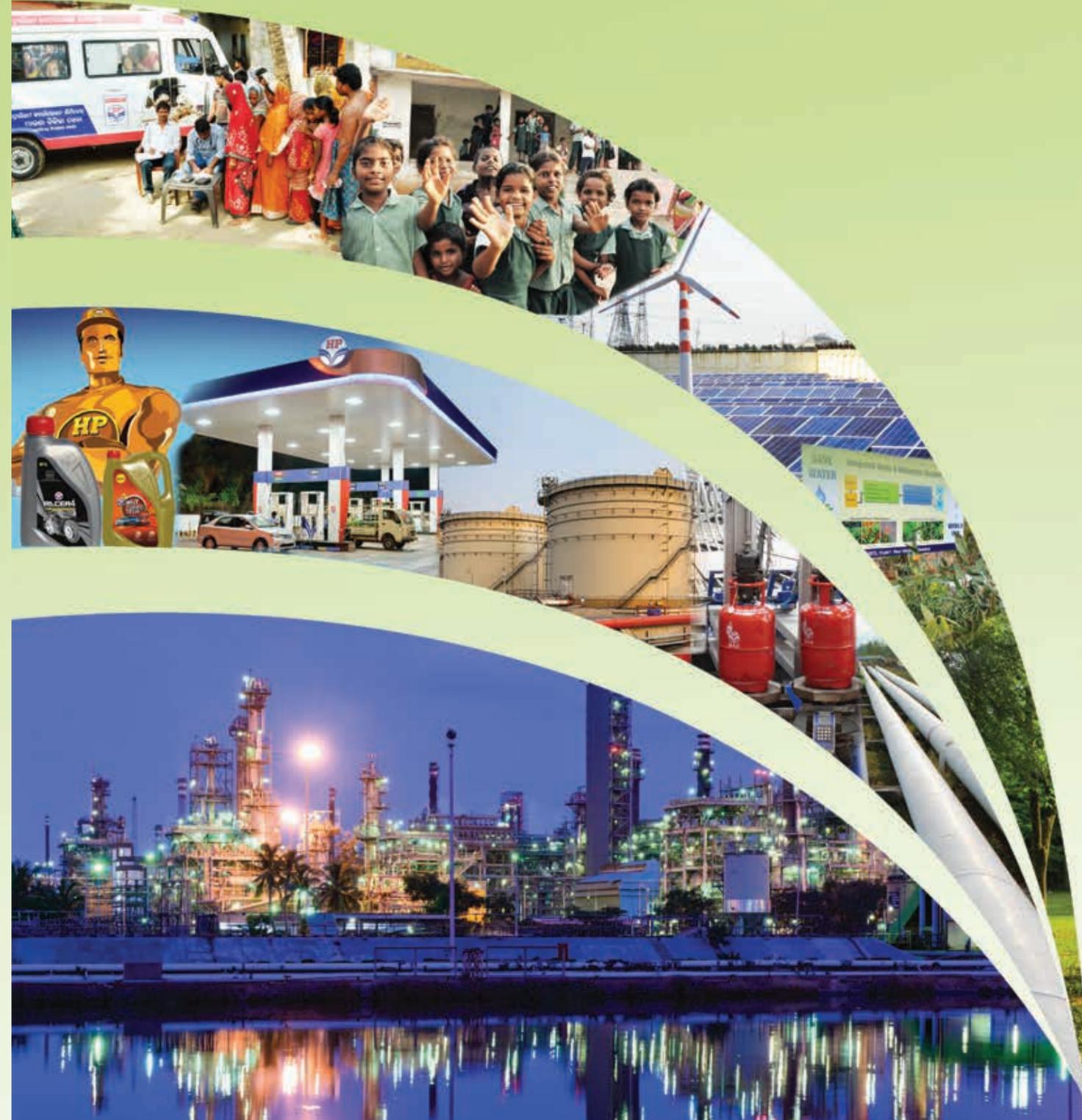




हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड  
 संधारणीयता रिपोर्ट 2015-16  
 Hindustan Petroleum Corporation Limited  
 Sustainability Report 2015-16

Transcending Together  
 For a Better Future

Hindustan Petroleum Corporation Limited



Hindustan Petroleum Corporation Limited  
 (A Government of India Enterprise)

Petroleum House, 17, Jamshedji Tata Road,  
 Mumbai - 400 020

concept and design at

Sustainability Report 2015-16

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## Registered Office and Corporate Headquarters

Hindustan Petroleum Corporation Limited  
Petroleum House, 17, Jamshedji Tata Road,  
Mumbai - 400 020, Maharashtra, India

## Marketing Headquarters

Hindustan Petroleum Corporation Limited  
Hindustan Bhawan, 8, Shoorji Vallabhdas Marg,  
Mumbai - 400 001, Maharashtra, India

# About the Report

We are pleased to present our fifth annual Sustainability Report, which demonstrates our performance and achievements for the financial year 2015-16.

The report presents transparent and voluntary disclosures of the Company's performance on triple bottom line. It encapsulates HPCL's abiding commitment and proactive initiatives in making meaningful contribution to India's pursuit of sustainable and inclusive development. This report includes performance data, initiatives and information, pertaining to our wide canvas of operations. It also contains statements on our future plans and visionary intentions, which reflect our approach towards sustainable growth.

The data presented in the report is based on actual computations and estimations. Wherever estimates are made, the assumptions and methodologies have been specified. The reporting framework complies with the Global Reporting Initiative (GRI)-G4 guidelines in accordance to the core criteria (including the Oil and Gas Sector Supplement) and the applicable GRI indicator protocols that have been followed for reporting on core indicators. We have aligned our report with the United Nations Global Compact Principles (UNGC) on Environment, Human Rights, Labour & Anti-Corruption.

This report is assured by an independent and external third party M/s. BUREAU VERITAS Certification (India) Private Limited.

## Report Boundary

**Our report boundary continues to be the same as last year and includes all fully owned operations of the Company. These include refineries at Mumbai and Visakhapatnam and the operations of Strategic Business Units (SBUs) under marketing: Retail (Company Operated Retail Outlets), LPG, Direct Sales, Aviation, Natural Gas and Renewables, Operation & Distribution and Pipelines.**

**This report does not include joint ventures, subsidiaries and international operations.**

We welcome suggestions and feedback from stakeholders on: [corporatehse@mail.hpcl.co.in](mailto:corporatehse@mail.hpcl.co.in)

## Message from the C&MD



Dear Stakeholders,

It gives me immense pleasure to present our fifth sustainability report. This report reaffirms our commitment towards sustainable development which goes beyond our operating boundaries and aims to add value to our stakeholders by advancing knowledge and improving lives.

Sustainability is defined as “meeting the needs of the present without compromising the ability of the future generations to meet their needs” (World Commission on Environment and Development, 1987). We commit ourselves to deliver energy for growth and development of the society and at the same time safeguard the environment for future generations.

The complexion of the oil Industry has changed significantly in recent times. Supply demand imbalances, geo political compulsions, stringent quality specifications, crude oil and product price volatility,

 We commit ourselves to deliver energy for growth and development of the society and at the same time safeguard the environment for future generations. 

disruptive technologies, increased complexity of process units etc. poses multifaceted risks. Our actions continuously aim to mitigate or absorb such risks through technological expertise, operational excellence, reduction in carbon footprint, safety performance and unwavering ethical standards. We continuously strive to embed principles of sustainability in our growth model contributing to build a secure, sustainable and inclusive future for all our stakeholders.

### Our Refineries

2015-16 has been a significant year for our refineries. Combined throughput and production of LPG, MS, HSD, LOBS and Bitumen was at its highest ever. While setting new milestones in unit throughputs and production, the corporation has registered the highest Gross Refining Margins amongst public sector oil marketing companies. Refinery profitability was also at its highest ever.

The underground Crude Cavern facility set up jointly with ISPRL, with exclusive right for 0.3 MMT crude storage, has added enhanced flexibility in procurement of crude oil along with reduction of freight.

With an aim towards technological excellence at par with global benchmarks, both our refineries at Mumbai and Visakhapatnam have geared up to adopt high complexity secondary processing units towards cleaner and greener fuels and bottom of barrels upgradation in addition to enhancement in capacity.

### Our Marketing business

Our marketing team's exemplary effort resulted in a sales volume of 34.2 MMT in 2015-16, the highest ever with a market share of 21.25%. Major growth achieved in Motor Spirit, LPG, Fuel Oil, Bitumen and Lubricants. The growth level was maintained above industry.

We Commissioned 590 new retail outlets and 329 New LPG Distributorships (153 regular and 176 RGGLV) during the year. We retained our market leadership in Lubes sales. In Aviation business, we achieved an annual overall growth of 20.6%. Our new Rewari Kanpur Pipeline (RKPL) was commissioned during the year ahead of time schedule. Our Operations & Distribution group achieved an all time high throughput of 47.6 MMT and Pipelines recorded a highest ever throughput of 17.6 MMT.

We successfully implemented PAHAL (Direct Benefit Transfer of LPG subsidy) schemes with 4.02 crores (90.78%) of active customers joining the initiative. Under the “Give it Up” campaign, 27.17 lacs HP gas customers gave up LPG subsidy which benefitted 13.38 lacs of BPL families. We have converted more than 7,800 villages into “Smokeless Villages”.

### Our strength our people

Our success and performance excellence is underpinned by highly skilled, motivated and talented workforce. We value our people and encourage the development of talented and motivated employees to support continued performance and growth of our diverse operations. With the

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 We value our people and encourage the development of talented and motivated employees to support continued performance and growth of our diverse operations. 



We believe in adopting technologies and techniques to develop and supply energy to growing populations and economies in an environmentally responsible manner. 



Our custom made project, Nanhi Kali, catered to basic needs of 11,000 underprivileged girl students by providing academic kits, mid-day meals, hygiene kits etc. 

**15 Million**

Safe Man-hours

**5,000**

Students provided computer awareness

growing competitiveness in the business, it necessitates perpetual transformation of Human Resource priorities and approaches so as to be aligned to the short-term and long-term objectives of the corporation.

We endeavor to motivate and build a sense of purpose among all our employees by appreciating their work and efforts to achieve extraordinary goals. The efforts of our employees are recognised for their outstanding performance by bestowing them with awards like HP Icon, HP Gaurav and Outstanding Achievement award.

