Business	
Risks and Opportunities	Strategic and Operational Initiatives
Safety	<ul style="list-style-type: none"> <li>• Employees, vendors and contractors encouraged to report and resolve potential / actual safety concerns (Near miss, unsafe act and unsafe condition)</li> <li>• Competency building and safety training for all personnel</li> <li>• Sharing and implementation of safety practices across locations</li> <li>• Implementation of behaviour-based safety</li> </ul>
Reliability and delivery performance	<ul style="list-style-type: none"> <li>• Execution by addressing constraints across the value chain internally, including: <ul style="list-style-type: none"> <li>- Realization of full kits</li> <li>- Process improvements for operational excellence</li> <li>- Learnings through defect / failure analysis</li> <li>- Cost control measures.</li> </ul> </li> <li>• Y-o-Y reduction in cycle-time</li> <li>• Sustained on-time delivery records in serialized Defence production</li> </ul>
Community development projects	<ul style="list-style-type: none"> <li>• Systematic Gap Analysis to identify the needs of the underprivileged communities around our campuses</li> <li>• Identify projects aligned with the CSR thrust areas</li> <li>• Fulfilling needs with the desired impact</li> <li>• Monitoring the process for continual improvement</li> </ul>
Energy, water and waste management	<ul style="list-style-type: none"> <li>• Continuous monitoring of energy &amp; water consumption and implementing conservation measures</li> <li>• Monitoring greenhouse gas emissions at our campuses</li> <li>• Updating the team with new developments, legal requirements and global benchmarks</li> <li>• Proactively working on improving environmental and social performance</li> </ul>
Sustainability in supply chain	<ul style="list-style-type: none"> <li>• Signing of Environmental &amp; Social Code of Conduct by suppliers</li> <li>• Measuring impact of transportation on the environment and creating awareness on sustainability for transporters</li> <li>• Organizing business-specific Buyer-Seller meets</li> <li>• Involving MSME in understanding sustainability and its advantages</li> <li>• Import substitution to build local supply chain</li> </ul>



## Electrical & Automation Business

Risks	Strategic and Operational Initiatives
Low profitability	<ul style="list-style-type: none"> <li>Operational excellence initiatives to improve cost optimization in specific SBUs</li> <li>Continued organization-wide emphasis on value engineering, lean manufacturing and procurement optimisation</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 faster 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>Structure leadership and skill development programmes</li> <li>Innovation programme to tap entrepreneurial spirit</li> <li>Engaging seniors as trainers in skill and knowledge building programmes</li> </ul>
Opportunities	Strategic and Operational Initiatives
Enhanced awareness among all users, specifically industry segment, on the need for improving energy efficiency	Provide products and solutions that help customers reduce their carbon footprint and improve energy efficiency
Increase in installed electricity generation capacity and rural electrification	<ul style="list-style-type: none"> <li>Continuing efforts to build capabilities in 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 select international markets



## L&T Infotech

Risks & Opportunities	Strategic and Operational Initiatives
Water & energy consumption in our offices	<ul style="list-style-type: none"> <li>• Launched initiatives to monitor and save electricity and water as per the guidelines of US Green Building Council (GBC).</li> <li>• L&amp;T Infotech Technology centre (TC-1), Powai adopted various water and energy conservation initiatives including:               <ul style="list-style-type: none"> <li>- Installing of motion sensors in washrooms</li> <li>- Replacement of CFL bulbs with LEDs</li> <li>- Use of aerated/sprinkler water taps, etc.</li> <li>- Conversion to a Green Building – Gold Category by USGBC under LEED framework</li> </ul> </li> </ul>
Occupational Health & Safety (OH&S) of employees.	<ul style="list-style-type: none"> <li>• Aligning our health and safety practices with OHSAS 18001 standard.</li> <li>• L&amp;T Infotech has obtained OHSAS 18001:2007 certification for all seven development centres in India</li> </ul>
Assisting employability	<ul style="list-style-type: none"> <li>• Imparting PC-based spreadsheet skills and value added courses to college dropouts, enhancing employability prospects as Computer Operators.</li> <li>• We conducted two courses in association with the Chamber of Small Industry Association (COSIA) under its skill development programme for the most underprivileged educated youths:               <ul style="list-style-type: none"> <li>- Computer Hardware &amp; Networking</li> <li>- Accounts Assistance &amp; Tally Operator</li> </ul> </li> </ul>
Building internal motivation for CSR - 'My CSR' scheme	<ul style="list-style-type: none"> <li>• Employees are encouraged to participate in CSR projects as volunteers through 'My CSR' Scheme.</li> <li>• Employees are involved in CSR activities including:               <ul style="list-style-type: none"> <li>- Teaching to Government school students</li> <li>- Promoting NGO products</li> <li>- Supporting environmental initiatives in the community</li> </ul> </li> </ul>

