



LARSEN & TOUBRO

Corporate Social Responsibility (CSR) Policy Framework

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CSR Philosophy

Larsen & Toubro Limited fosters a culture of caring, trust and continuous learning while meeting the expectations of all stakeholders and society at large. As a responsible Corporate Citizen, the Company contributes towards inclusive growth by empowering communities and accelerating development.

The Company's CSR Policy framework details the mechanisms for undertaking various programmes in accordance with section 135 of the Companies Act 2013 for the benefit of the community.

CSR Themes

The Company will primarily focus on 'Building India's Social Infrastructure' as part of its CSR programme which will include, amongst others, the following verticals, –

Water – may include but not limited to programmes making clean drinking water available, conservation and purification of water.

Education - may include but not limited to education infrastructure support to educational Institutions, educational programmes & nurturing talent at various levels.

Health - may include but not limited to community health centres, mobile medical vans, dialysis centres, general and specialized health camps and outreach programmes, centres for elderly / disabled, support to HIV / AIDS programme.

Skill Development - may include but not limited to vocational training such as skill building, computer training, women empowerment, support to ITI's, support to specially abled (infrastructure support & vocational training), CSTI's, providing employability skills at project sites, creating training centres.

Governance & Technology would be the Key drivers across all these verticals.

In addition to the identified areas of focus mentioned above, the Company may also undertake other CSR activities defined in Schedule VII of the Companies Act, 2013, as amended from time to time. Provided that such spend is not more than 10% of the total CSR spend per annum.

CSR Budget

- The Board of the Company shall allocate at least 2% of the average profit (as required by Companies Act 2013) during the three preceding financial years.
- The Company may collaborate or pool resources with other entities to undertake CSR activities.
- In case of any surplus arising out of CSR programmes the same shall not form part of business profits of the Company.

CSR - Roles and responsibilities

The CSR Governance structure comprises of the Board, CSR Committee of the Board, Group CSR team, and IC CSR Teams.

The Board

The Board of Directors of the Company will:

- Approve the CSR Policy of the Company;
- Ensure spend of 2% of profits;
- Disclose the content of the CSR Policy in its report and place the Policy on the Company's website as prescribed under Section 135 of the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014;
- Ensure that the social programmes undertaken are aligned to the CSR Policy of the Company;
- Specify reasons in its report for not spending the earmarked amount in case the Company fails to spend such amount.

CSR Committee of the Board:

The Board has formed the CSR Committee in accordance with the requirements of the Act.

Responsibility of the CSR Committee:

- Formulate and recommend the CSR Policy to the Board for approval;
- Monitor the Policy from time to time;
- Recommend the amount of expenditure to be incurred on CSR programmes;
- Constitute transparent monitoring mechanism for ensuring implementation of the CSR programme;
- Allocate the programmes to the Independent Companies ('IC's)/ Corporate to implement the same.

Group CSR Team :

Responsibilities of the Group CSR Team:

- Spread awareness regarding the approved CSR policy;
- Provide guidance to IC CSR teams and the IC management to ensure that all CSR programmes are aligned with L&T's CSR policy;
- Recommend programmes to be undertaken during the financial year to the CSR Committee of the Board;
- Facilitate effective implementation of L&T's CSR policy across ICs and locations;
- Promote synergy amongst ICs / locations and share best practices to achieve desired outcome for community development;
- Develop measurable benchmarks and get the same approved by the CSR Committee.

Implementation

- CSR programme will be undertaken by the Company in identified areas. The Company will undertake need assessments as and when required.

- The time period/duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the programme.
- The Company may enter into partnerships with the government, business partners and communities to create multiplier effect of its social programmes.
- The mode of implementation of CSR programmes will include a combination of direct implementation and / or through partners such as NGOs, Trusts, academic institutions, business associates, registered societies etc. The Company will select its partners after appropriate due diligence.
- The Company may use the services of internal teams, employee volunteers, expert agencies, consultancy firms etc. wherever required for carrying out base line surveys, guidance on programme design and implementation, impact assessment surveys etc.

Monitoring and Reporting Framework

At the IC level:-

The Company has constituted a mechanism to monitor and report the progress of its CSR programmes. An accounting system has been established by the Company to ensure programme wise accounting of CSR spends. The ICs/Corporate will be responsible for monitoring and implementing the CSR programmes. The Group CSR and IC CSR will ensure the effectiveness of its CSR programmes through third party audits and report the CSR performance to the CSR Committee.

At CSR Committee level:

- The CSR Committee of the Board will review the implementation of the CSR programmes, and the CSR audit reports periodically, preferably on a quarterly basis and arrange to share within the Company, the best practices.
- Review the implementation and monitoring mechanism appropriately.
- Report to the Board appropriately.

Disclosures

The CSR Policy framework will be displayed on the website of the Company. The Board will include in its Board report, a report on the CSR activities in the format specified under the Companies (Corporate Social Responsibility Policy) Rules, 2014.