We also have taken up various employee engagement programs and initiatives which help to build a stronger bond with them.

### Health is wealth

Occupational and personal health plays a vital role in maintaining continuity in performance. Occupational Health Centres at refineries are engaged to provide emergency medical services in addition to preventive and curative health services. Employee Wellness programs, health education and awareness sessions, diagnostic camps, Compulsory periodic medical examinations are some of the initiatives in the company for improving health of our employees and other stakeholders.

### Fostering safe work culture

The success of any organisation lies in safe and healthy work environment. We view effective risk management and a commitment to safety as business imperatives. Our Sustainability Development model provides a safe workplace to our employees, contractors and communities where we operate with an aim towards zero incident. We keep a hawk eye through safety and surveillance audits. Mumbai refinery achieved the highest ever safety record by crossing 15 million safe man-hours. Front Level Safety Drive, an initiative by Visakh refinery, is designed to sensitise all front level staff. Major locations are certified with International Safety Rating System. Standard Operating Procedure and various safety training programs have been instituted at our retail outlets.

### Caring for environment

We believe in adopting technologies and techniques to develop and supply energy to growing populations and economies in an environmentally responsible manner. We have established systematic policies and processes to measure, monitor and improve our environmental performance. Our ISO-14001 certified refineries and marketing installations have state-of art effluent treatment plants, air emission control and waste disposal systems. We have ensured stringent control on air and water qualities. Emission data from refineries are transmitted on real time basis to State Pollution Control

Board. Energy saving devices are installed at refineries and marketing locations. Integrated Green belts have been developed and drip irrigation facilities are installed at various locations. Organic Waste Converters have been also commissioned at two locations for speedy conversion of organic waste to manure. As regard to water conservation measures, we have undertaken recycling of waste water using phytoremediation technology with a total capacity of 27.5 Kilo liter daily at three locations and rain water harvesting at refineries, marketing locations and housing colonies.

**Wind energy:** Our wind farms of 50.5 MW capacity, installed in the state of Rajasthan, generated 447 lacs kwh energy during 2015-16. Augmentation project for additional 50.4 MW wind power capacity is also under implementation.

**Solar energy:** Our Ennore terminal is equipped with Grid Connected Captive Solar PV Power Plant of 258 kwp Capacity estimated to generate 4.13 lacs kwh/annum. Similar facility with 5 MW capacity is being undertaken at our Ghatkesar Terminal. Besides, solar panels have been installed at our refineries, marketing installations, retail outlets and housing colonies.

### Creating societal value

We believe in coexisting with the communities in which we operate, fostering meaningful, long-term relationships that respect local cultures and create lasting benefits. Our responsible business approach creates shared values by taking into consideration the social and environmental concerns of business operations. Our CSR projects create empowered individuals and communities through social and economic development of underserved communities. We have focused our activities mainly in the areas of Child-Care, Education, Health Care, Skill Development, Sports and Environment & Community Development. During the year 2015-16, our engagement for societal upliftment has shown tremendous response from the community. We extended support for education, therapeutic needs and vocational training to 300 differently abled children. Our custom made project, Nanhi Kali, catered to basic needs of 11,000 underprivileged girl students by providing academic kits, mid-day meals, hygiene kits etc. Akshaya Patra program provided hygienic and nutritious food to 12,000 students. Unnati, another unique initiative, provided computer awareness to 5,000 students. Highest ever scholarships were distributed amongst meritorious students of backward communities during the year. We supported cost free treatment of 800 patients through project Dil without Bill. We have operated seven Khushi clinics on highway retail outlets to provide health care services to truckers and crew. 16 Mobile Medical Vans have been provided in the remote, backward villages and urban slums as well through our

project Dhanwantari. We have engaged our partners in skill development activities under project Swavalamban for improving capability and employability of the underprivileged youth. We have also provided clean drinking water facilities and sanitation infrastructure to needy people of the society. We are continuously promoting 'Swachh Bharat Abhiyan' program of the Government.

As we look forward towards the new opportunities, sustainability will be the foundation as we seek to build our economic, environmental and social successes. Your feedback and suggestions on this report shall further strengthen our sustainability agenda.

Regards,

**M.K. Surana**  
Chairman and Managing Director



# Energy that Drives India

## About Us 6-27

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- 27 Affiliations and Memberships



# Vision, Mission and Values

Our vision and mission reflect our objective of creating long-term stakeholder value by conducting business in a responsible manner that converges economic, environmental and social factors. We believe in creating customer value through our innovative capability and entrepreneurial vitality and also aim to stimulate transformational change by harnessing these strengths to co-create much larger societal value.

## Our Vision

To be a world-class energy Company known for caring and delighting the customers with high quality products and innovative services across domestic and international markets with aggressive growth and delivering superior financial performance. The Company will be a model of excellence in meeting social commitment, environment, health and safety norms and in employee welfare and relations.

## Our Mission

HPCL, along with its joint ventures, will be a fully integrated company in the hydrocarbons sector of exploration and production, refining and marketing; focusing on enhancement of productivity, quality and profitability; caring for customers and employees; caring for environment protection and cultural heritage. It will also attain scale dimensions by diversifying into other energy-related fields and by taking up transnational operations.

# Our Strategy

We believe that business performance should be measured in terms of the value we create for the society and people who work for us. Business can bring about transformational change to create a more sustainable future; therefore we believe that sustainability should be an integral part of the business strategy. This integration helps to identify and address key challenges of sustainable development — balancing economic growth, social development and environmental protection. We believe that our growth model banks on creating larger societal value by not only serving our customers, but also by innovating business strategies to ensure that it simultaneously leads to the creation of sustainable livelihood opportunities and a positive environmental footprint. This is reflected in the nature of the commitments and initiatives described in the later sections of this report.

## Our strategy is based on the following approach:

- Setting goals
- Planning steps/actions to achieve goals
- Mobilising resources to execute actions
- Monitoring and measuring performance
- Reviewing plans and processes to deliver desired outcomes

We continuously strive to perform and achieve triple bottom line growth and emerge as a more sustainable organisation and India's most trusted energy company.

# Our Sustainable Development Policy

Sustainability is integral to our operations. We are committed to sustainable business practices, balancing the economic, environmental and social priorities. To reinforce our commitment towards sustainability, we have developed a Sustainable Development Policy, which focuses on minimising carbon footprint, promoting renewable energy, maintaining a safe working environment and enabling the community. Our policy acts as a driving force to help us achieve our long-term goals and give us the opportunity to innovate and progress towards a greener future.

## Sustainable Development Policy

We, at HPCL, are committed to achieve the economic, ecological and social responsibility objectives of sustainable development consistently through our varied operations and activities.

We will strive to contribute to sustained overall economic growth by continually improving the efficiency and productivity of our operations. We will execute our business activities in such a way that the ecological balance is not impacted. We will develop and conduct programmes for the community, suitably designed towards building their individual capabilities.

### We will:

- Promote sustainable development concepts amongst our employees, customers, stakeholders and others.
- Integrate the sustainable development objectives and considerations in all our business plans.
- Deploy efficient and clean technologies towards realising minimal impact on environment.
- Develop and implement good practices for optimal usage of natural resources.
- Continuously monitor and control our activities to minimise carbon footprint.
- Endeavour to provide a clean, healthy and safe working environment to our employees, neighbours, customers, consumers and stakeholders.
- Sustain appropriate development programs for our employees, customers and neighbouring communities.
- Incorporate customised management systems to monitor and control progress of sustainability development objectives.
- Remain committed to disseminate information on our sustainability performance.

# Organisation Profile

Our expertise is more than four decades in energy sector. From the outset of our journey in the energy business from incorporation to expansion, public listing and consolidating of strengths toward sustainability, we have acted on our conviction that energy empowers people, communities and nation towards a better future.

In India, we are synonymous with energy and we aim to build a world-class company that is known for quality products, innovative services, satisfied customers, safety norms, employee relations and welfare. We have broadened our horizons and have ventured into other business such as oil exploration and production, power generation and renewable energy. We have two major refineries with excellent infrastructure producing variety of petroleum products and widespread marketing network across the country.

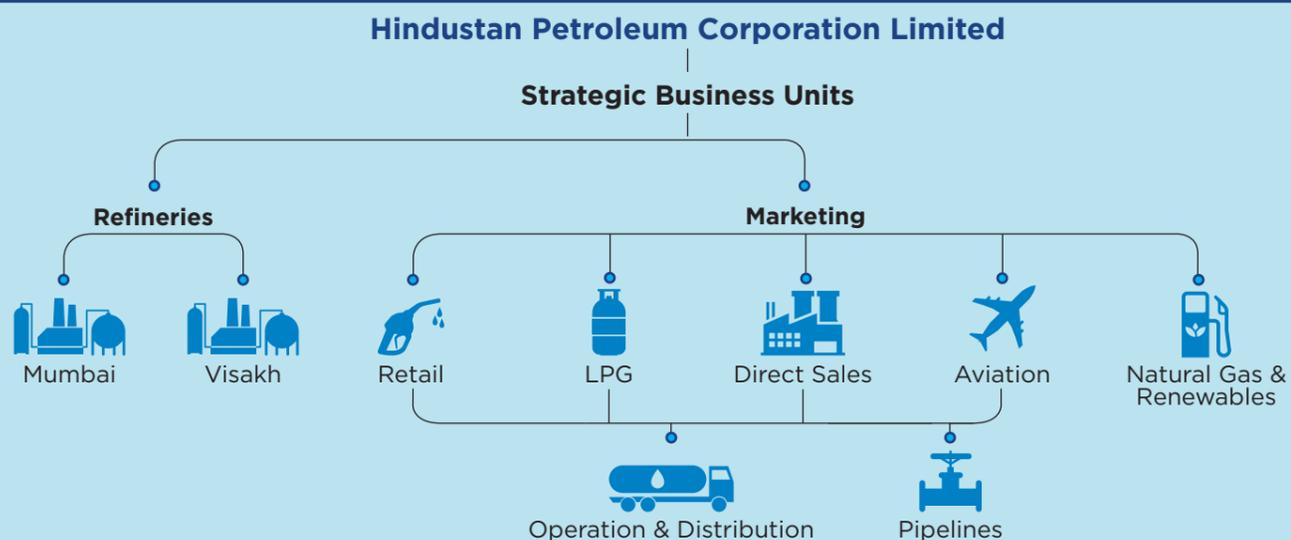
## 17.2 MMT

Refining throughput in 2015-16

We are one of the largest public sector and Government of India enterprises listed on the Bombay Stock Exchange as well as the National Stock Exchange. HPCL is a Global Fortune 500 (ranked 327) company conferred with a Navratna Status and a Forbes 2000 (ranked 1302) Company.