Pokaran-Falsoond-Balotra Siwana Lift Water Supply Project charting a water lifeline in Rajasthan.



# In harmony with the National Action Plan for Climate Change

Larsen & Toubro's climate change, energy efficiency and renewable energy programmes are aligned with the National Action Plan on Climate Change (NAPCC), released by the Prime Minister's office, Government of India in 2008. The Company's programmes are being aligned to the Intended Nationally Determined Contributions (INDCs) ratified by the Government of India during the COP 21 – Paris Agreement.



## Mission 1: Solar

- Solar business provides a single-point EPC turnkey solution for solar PV-related projects
- L&T has executed solar projects across all terrains (sandy, rocky, etc.) and all technologies (Thin Film Frameless and Framed, Crystalline, Tracker, etc.) and is a channel partner with Ministry of New and Renewable Energy

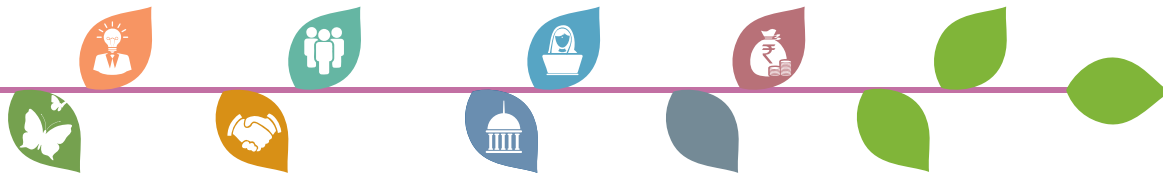
### Key Projects

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



## Mission 2: Enhanced Energy Efficiency

- Through focused energy conservation projects, more than 74.5 million units of energy saved, avoiding over 60,872 tons of CO<sub>2</sub> emissions at our establishments in the last eight years.
- Ahmednagar, Hazira, Kancheepuram, Pithampur and Pondicherry Campuses have implemented ISO 50001: 2000 (Energy Management Systems)
- Over 20 certified energy auditors are working at various L&T campuses and project sites
- The Electrical & Automation business helps its customers to improve their energy efficiency and reduce their carbon footprint through its products and services
- L&T's Control & Automation business has an Automation Training Centre at Navi Mumbai which offers an 'Integrated Automation Training Course' for fresh graduates



### Mission 3: Sustainable Habitat

- L&T has 17 Green Buildings within its campuses including one green factory at Vadodara
- L&T Infotech Technology Centre - 1, at L&T's Powai campus is the latest addition to L&T's Green Building portfolio
- L&T's USGBC & IGBC rated Green Buildings: 6 Platinum, 6 Gold, 4 Silver and 1 Certified
- L&T has constructed more than 49.1 Million sq.ft. of certified green space for its clients. Additional 8.84 million sq.ft. of green space is under various stages of construction



### Mission 4: Water

- 28 L&T campuses continue to be zero wastewater discharge establishments
- Three more campuses achieved 'Water Positive' status, taking the tally to 8 campuses
- 12.20% reduction in water consumption intensity (measured in m<sup>3</sup>/employee) w.r.t 2011-12.
- 200 check dams built by L&T Public Charitable Trust continue to collect over 1200 million litres of water for the tribal communities in Maharashtra
- Integrated Community Development (ICD) Projects in Maharashtra, Rajasthan & Tamil Nadu have built more than 80 million litres of water storage facilities at water stressed locations
- Over 20 million people in India have benefited from L&T's water infrastructure projects
- With a track record of constructing over 51,000 km of water and wastewater pipeline networks and more than 4,000 MLD of water, wastewater and effluent treatment plants, L&T is India's largest water infrastructure organisation



### Mission 5: Strengthening the Himalayan Ecosystem

- L&T continues to undertake large-scale tree plantation in and around projects being executed in Himalayan regions
- In addition, skill building programmes are conducted for the local youth to enhance their employability during the project execution phases
- Health Camps / medical camps are periodically conducted as a part of community engagement programmes at project sites in this region



### Mission 6: Green India

- Campuses have more than 35% of the available open area is under green cover
- More than 1,50,000 trees are nurtured at L&T campuses.
- In 2015-16, L&T planted more than 0.3 million trees, taking the tally to 1.5 million trees in the last five years
- The Company monitors the number of trees planted across campuses and project sites through a tree inventory portal
- Guests are felicitated either by planting a tree or by presenting a Tree Certificate instead of a floral bouquet at key campuses
- Tree plantation and maintenance is a part of 'Integrated Community Development (ICD)' project's overall plan, across adopted villages in Rajasthan, Maharashtra and Tamil Nadu





### Mission 7: Sustainable Agriculture

- Through 200 check dams constructed by the L&T Public Charitable Trust, tribal farmers in Talasari block near Mumbai can grow two crops instead of one, along with vegetable cultivation
- The Water & Effluent Treatment (WET) business provides turnkey solutions in lift irrigation and canal rehabilitation
- The Electrical & Automation (E&A) business offers a wide range of products and solutions for electricity distribution and control in the agriculture sector
- The E&A business conducts training programmes for farmers in the use of motor starters and pump controllers which are widely used in agricultural fields across India
- Solar pumps are provided by E&A business to enable farmers to reduce their dependency on conventional pumps
- The ICD project focuses on increasing availability of water for agriculture at water-stressed locations
- L&T Hydrocarbon Engineering provides turnkey EPC solutions for the fertiliser sector
- The Heavy Engineering business is the preferred supplier for equipment to fertiliser plants in India

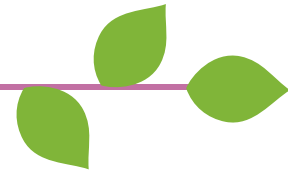


### Mission 8: Strategic knowledge on Climate Change

- The Company actively participates in institutional and industrial forums and employees attend various capacity-building programmes on climate change and green initiatives.
- Many in-house functional and technical capacity-building programmes on sustainability and climate change are conducted, including:
  - CII - GBC certified programme on energy efficiency and climate change
  - Certified Sustainability Assurance Practitioners (CSAP) programmes
  - Preparatory programmes for the Energy Auditor and Energy Manager examination conducted by Bureau of Energy Efficiency (BEE)
  - Training programme on the GreenCo rating system for Companies
  - Green Building rating programme
  - GRI – G4 reporting framework
- Prayag (the induction programme for new employees) covers sustainable development and climate change topics along with EHS and Human Rights.
- L&T's case study on energy and climate change was showcased at the India Pavilion as 'Energy Efficiency & Climate Leaders' at the 2015 Paris Climate Conference (COP 21).



# Sustainability Roadmap 2012-16 Journey



The Company takes pride in voluntarily setting and meeting Sustainability Targets since 2009. These measurable targets are set through a structured process, in consultation with all our businesses. Our sustainability targets are designed to provide a

comprehensive platform for accelerating best practices and performance across L&T. Our second Sustainability Roadmap (2012-15) was extended till 2016 and the majority of our goals were achieved.

## 2012-16 Performance



### Energy Conservation

**Target 1: 15%** increase in energy saving by conservation and efficiency improvements (YoY target)

Status: Shifting to LED-based lighting system. Increased awareness on energy conservation across establishments and project sites.

- 14.15 % was the cumulative average increase in energy conservation achieved since 2011-12.
- 12.5 % increase in cumulative energy conservation this year compared to 2014-15.
- Cumulatively, more than 74.5 million units of energy saved avoiding over 60,872 tons of CO<sub>2</sub> emissions at our establishments in the last eight years.

**Target 2: 5%** reduction in energy consumption intensity (measured per employee)

Status: Continued to focus on energy efficiency improvement programmes across businesses

- Energy intensity per employee reduced by 7.39 % w.r.t 2011-12.