HPCL has two major refineries with excellent infrastructure producing variety of petroleum products and widespread marketing network across the country.

## HPCL Organisation Profile



There are no changes in the organisation's size, structure, ownership or supply chain in the reporting period.

Our extensive presence and strong market network has helped us acquire a dominant market position with a total market share of 21.25% in the PSU category as on 31/03/2016. We have also exported a few of our products (lubricants, bitumen and furnace oil) to Nepal, Bhutan, Bangladesh and Sri Lanka.

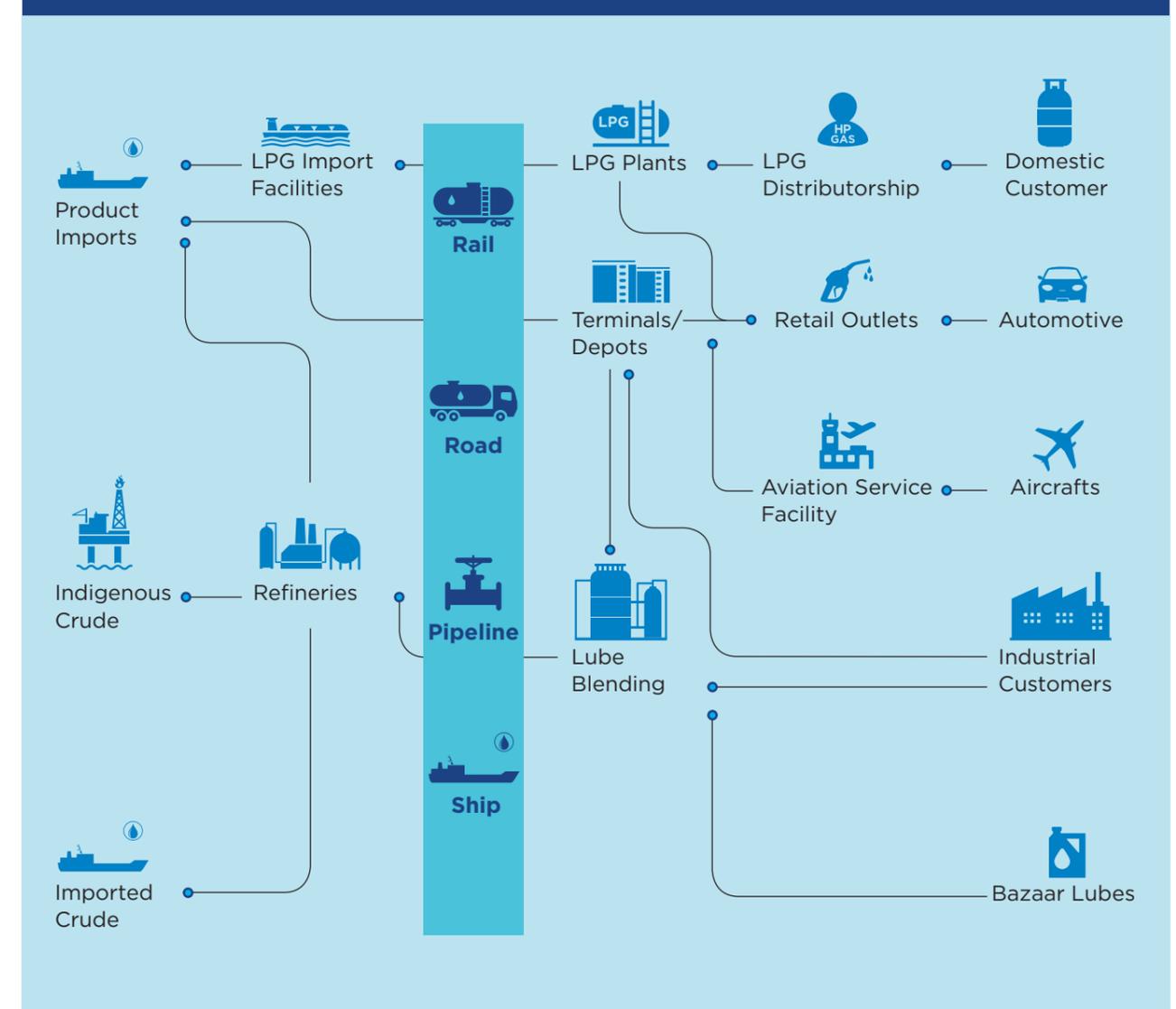
# Supply Chain

HPCL's long-term success depends on its ability to secure future business at the right price with products that have attained high quality benchmarks. We recognise the importance of having a clear understanding of our supply chain and the origins of our materials. We are improving our supply chain efficiency to increase our competitiveness; and also enhancing the availability, quality, reliability and product responsibility. We engage with those suppliers who follow responsible and ethical business practices. For better management of our supply chain, we have put in place our centralised procurement system. It helps us optimise expenditure, reduce transaction time and increase transparency in our dealings with suppliers. We encourage our suppliers to follow a sustainable roadmap; and also strive to make them aware of our key initiatives on economic, environmental and social parameters.

## 450 TMTPA

Capacity of Lube refinery

## Supply Chain Flow Chart



## Refineries

HPCL has two refineries, located at Mumbai and Visakhapatnam. The refineries have been designed and equipped with latest technologies to achieve maximum operational efficiency and produce the best quality products. We also focus on the production of green fuels like low sulphur petrol and diesel meeting Euro IV specifications. The capacities of the Mumbai Refinery and Visakh Refinery are 6.5 and 8.3 MMTPA, respectively. We also have a Lube refinery, which is the largest in the country with a capacity of 450 TMTA. It makes us the leader in the production of Lube base oils. Our refineries produce high quality products under light, middle and heavy distillates, meeting the highest quality standards. During 2015-16, our refineries achieved a combined refining throughput of 17.2 MMT, with a capacity utilisation of 116%, which is the highest ever achieved by the refineries. Higher crude processing by our refineries has translated into best ever production of petroleum products.

In addition, the Company has also invested in joint venture refineries: Mangalore Refinery & Petrochemicals Limited (MRPL) at Mangalore, with 15 MMTPA capacity; HPCL and Mittal Energy Limited (HREL) at Bathinda, Punjab, with 9 MMTPA capacity.



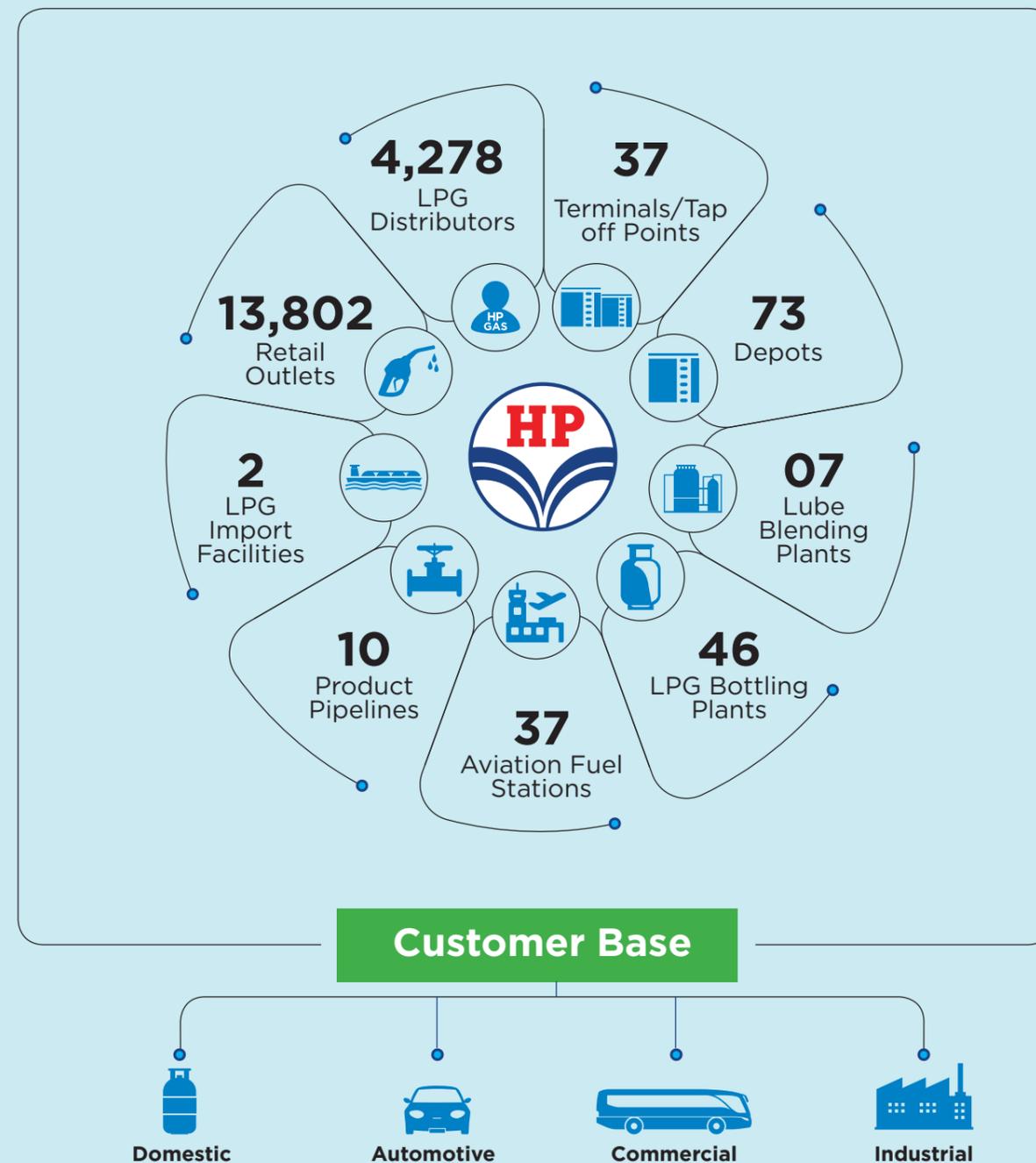
DHT unit at Visakh Refinery



A view of our Visakh Refinery

## Marketing

We have a strong country-wide network of infrastructure, supported by 13 zonal offices and 106 regional offices. Our marketing infrastructure includes terminals, pipelines, LPG import facilities, aviation service stations, LPG bottling plants, Lube blending plants, retail outlets, LPG and Lube distributors.





### Retail

We believe in the maxim: Think big, dream big and achieve big. Our modern and technologically advanced retail outlets in India are a testimony to our belief. We have a vast network of Retail Outlets traversing the length and breadth of India. The primary products delivered at petrol pumps, include Diesel, Petrol, Turbojet, Power, Auto LPG, CNG and lubricants required for various types of vehicles. We initiated Club HP standard in 2002, which is a group of branded retail outlets. These outlets provide outstanding customer and vehicle care with different technologies and facilities. As of 31/03/2016, we have 1,979 Club HP outlets and 209 HP Star outlets. The Retail Business unit is also responsible for supplying subsidised Kerosene for the Public Distribution System (PDS). In the reporting year, our Retail SBU achieved sales of 22.8 MMT.

### LPG

Liquefied Petroleum Gas (LPG) is most widely used as a household fuel. HP Gas, the HPCL brand of LPG, has been credited with bringing about a kitchen revolution, spreading warmth and cheer in millions of households with clean and efficient cooking fuel. It has led to a substantial improvement in the health of women. HP Gas today is synonymous with safety, reliability and convenience. In addition to domestic LPG, HP Gas also markets LPG cylinders for commercial and industrial purposes and bulk LPG by tankers for industries.

We have 46 bottling plants all over the country with a total capacity of over 4092 TMT/PA, which serves more than 5.209 crores consumers. In this year, we achieved sales of 5.07 MMT.



### Direct Sales

We are one of the leading suppliers of bulk fuel and petroleum products. The marketing is done through 18 Direct Sales Regional Offices (DSRO) and depots, terminals and marine bunkering terminals located at various places in India. Our Bulk Fuel & Specialties Business unit is responsible to meet the demands of bulk fuel and petroleum products to industrial consumers like power plants, chemicals, fertilizers, shipping companies, etc. These products include bulk fuels, bitumen, solvents, marine fuels, marine lubes and special products. We produce 300+ grades of lubes, specialties and greases; and are number one marketer of lubes in the country. Customers benefit from our efficient sourcing and supplies, which are matched to their usage patterns and inventory. In 2015-16, we achieved net sales of 4.87 MMT in bulk products and 0.59 MMT in lubes. HPCL is the only PSU to gain market share in lube and bulk products during the year.



### Aviation

HP Aviation has a vast presence and provides aviation refuelling (Aviation Turbine Fuel - ATF) services at various airports in India. We are associated with several airlines of the country. We have been continuously upgrading our facilities and equipment to conform to numerous international norms. We have a techno-commercial tie-up with Shell International Petroleum Co. Ltd. for support on technical aspects and aviation services agreement with Shell MRPL Aviation Fuels and Services Limited (On behalf of Shell Aviation) for soliciting business. During the year, we achieved sales of 610 TMT with an annual overall growth of 20.6%.

### Operations & Distribution

We are catering to the energy needs of customers through a vast network of terminals and depots, which store and supply fuel to our customers. We strive to meet the demands of our customers through our state-of-the-art infrastructure, with a total tankage of 3863 TKL. We follow the highest safety standards for all operations and have a 'safety first' approach. We have also implemented advanced technologies and undertaken multiple initiatives to increase operational efficiency and meet rising demand. In 2015-16, O&D achieved a throughput of 47.6 MMT.



### Pipelines

HPCL has a vast network of pipelines for transportation of petroleum products to ensure product availability to its consumers and the public at large. We have the second largest share of product pipelines in India with a pipeline network of 3,015 kilometres. These pipelines are cost-effective and help reduce our carbon footprint by eliminating transportation through railways and roads. We achieved a throughput of 17.61 MMT during 2015-16 with highest ever growth of 18%.

### Natural Gas & Renewables

HPCL has made successful foray into diverse areas, one of which is natural gas. In natural gas, we are striving to evolve across the value chain from sourcing LNG from international market, building of regasification terminals, laying of cross-country gas pipelines to marketing of gas to consumers. We have signed a joint venture agreement with M/s. SP Ports Private Ltd with 50:50 partnership to build a Liquefied Natural Gas (LNG) terminal of 5 Million Metric Ton Per Annum (MMTPA) capacity at Chhara Port in Gir Somnath District of Gujarat. During 2015-16, we marketed 36 TMT of RLNG and 10.9 TMT of CNG.

We commissioned our first grid connected captive solar PV plant of capacity 258 kWp at Ennore Terminal and have commenced action for setting up 5 MW grid connected captive solar PV plant at Ghatkesar Terminal in AP.



# Corporate Governance

A good governance structure that is based on transparency, integrity and accountability creates long-term stakeholder value. We believe these values should be embedded across the organisation. The principles of good governance are codified in our policies and ingrained in all our practices.

**Our Corporate Governance is based on the following key principles:**



Proper composition of the Board of Directors, varied experience and commitment to discharge their responsibilities.



Well-developed internal control systems and processes, risk management and financial reporting.



Full adherence and compliance to laws, rules and regulations.



Clearly defined management performance and accountability measurement standards.



Timely and balanced disclosure of all material information on operational and financial matters.



To enhance accuracy and transparency in business operations, performance, risk and financial position.

We are primarily governed by the Ministry of Petroleum and Natural Gas (MoP&NG). All our strategic plans are implemented and executed in consultation with the Government. Being a significant player in the Oil & Gas sector and as a Government of India PSU with Navratna status, we regularly communicate with the concerned ministries. We are also under the purview of Competition Commission of India (CCI) and are committed to use fair practices and ethical means to conduct our business operations.

At the beginning of the year, we sign a Memorandum of Understanding (MoU) with MoP&NG comprising both physical and financial parameters / targets covering entire gamut of operations of the Corporation. MoU targets are set as per Department of Public Enterprises (DPE) guidelines in consultation with MoP&NG and approved by DPE. Performance of the Corporation for the year vis-à-vis MoU targets is evaluated by



**We are primarily governed by the Ministry of Petroleum and Natural Gas (MoP&NG). All our strategic plans are implemented and executed in consultation with the Government.**

DPE and the rating is given. Performance related pay is directly linked with MoU rating of the Corporation. We have been achieving "Excellent" rating since the inception of MoU system in 1992.

We focus on conducting the business responsibly, within a defined framework and in accordance to policies, internal and external regulations in a transparent manner. We have well-developed internal

controls, systems and processes for risk management. These controls ensure identification and prevention of any impending risk, thus providing an impetus to growth. Being an enterprise of the Government of India, we are also continuously monitored and reviewed by several external agencies like the Comptroller & Auditor General of India (CAG), the Central Vigilance Commission (CVC), Parliamentary Committees and Statutory Auditors among others.

## Board of Directors and Committees

Our Board of Directors maintain a high sense of responsibility towards our shareholders, customers, employees, suppliers and the communities in which we operate. The Board plays a critical role in assessing major risks, ensuring high standards of ethical business conduct and compliance with applicable laws and regulations. They are also responsible for overseeing the management of the Company and its business affairs. Our senior executives are responsible for the management and day-to-day operations.

**The composition of Board of Directors as on March 31, 2016 is as below:**

### 1. WHOLE TIME DIRECTORS

Sr. No.	Name of Directors	Designation
1.	Smt. Nishi Vasudeva	Chairman & Managing Director
2.	Shri Pushp Kumar Joshi	Director - Human Resources
3.	Shri B. K. Namdeo	Director - Refineries
4.	Shri Y. K. Gawali	Director - Marketing
5.	Shri J. Ramaswamy	Director - Finance

### 2. NON-EXECUTIVE GOVERNMENT DIRECTORS (EX-OFFICIO)

Sr. No.	Name of Directors	Designation
1.	Ms. Urvashi Sadhwani	Sr. Advisor, Ministry of Petroleum & Natural Gas
2.	Shri Sandeep Poundrik	Jt. Secretary (Refineries), Ministry of Petroleum & Natural Gas

### 3. NON-EXECUTIVE INDEPENDENT DIRECTOR (NON-OFFICIAL)

Sr. No.	Name of Directors	Designation
1.	Shri Ram Niwas Jain	Director

### OUR WHOLE TIME DIRECTORS



From Left to Right

**Shri B. K. Namdeo**  
Director - Refineries  
(DIN : 06620620)

**Shri J. Ramaswamy**  
Director - Finance  
(DIN : 06627920)

**Shri Mukesh Kumar Surana**  
Chairman & Managing  
Director  
(DIN : 07464675)

**Shri Y. K. Gawali**  
Director - Marketing  
(DIN : 05294482)

**Shri Pushp Kumar Joshi**  
Director - Human Resources  
(DIN : 05323634)

We have an Executive Council comprising of the Chairman & Managing Director, Functional Directors and senior management of the Corporation. The council mainly focuses on the pressing and imminent concerns for the organisation, developing business strategies and opportunities to drive the Corporation's sustainability and growth.

The Board has constituted several sub-committees, such as the Audit Committee, Investment Committee, Nomination and Remuneration Committee, Stakeholder Relationship Committee and CSR and Sustainable Development Committee. (Please refer to the Company's Annual Report for details of the composition of these committees and their respective functions). Majority of the members of the Committees are Independent Non-Executive or Government nominated Directors with the Whole Time Directors playing a facilitating role.

**The Board plays a critical role in assessing major risks, ensuring high standards of ethical business conduct and compliance with applicable laws and regulations.**

## CSR and Sustainable Development Committee

We have a “CSR and Sustainable Development Committee” which demonstrates our commitment towards sustainable development. The Committee is headed by an Independent Director. The composition of CSR and Sustainable Development Committee as on March 31, 2016 is as follows:

Sr. No.	Name of Directors	Category	Designation
1.	Shri Ram Niwas Jain	Non-Executive Independent Director	Chairman
2.	Director – Human Resources	Whole Time Director	Member
3.	Director – Refineries	Whole Time Director	Member
4.	Director – Marketing	Whole Time Director	Member

The CSR and Sustainable Development Committee reviews the CSR and Sustainable Development activities periodically and provides overall strategic guidance on initiatives to be undertaken by the Company on CSR and Sustainable Development to address sustainability requirements of the Corporation.