*More information in Environment Performance section.*

### Climate Change



**Target 1: 5%** reduction in Scope 1 (Direct) GHG emissions intensity (measured per employee)

Status: Change in operations from diesel-based processes to electrical supply from state electricity boards. Use of cleaner fuels, shifting from diesel to natural gas based processes.

- 25.13% reduction in Scope 1 (Direct) GHG emissions intensity (measured per employee) w.r.t. 2011-12.

**Target 2: 3%** reduction in Scope 2 (Indirect) GHG emissions intensity (measured per employee)

Status: Focused energy audit planned at key campuses. Powai, Hazira & Chennai campuses continue to use contracted wind energy.

- Scope 2 GHG intensity has increased by 11.83% w.r.t 2011-12, due to reduction in the use of renewable energy. This is attributed to change in regulations related to banking of renewable energy units and reduction in generation of wind power from 8.7 MW wind farm.

*More information in Environment Performance section.*

### Safety



**Target 1: Zero** Working towards Zero Accident Goal

Status: 'Mission Zero Harm' theme released on L&T Safety Day to enhance employee participation and integrate safety consciousness into work culture.

12 L&T Campuses, 9 L&T Infotech offices, 17 Domestic Marketing Network offices, L&T House and Leadership Development Academy, Lonavala had zero reportable accidents in 2015-16.

**Target 2: 30%** reduction in Severity Rate (SR)

Status: Severity Rate reduced by 13.3% w.r.t 2011-12.

*More information in People Performance section.*

## Water Conservation



**Target: 5%** reduction in water consumption intensity (measured per employee)

Status: Eight Campuses become 'Water Positive'. All 28 major campuses continue to implement 'Zero Wastewater Discharge' strategy.

- 12.20 % reduction in water consumption intensity (measured in m<sup>3</sup>/employee) w.r.t 2011-12.

*More information in Environment Performance section.*

## Material Management



**Target: 5%** reduction in direct material consumption and/or increase in the share of recycled input materials

Status: Increase in share of recycled input materials (Zinc & Steel) from 206 tons in 2011-12 to 6,765 tons in 2015-16.

Cumulatively utilised 1.2 million tons of fly ash and 2.5 million tons of crushed sand by the construction businesses as alternative material.

*More information in Environment Performance section.*

## Health



**Target: 10%** improvement in employee health index through 'Working on Wellness' (WoW)

Status: We continue to conduct various programmes for empowering employees to manage their health. Our focus areas of healthcare interventions are cancer, diabetes, cardiac disease, obesity, ergonomic issues and stress.

We conduct awareness programmes, counselling, diagnostic camps and workshops across locations. Health Risk Index questionnaire is used to identify the individual health concerns and suggest suitable preventive healthcare.

## Corporate Social Initiatives



**Target 1:** Scaling up of community development interventions in education, health and skill-building

Status:

- Over 237,000 children are impacted through our educational programmes.
- Our health programmes have touched the lives of more than 678,000 people.
- Construction Skills Training Institutes set up by L&T have trained more than 44,700 people in the past 20 years.
- Over 1.27 million people have benefited from our programmes.

**Target 2:** Enhancing employability of urban and rural youth and women through capacity-building initiatives

Status:

Currently, we are running 8 Construction Skills Training institutes and one is under construction at Kattupalli, Tamil Nadu. Through these institutes, we extend construction skills training to rural youth.

**Target 3:** Widening the reach of employee volunteering for community welfare

Status:

More than 2,743 active L&Teers are involved in various community welfare programmes.

*More information in Social Performance section.*



# Sustainability Roadmap 2016-2021

## KEY TARGETS

### Green Portfolio

Maintain Green product and service portfolio

**25%**

### Energy Conservation

Increase energy conservation by

**10%** YoY

### Energy Consumption

Reduce total energy consumption intensity per turnover by

**5%** (GJ/₹)

### Carbon Emissions

Reduce direct GHG emission intensity per turnover by

**5%** (direct CO<sub>2</sub>/₹)

With learnings from previous sustainability roadmaps, peer analysis and stakeholder inputs, the next Sustainability Roadmap has been formulated. This roadmap is divided into two aspects, namely key initiatives and targets. This is the third Sustainability Roadmap 2016-21 and aligned with Company's strategic business Roadmap 'LAKSHYA 2021'