CSR Project at Srinagar

## Risk Management

HPCL has a system-based approach towards business risk management. We have a robust risk management framework, which is designed for all Strategic Business Units (SBU), including refineries. A risk management charter is developed with guiding policies which enables us to effectively manage our risks. The charter plays an important role in ensuring consistency in the processes adopted for identifying risks across the organisation.

Once the risks are identified at the group level, Risk Owners are appointed at each SBU who evaluate the risks and assign them to Risk Champions who manage the mitigation plans. The risks and mitigation plans, which are based on the Risk Management Charter, are further subjected to approval from the respective SBU Heads and are ultimately presented to the management. The key contributing factors for all the risks are analysed and specific controls are designed for managing the relevant risks. The detailed Risk Mitigation Plan, also called the ‘Risk Treatment Plan’, is put in place for effective management of risks. The risk identification process followed at HPCL is in line with the operational and strategic objectives of the organisation and the long-term vision of the Company.

We have integrated and automated the entire process of risk monitoring and reporting. The risks are categorised as critical, cautionary and acceptable risks. The key risks identified are Project Implementation Process, Disaster Management Preparedness, Market Effectiveness, Fluctuating Crude Oil Price and Competitive Markets. All the risks are monitored on quarterly basis by the SBUs.

**A risk management charter is developed with guiding policies which enables us to effectively manage our risks.**

**The risk identification process followed at HPCL is in line with the operational and strategic objectives of the organisation and the long-term vision of the Company.**

## Internal System and Control

We continuously strive to uphold international standards and ethical business practices and make strategic decisions which are in the best interests of the Company. This helps to create trust among our stakeholders and a long-term relationship with them.

### Code of Conduct

Our commitment to high ethical standards, corporate responsibility and professional integrity is reflected in our Code of Conduct. It demonstrates our commitment to an ethical way of working by expressing what this means to us according to three basic principles: honesty and transparency; respect and dignity; and exemplarity - in other words, being a good role model. All our Board Members and senior management personnel abide by HPCL’s ‘Code of Conduct’ which has been devised to further enhance ethical and transparent process in managing the affairs of the Company. This ensures compliance with the provisions of the revised Clause 49 of the listing agreement with stock exchanges.

The Code has been made applicable to:

- All Whole Time Directors.
- All Non-Whole Time Directors including Independent Directors under the provisions of law and
- Senior Management Personnel.

The Conduct, Discipline & Appeal (CDA) Rules for Officers govern the conduct of all officers of the Corporation, including Whole Time Directors. The CDA rules articulate boundaries and expectations for behaviour and ensures that our employees adhere to the highest standards of business ethics.

### Vigilance

We believe consistent and proper business conduct creates loyalty and trust amongst our stakeholders. Our vigilance mechanism fosters the culture of high ethical business practices and governance standards in

**All our Board Members and senior management personnel abide by HPCL’s ‘Code of Conduct’ which has been devised to further enhance ethical and transparent process in managing the affairs of the Company.**



Analyst Meet

all its dealings. We scrutinise all our SBU and corporate departments for risks related to corruption through a process of regular inspection and surprise checks. Sensitisation programmes are carried out about vigilance for all stakeholders and employees through regular interactions, meetings with functional authorities and stakeholders. Vigilance plays a proactive role in ensuring accountability by institutionalising best practices along with addressing bureaucratic delays and effective public grievance redressal mechanism. We also have a Whistle-blower policy, which is further supplemented with an appropriate mechanism to report any concern pertaining to non-adherence to the said code.

We have a robust vigilant mechanism, which encourages employees to voice their concerns on different platforms. We have developed online vigilance clearance system, online complaint handling system and online disciplinary management systems to report unethical business practices at the workplace without fear of reprisal and help the Corporation to eliminate any malpractices in the system.

**Vigilance plays a proactive role in ensuring accountability by institutionalising best practices along with addressing bureaucratic delays and effective public grievance redressal mechanism.**



Working Together Transparently

## Conducting business transparently

Honesty, respect, integrity and fairness are core to our way of working. We work hard to ensure co-workers across the Company feel this culture and understand the way we do business. Our long-term success is dependent upon our ability to transparently report on and conduct our business. We always strive to communicate in an open and transparent way and we encourage co-workers to raise any concerns about misconduct. Anyone reporting a concern in good faith will be treated with respect and fairness.

### Integrity Pact

Integrity is the foundation of our business and our promise to customers and communities. We hold our vast supply chain network which extends to national and international boundaries to the highest ethical standards and require their compliance with applicable laws and regulations at all times. HPCL's integrity pact defines our commitment to high ethical standards in our code of conduct. It is based on our values and clarifies the principles and expectations on how we work at HPCL. HPCL has been among the first Public Sector Undertakings to sign a MoU with Transparency International India (TII) for the implementation of the Integrity Pact in procurement processes and contracts. The concept of Independent External Monitors (IEMs) has been implemented to ensure greater transparency in the purchase process and awarding contracts.

**HPCL has been among the first Public Sector Undertakings to sign a MoU with Transparency International India (TII) for the implementation of the Integrity Pact in procurement processes and contracts.**

### Right to Information Act

The Right to Information Act 2005 (RTI Act) which came into effect from 12<sup>th</sup> October, 2005 empowers people to secure access to information under the control of public authorities, in order to promote transparency and accountability in the working of every public authority. HPCL has aligned itself with the Government of India "RTI online" portal, by which citizens can submit their request for obtaining information from HPCL. HPCL has diverse presence all over the country with various operating locations and offices. We have appointed Public Information Officers and Appellate Authorities across the country to deal with the queries received from the Indian citizens under RTI. The details of the locations can be accessed through the information manual given on the HPCL's website: [www.hindustanpetroleum.com](http://www.hindustanpetroleum.com).

During the year 2015-16, a total number of 3,741 RTI applications constituting 10,473 queries along with 400 appeals were handled by HPCL.

### Public Grievances Redressal Mechanism

We have always been committed to our customers and strive to provide the highest quality service. HPCL has a detailed CITIZENS' / CLIENTS' Charter that highlights the standards of service delivery that we subscribe to, avenue for grievance redressal and other related information. This charter elaborates what to expect in terms of service, timelines and how to seek a remedy in case of a complaint. The CITIZENS' / CLIENTS' Charter is available on our website: [www.hindustanpetroleum.com](http://www.hindustanpetroleum.com). In order to meet the increasing legitimate expectations of our customers for better, faster and more effective service, the Corporation constantly endeavours to coordinate with field offices/ departments to bring excellence in public service delivery and services.

HPCL attempts to redress grievances of citizens in a meaningful manner and also focuses on eliminating the causes of grievances. We follow system-based approach to effectively handle the grievances. We have an efficient Complaint Management System (CMS), an IT-enabled platform for lodging a complaint, tracking the complaint and resolution of the complaint. The complaints can also be lodged with our Retail and LPG business units through 'HELPLINES' which are integrated into the CMS. We also have a provision where general public can file their grievances through our website [www.hindustanpetroleum.com](http://www.hindustanpetroleum.com). These complaints are directly channelised to concerned officer/unit for resolution. We have designated officers at all major locations to hear and facilitate redressal of grievances of the public.

In addition, HPCL is aligned with the Centralised Public Grievances Redress & Monitoring System (CPGRAMS), the web-enabled Grievance Redressal System of the Department of Administrative Reforms & Public Grievance (DARPG) to enable the public to submit their grievance on the portal. Grievances submitted on the CPGRAMS portal are forwarded by MoP&NG for redressal to the Nodal officer for Public Grievances in HPCL. The system can be accessed through: <http://pgportal.gov.in>.

We continuously strive to improve service through constant interactions with the customers to elicit their views on service delivery standards and to seek their suggestions for improvement. We consider their feedback positively and try implementing their suggestions, wherever feasible.



Our Information Systems Center

**3,741**

**RTI Applications handled in 2015-16**

**HPCL attempts to redress grievances of citizens in a meaningful manner and also focuses on eliminating the causes of grievances.**

**We continuously strive to improve service through constant interactions with the customers to elicit their views on service delivery standards and to seek their suggestions for improvement.**

# Awards and Recognitions

## Official Language Implementation



- HPCL won for the second consecutive year, the **Petroleum Rajbhasha Shield (First Prize)** amongst Oil Industry for implementation of Official Language during 2014-15 from the Ministry of Petroleum & Natural Gas<sup>1</sup>.
- HPCL East Zone won the **first prize under TOLIC (Town Official Language Implementation Committee) Award** for implementation of Official Language<sup>2</sup>.
- **Mumbai TOLIC (PSU) won the second prize** in implementation of Official Language under the Chairmanship of our C&MD<sup>3</sup>.

## Business



- Retail SBU bagged **'Forecourt Retailer of the Year'** award for the eighth time in Star Retailer Awards 2015<sup>4</sup>.
- Direct Sales SBU bagged **3rd 'Golden Peacock Award 2016'** under Innovative Product/ Service category for 'Packtrek' portal<sup>5</sup>.
- Mumbai Refinery achieved **'Energy Efficient Unit Award'** and **'Innovative Project Award'** at 16th National awards for Excellence in Energy Management 2015 by Confederation of Indian Industry (CII)<sup>6</sup>.
- HP Gas received the **'100 Most Valuable Brands'** trophy for the third consecutive year<sup>7</sup>.



- For the second time, HP Gas received **'Consumer Superbrands India 2015'** award<sup>8</sup>.
- For the 10th consecutive year, HPCL bagged **'Readers Digest Trusted Brand 2015 Gold Award'** for the Petrol Station category<sup>9</sup>.
- CLUB HP was conferred with **'MASTER BRAND AWARD'** at Global Marketing Excellence Award 2015 by World Marketing Congress<sup>10</sup>.
- O&D Dept. conferred with **Supply Chain & Logistics Excellence-2015** Award from CII<sup>11</sup>.
- **'Best Technology Initiative/Implementation Award'** for the mobile app, 'My HPCL' and **'Retailer of the Year (Forecourt Retailing)** at Business Excellence Awards 2015' by Asia Retail Congress<sup>12</sup>.
- HPCL received **'National Award for Excellence in Cost Management-2014'** under the category of 'Public Manufacturing Organisation (Large)' from the Institute of Cost Accountants of India (ICAI)<sup>13</sup>.
- Visakh-Vijayawada-Secunderabad Pipeline (VV SPL) was awarded Commendation Certificate at the **'Rajiv Gandhi National Quality Awards'** by Bureau of Indian Standards (BIS)<sup>14</sup>.
- **'Quality Excellence Award for Customer Loyalty Program'** & **'Quality Excellence Award for Best Retail Company'** at Stars of Industries Awards 2016<sup>15</sup>.



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## Environment and Safety



- For the 5th consecutive year, MDPL won **OISD Award for 'Best Overall Performance in Safety for the Year 2013-14'**<sup>16</sup>.
- O&D SBU bagged **Gold Awards** at the 16th Annual Greentech Environment & CSR Conference for: a) Environment Sustainability b) Impactful CSR and c) Environment Management at Hazira Depot<sup>17</sup>.
- Visakh LPG terminal and Paharpur LPG Plant were winners of **Annual Greentech Safety Awards** in **'Gold'** and **'Silver'** category<sup>18</sup>.
- Usar LPG Plant was conferred with **National Safety Council Award for 'Lowest Average Accident Frequency Rate' and 'Longest Accident Free Period'** under the category of Storage, Handling and Distribution of Petroleum Products<sup>19</sup>.
- Mazgaon Terminal & Silvassa Lubes blending plants have been conferred with **'14th Annual Greentech Safety Award 2015'**<sup>20</sup>.
- O&D Department received **'FICCI Award on Sustainability and Excellence in Safety'** for HSE innovations viz. Near Miss Reporting, HSE Index, MOC and SIL, among others<sup>21</sup>.
- O&D Dept. has been recognised for **'Excellence in Corrosion Management'** at FICCI Chemical & Petrochemical Award, 2015<sup>22</sup>.
- O&D Dept. was awarded **GreenTech Platinum award 2015** in **'Safety Excellence'**<sup>23</sup>.
- Mazgaon Terminal was awarded the **'Golden Peacock Occupational Health & Safety Award'**<sup>24</sup>.



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- VVSPL and Visakh White Oil Terminal achieved **'Platinum'** and **'Gold'** Rating respectively, under **CII-Greenco Rating System**. Both locations, VVSPL and Visakh WOT, are the first in India's oil industry and first among PSUs to have achieved **Greenco 'Platinum' and 'Gold' Rating**<sup>25</sup>.
- For the third time in a row, MDPL was awarded by **British Safety Council at 'International Safety Award 2016'** under the merit category<sup>26</sup>.
- **'Petrofed Oil & Gas Pipeline Transportation - Company of the year Award 2014'** for 'Oil & Gas Pipeline Transportation - Company of the year' for the fourth consecutive year<sup>27</sup>.
- MPSPL (Mumbai-Pune-Sholapur Pipeline) & VVSPL were conferred with **'Sustainability Award for Excellence in Safety'** and VVSPL has been awarded for **'Commendable Work for Changing Public Perception in Petrochemical Sector'** at **FICCI Chemical & Petrochemical Award 2015**<sup>28</sup>.
- MPSPL, VVSPL and MDPL bagged **'14th Annual Greentech Safety Award'** in **Gold Category**<sup>29</sup>.
- VVSPL was conferred with **5th Annual Greentech CSR Award 2015** under **'Gold' category**<sup>30</sup>.
- MPSPL was awarded with **'16th Annual Greentech Environment Award 2015'** under **'Silver' category** for Petroleum Storage & Transportation. MPSPL - Trombay, Khopoli and Talegaon were awarded **Maharashtra Safety Award** from NSCI - Maharashtra Chapter consecutively for ninth year for Trombay and eighth year for Khopoli and Talegaon for **'Meritorious Performance in Industrial Safety'**<sup>31</sup>.
- MDPL (Mundra - Delhi Pipeline) group of Pipelines became the first in our country and in Oil & Gas industry to achieve the highest **'Five Green Triangle Rating'** by National Safety Council of India. The pipeline also won **NSCI Safety Awards 2015** under **'Bronze' category (Suraksha Puraskar)** for the second time in a row<sup>32</sup>.



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- HP Nagar (East) residential colony awarded **'Platinum Rating'** under **Green Residential Society Rating System** by Indian Green Building Council (IGBC), the first PSU colony in India to be certified a green colony under this Rating System<sup>33</sup>.



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- HPCL was conferred with the prestigious **'EFI National Awards for Excellence in Employee Relations for the Year 2015'** (Pan India Category) by **Employers' Federation of India** during the EFI National HRM Summit-2015 and CIE 35th Employee Relations Conference<sup>34</sup>.
- Ji Haan Samarth and Samvad conferred with **Leadership Excellence Awards LEAD 2016** under category **'Best 3rd Party Channel Partner/ Customer Training Program'** by HR.com<sup>35</sup>.
- HPCL was awarded **'Global HR Excellence Award'** for organisation with Best Employee Relation Practices by World HRD Congress<sup>36</sup>.
- Received **'Asia's Best Employer Brand Awards 2015'** in 4 categories<sup>37</sup>
  - HR leadership Award
  - Organisation with innovative HR practices
  - Asia's Training and Development Excellence Award for Project 'Akshay'
  - Best development programme in public sector for workers for Project 'Utkarsh'



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- **'YUVANTAGE'** was awarded **2015 STEVIES - International Business Awards** in the **'Bronze' category**<sup>38</sup>.
- **'Excellence in Training & Development'** award by Asia Pacific HRM Congress<sup>39</sup>.
- **'Excellence in Practice'** award for **Project Utkarsh** a by Association for Talent Development, USA<sup>40</sup>.

# Affiliations and Memberships

## NAME OF ORGANISATION

Association des Constructeurs Européens d'Automobiles (European Automobile Manufacturers Association)

Administrative Staff College of India

All India Association of Industries

All India Management Association

American Petroleum Institute

Associated Chambers of Commerce and Industry of India

Bombay Chamber of Commerce & Industry

Centre for Public Sector Studies

Confederation of Indian Industry

Council for Fair Business Practices

Federation of Indian Chambers of Commerce & Industry

Global Compact Network, India

Indian Merchants' Chamber

Indo American Society

Indo German Chamber of Commerce

International Air Transport Association

International Council on Combustion Engines

Indian Society for Fuels and Lubricants

Japanese Automobile Standards Organisation

Maharashtra Chamber of Commerce, Industry & Agriculture

Maharashtra Economic Development Council

National Institute of Personnel Management

National Lubricating Grease Institute

Petrofed Pipeliner's Forum

Petroleum Conservation and Research Association

Petroleum Federation of India

Society of Automobile Engineers

Society of Tribologists and Lubricating Engineers

Standing Conference of Public Enterprises

The Energy and Resources Institute

Tribology Society of India

Vigilance Study Circle, Mumbai



Co-creating  
the future,  
together

# Stakeholder Engagement and Materiality Assessment

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41 Materiality Assessment

# Stakeholder Engagement and Materiality Assessment

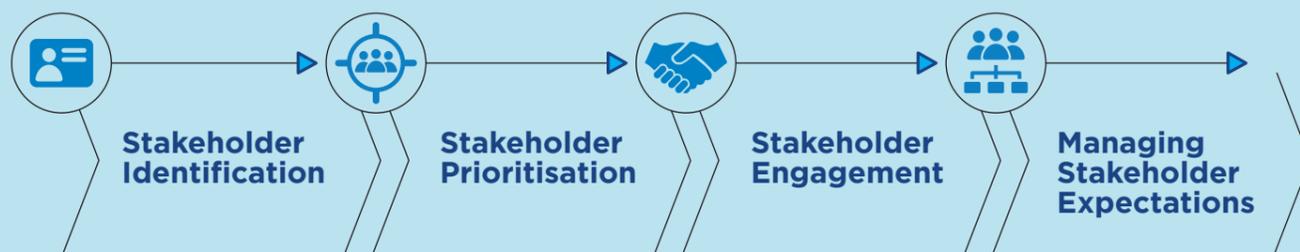
## Stakeholder Engagement

HPCL has always been listening to the voice of its stakeholders. For us, stakeholders are not just members of communities or non-governmental organisations. They are those individuals, groups of individuals or organisations that affect and/or could be affected by our activities, products or services. We identify our key stakeholders through their impact on our business and the value we create for them in return. The concerns identified by them through various channels and engagement mechanisms are vital for our successful business growth, especially because quality in our products and services is of utmost importance to us. Understanding the attitudes and beliefs of our stakeholders, responding to their needs and ensuring their buy-in to the business decisions are the key objectives and activities for us.

### Our Approach

The stakeholder-engagement process begins by identifying all the stakeholders which may be directly or indirectly affected by our business operations. The stakeholders are further prioritised based on their influence on our business operations and the impact we create on them through our business decisions. The engagement plans are developed based on the key concerns of the stakeholder groups and we ensure effective communications with all our stakeholder groups.