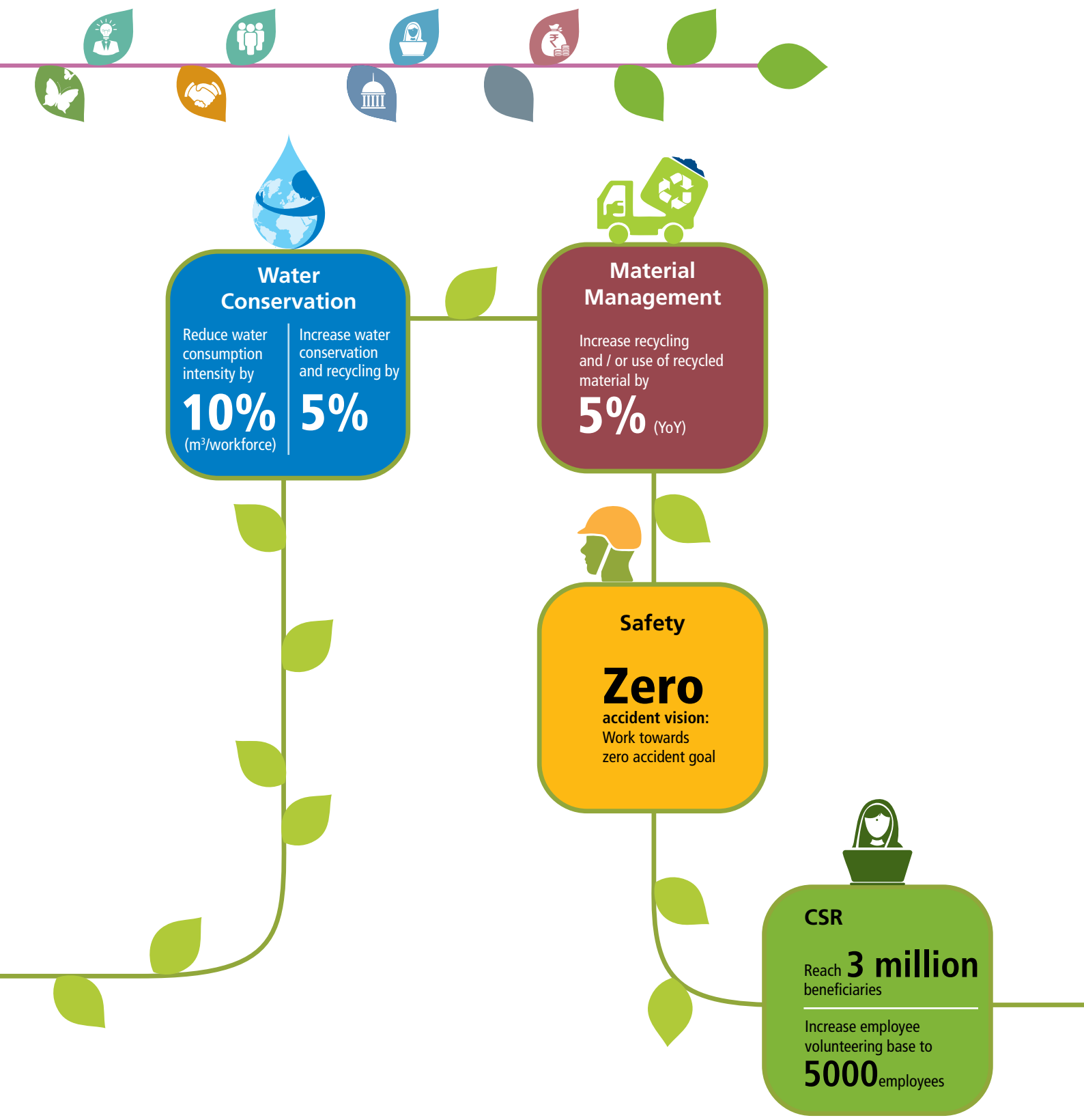
## KEY INITIATIVES

Achieve carbon neutrality for major campuses

OHSAS 18001 certification for all businesses/ establishments

Achieve water positive status for all major campuses

Implement sustainability data management software in key Subsidiary and Associate companies



Report on supply chain carbon footprint along with conservation measures implemented

Report sustainability performance with Sustainable Development Goals (SDGs)

Implement Contractor Safety Management

New buildings within L&T campuses to be Green Buildings