### Our Approach



**Understanding the attitudes and beliefs of our stakeholders, responding to their needs and ensuring their buy-in to the business decisions are the key objectives and activities for us.**

**The engagement plans are developed based on the key concerns of the stakeholder groups and we ensure effective communications with all our stakeholder groups.**

### Our Key Stakeholders



OUR ENGAGEMENT FRAMEWORK WITH VARIOUS STAKEHOLDERS IS PRESENTED BELOW:

Critical Areas	Frequency and Modes of Engagement	Our Actions
<b>Management &amp; Non-Management Employees</b>		
Prospects for growth	<ul style="list-style-type: none"> <li>Annual performance reviews and appraisal</li> <li>Need-based trainings</li> </ul>	<p>Our continued emphasis on technical trainings for all our employees has helped them to improve and do better for the growth of the organisation. These trainings are decided based on the needs of employees.</p> <p>We further ensure that the senior management gives regular feedback to their subordinates in the areas of improvement. HP Pace and HP Path are few of our initiatives focusing on the career development of our people.</p>
Focus on health and safety	<ul style="list-style-type: none"> <li>Quarterly safety committee meetings</li> </ul>	<p>We consider safety as our topmost priority. Regular safety trainings, health check-ups and awareness sessions are organised by us to ensure the best health and safety practices. Project Sankalp, Shapath, Shrestha and Sachet are few of our safety training programmes.</p>
Work-life balance	<ul style="list-style-type: none"> <li>Regular interactions</li> <li>Employee connect forums</li> </ul>	<p>We have always given priority to keep our employees motivated at the workplace. Various activities are organised for our employees such as picnics, quiz competitions, festival celebrations and women's day celebrations, among others to ensure that they feel happy and comfortable.</p>



Stakeholder meeting in Progress

Critical Areas	Frequency and Modes of Engagement	Our Actions
Equality /Fair Compensation	<ul style="list-style-type: none"> <li>Equal Pay for Equal Work</li> <li>Industry Determined Compensation</li> </ul>	We have always ensured that employees are paid equally for the same/similar nature of work irrespective of gender, caste or such other criteria. Compensation packages are on par or better than the Industry.
Grievance redressal	<ul style="list-style-type: none"> <li>Regular interactions</li> </ul>	Employees are given an opportunity to raise their grievances; and we ensure regular monitoring and feedback is provided to them. Online grievance redressal mechanisms for better management of the concerns are available to all employees.
Retirement benefits	<ul style="list-style-type: none"> <li>Regular trainings</li> </ul>	Training programmes on effective management of finances and awareness about medical and other benefits for the retiring employees is organised every year.

Shareholders		
Financial performance of the Company	<ul style="list-style-type: none"> <li>Annual reports</li> <li>Press releases</li> </ul>	We keep our shareholders regularly updated about the Company's financial decisions and performance through shareholder meets and annual disclosures.
Good corporate ethics and compliance	<ul style="list-style-type: none"> <li>Annual general meeting</li> <li>Regular investor meets</li> </ul>	Regular communication is ensured on the business scenario and the Company's approach towards risk management. Shareholders can give their feedback to HPCL through an online feedback mechanism. We regularly monitor and engage with the stakeholders on their suggestions.

Customers		
Product quality and service standards	<ul style="list-style-type: none"> <li>Annual customer meet</li> <li>Customer satisfaction surveys</li> </ul>	<p>Our R&amp;D team relentlessly works on new approaches and process innovations. This has enhanced the quality of our products and made them safe for our customers.</p> <p>We have launched products which are not only safe for our customers but have also reduced the impact on the environment.</p>



Stakeholder meeting in Progress

Critical Areas	Frequency and Modes of Engagement	Our Actions
Resolving complaints	<ul style="list-style-type: none"> <li>One-to-one meetings</li> <li>Need-based communications</li> </ul>	<p>We have various customer connect programmes such as online application and multi-language portals for seeking feedback from customers.</p> <p>Our complaint management system is an effective tool for managing customer grievances and providing them feedback on regular basis.</p>
Awareness on safety and environment aspects	<ul style="list-style-type: none"> <li>Campaigns</li> <li>Safety and conservation programmes</li> </ul>	<p>Various other campaigns and trainings are conducted to increase awareness amongst customers about safety and oil conservation.</p> <p>We have launched a mobile application for our LPG consumers to inspect the consumer premises and enhance awareness amongst customers about the safe use of our products.</p>

Dealer and Distributors		
Product quality	<ul style="list-style-type: none"> <li>Regular dealer meets for awareness on quality control measures</li> <li>Need-based meetings</li> </ul>	We strictly monitor quality parameters during the manufacturing, storage and delivery stages which has ensured increased satisfaction amongst dealers.
Safety	<ul style="list-style-type: none"> <li>Training programmes on safety</li> <li>Regular inspections and safety audits</li> </ul>	<p>We conduct various safety inspection audits at retail outlets.</p> <p>The dealers are regularly trained on safe handling of the products.</p>
Business challenges	<ul style="list-style-type: none"> <li>One-to-one meetings</li> <li>Need based trainings</li> </ul>	<p>We continue to give emphasis on the training of dealers with special focus on behavioural and business skills.</p> <p>We have an online dealer portal for monitoring indents, supplies and account receivables, which lead to real-time tracking of transactions, ensuring transparency.</p>
Satisfaction levels	<ul style="list-style-type: none"> <li>Formal feedback</li> </ul>	<p>We regularly ensure that we take feedback from dealers for improving our process further.</p> <p>We also provide loans to dealers for installing solar power systems at their outlets.</p>

Suppliers		
Increased transparency	<ul style="list-style-type: none"> <li>Annual supplier meets</li> <li>One-to-one meetings</li> <li>Pre-bid meetings</li> </ul>	We have an online tendering process to ensure transparency and trust in bidding process.
Payment process	<ul style="list-style-type: none"> <li>Need based communications</li> </ul>	Bills can be tracked from submission till disbursement through a bill tracking system. This has led to increased transparency in payment process.

Contract Workers		
Health and safety	<ul style="list-style-type: none"> <li>Annual health check-ups</li> </ul>	<p>Regular training programmes are organised on safety awareness to improve our safety performance.</p> <p>Together with all the initiatives and trainings undertaken by HPCL, we have seen a positive change in the safety performance of the contractors.</p> <p>Health check-up programmes are organised for contract labours to improve their health status.</p>

Critical Areas	Frequency and Modes of Engagement	Our Actions
Training	<ul style="list-style-type: none"> <li>• Training on health and safety</li> </ul>	We conduct regular training programmes on operational safety and emergency preparedness.
Regular payments	<ul style="list-style-type: none"> <li>• Regular interactions</li> <li>• Need based communications</li> </ul>	<p>Ensuring payment of minimum wages and compliance with all statutory labour-related provisions. Awareness sessions pertaining to provident fund and ESI-related matters are organised.</p> <p>We have proactively ensured that all contract workmen engaged at our locations are covered under the PM Jan Dhan Yojana (PMJDY) and their monthly wages are deposited electronically in their bank accounts. We have also covered the contract workmen under the PM Bima Suraksha Yojana (PMBSY) which gives them additional accidental insurance cover.</p>



Stakeholder Meeting in Progress

Transporters and Transporters' Crew		
Health and safety	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Training sessions</li> <li>• Regular health check-ups</li> </ul>	<p>Regular campaigns and trainings are provided to all our transporters and crew on safe driving practices; safety parameters and practices involved in transporting our products from one place to another.</p> <p>We conduct regular health check-up programmes for the transporters' crew.</p>

Critical Areas	Frequency and Modes of Engagement	Our Actions
On time payments	<ul style="list-style-type: none"> <li>• Email communications</li> <li>• One-to-one meetings</li> </ul>	In order to give visibility to the transporters about their payments and load status, among others, an online system is available where the transporters can log in and check the payment status, taxes and TDS deducted. The transporters' payments are made through e-payment mode, wherein the amounts are credited directly to their bank accounts.

Dealer men		
Trainings	<ul style="list-style-type: none"> <li>• Regular interactions</li> <li>• Training sessions on customer service and safety</li> </ul>	<p>Dealer men are given regular trainings on the safe use and handling of products.</p> <p>Trainings on behavioural aspects are also organised on regular basis.</p>

Community		
Community development	<ul style="list-style-type: none"> <li>• Regular interaction with the community through our CSR initiatives</li> </ul>	<p>We have made significant investments in community development programmes. We continue our efforts in the areas of health, education, child care, skill development, environment, sanitation and sports.</p> <p>In the current year, we invested ₹ 71.76 crores for CSR initiatives.</p>
Disaster management	<ul style="list-style-type: none"> <li>• Awareness campaigns on health and environment</li> <li>• Mutual aid meetings</li> <li>• Meetings with Local Authorities</li> <li>• Mock drills</li> </ul>	Mock drill sessions are arranged involving the local community to enhance their awareness about the actions to be taken in case of emergency situations.



Stakeholder meeting in progress

Critical Areas	Frequency and Modes of Engagement	Our Actions
<b>Regulatory Departments</b>		
Compliance	<ul style="list-style-type: none"> <li>Regular interactions with the Ministry of Petroleum and Natural Gas and other government bodies on various aspects of our business</li> </ul>	<p>We make sure that we comply with all the regulatory requirements laid down by the Government from time to time.</p> <p>We also maintain regular interactions with the local authorities on all the compliance-related matters.</p>



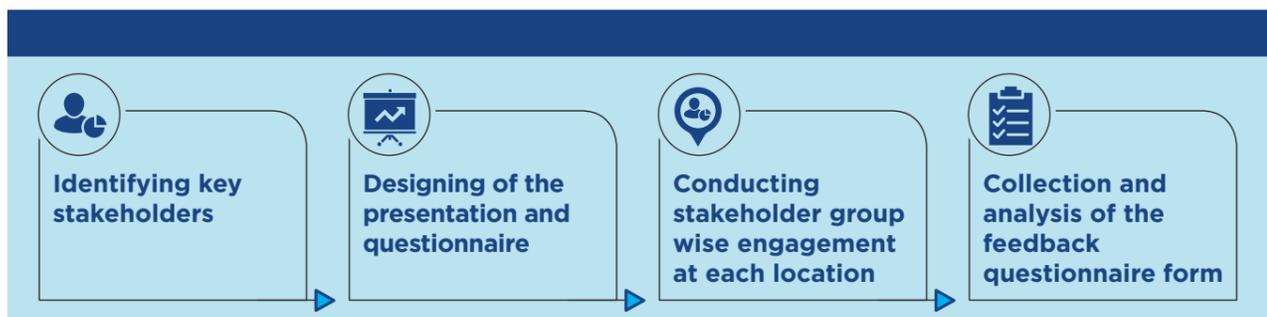
Stakeholder meeting in progress

Stakeholder engagement in form of surveys serves as an excellent tool to gather feedback of key stakeholders of the organisation. During the reporting period, we carried out systematic stakeholder engagements at 15 locations covering major operations across our marketing locations spread all over India and both refineries. We covered 1,639 stakeholders as part of these engagement sessions. This has helped us understand the perceptions and expectations of our stakeholders and seek their views on economical, social and environmental issues. The overall strategy, methodology and analysis of responses of the stakeholder engagement workshops are as follow:

### Stakeholder survey strategy

HPCL has aligned the objective of stakeholder engagement in-line with the focus areas identified by the management with an objective of seeking feedback from relevant stakeholders.

The following strategy was followed for stakeholder survey:



**During the reporting period, we carried out systematic stakeholder engagements at 15 locations covering major operations across our marketing locations spread all over India and both refineries.**

### Identifying key stakeholders

The key stakeholders were selected based on the discussion with the management and impact they create on the business.

### Designing of the presentation and questionnaire

Developed presentation and questionnaire forms for various stakeholders group.

### Conducting stakeholder group wise engagement at each location

We followed a robust process of making bilingual (English and Hindi) interactive audio-video presentation to the respective group of stakeholders on global challenges of climate change, water and energy conservation etc. at various locations.

### Collection and analysis of the feedback questionnaire form

After the presentation on Sustainability aspects, feedback was collected from various stakeholders in the questionnaire developed and detailed analysis was performed. The findings are being described below

### Calculation method

Due to large number of stakeholders, survey was conducted by taking appropriate samples across zones. Since, the stakeholder groups surveyed across different zones were varied with respect to the sample size, zone wise weighted average was applied during the analysis stage, to account for the variance in total strength and ensure all responses are given equal weightage.

	Employees	Dealers/Distributors/Customers	Suppliers/Transporters/Contractors
Sample Size Surveyed	554	398	275
Statistical confidence level*	98.44%	95.56%	90.30%

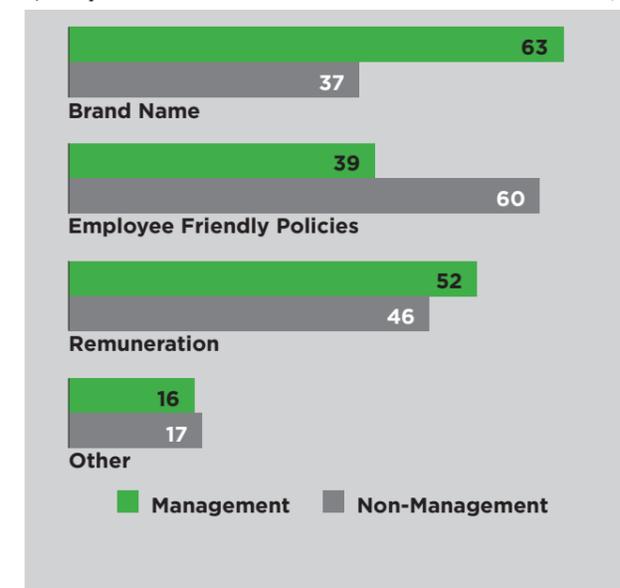
\* Confidence-level is the expected accuracy of the responses basis the statistical calculations of the subject survey.

Apart from above stakeholders, 56 members from communities across various locations have also participated in the subject survey.

## Stakeholder Responses:

### A) Employees

#### 1) Top reasons to work with HPCL (%)



#### 2) Strengths of HPCL with respect to workforce management

Few of the strengths of HPCL according to employees are:

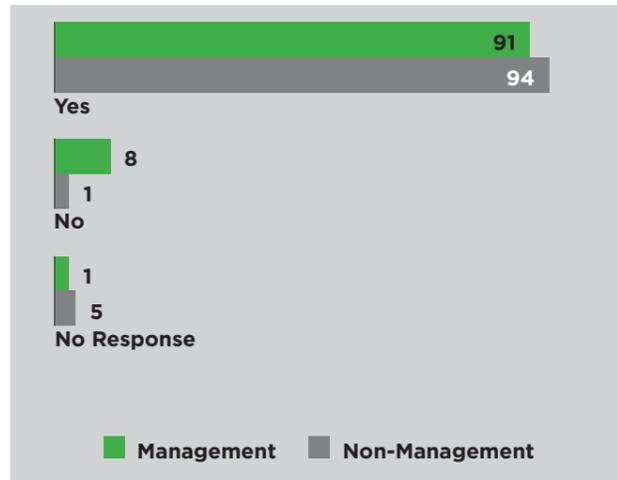
- Ethical work practices
- Opportunities to take up initiatives and develop personally
- Employees always encouraged to develop new ideas and implement
- HPCL takes care of employees and their families
- Initiatives taken by company for enhancing technical knowledge and soft skills of employees

### 3) Areas of improvement for HPCL with respect to workforce management

Some areas that can be looked into for improvement are:

- More transparency is required for processes at all management levels
- More HSE related seminars and awareness campaigns should be conducted
- 360 degree appraisal of employees should be employed
- Work profiles to be assigned based on employees' academic profiles

### 4) Information of HPCL's Growth (%)

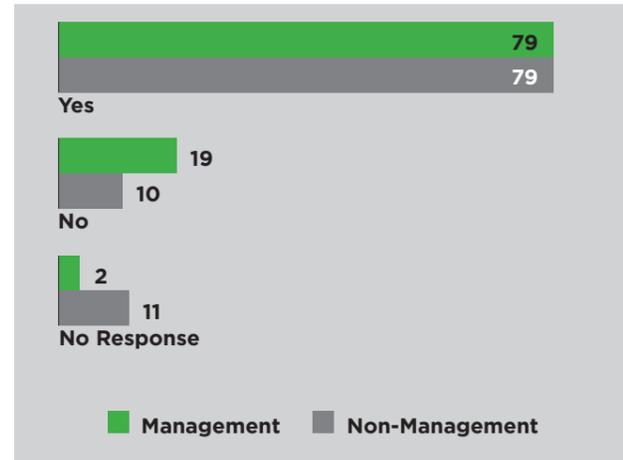


### 5) Steps HPCL has taken to improve Health & Safety of employees

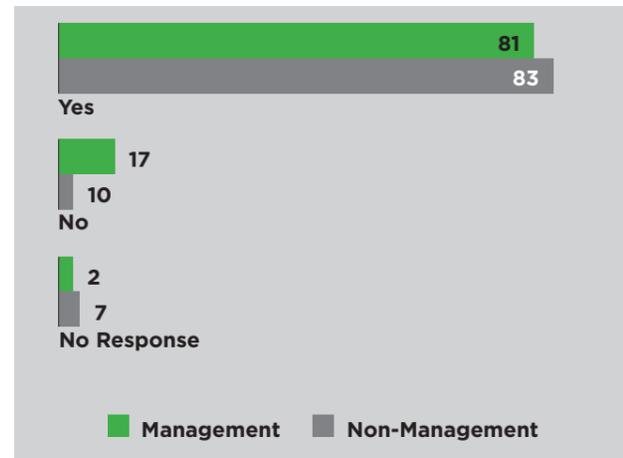
Healthy employees are a sign of a healthy organisation. Various initiatives and procedures are in place to ensure that the employees' health and safety are not compromised in the space of work. From training programs to mock drills, HPCL has done a lot and continues to do so to ensure all employees are taken good care of. The employees have appreciated these efforts and have mentioned some of the key initiatives like:

- Mandatory Periodical Medical Examinations (PMEs) for all employees
- Awareness campaigns on Personal protective equipment (PPE) and usage
- Online web-portal for health issues
- Mock-drills carried out frequently
- Frequent sensitisation on Behavioral based safety

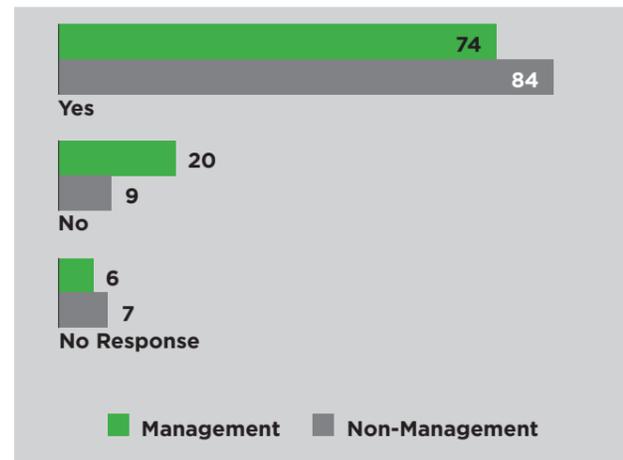
### 6) Involvement of employees in CSR (%)



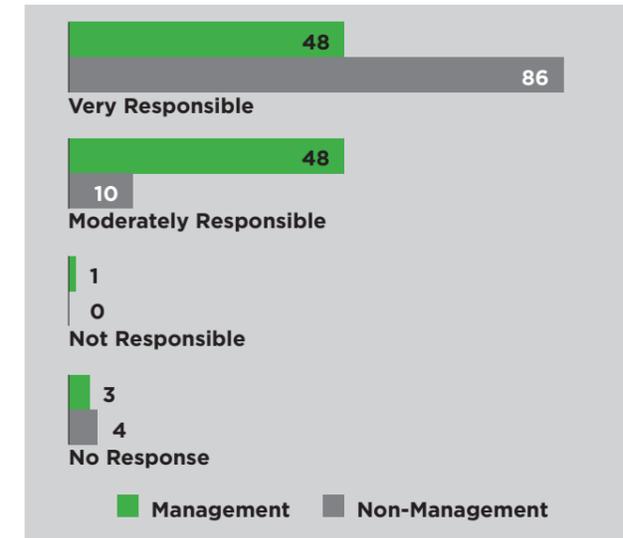
### 7) Employee awareness of social contributions by HPCL (%)



### 8) Employee awareness of environmental initiatives by HPCL (%)

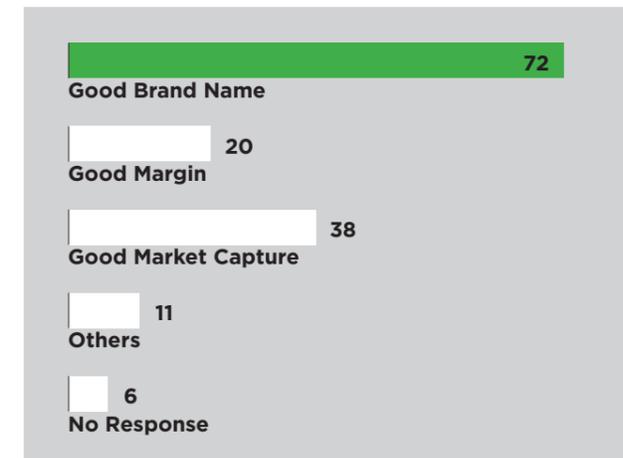


### 9) HPCL as a responsible organisation (%)



### B) Dealers/Distributors & Customers

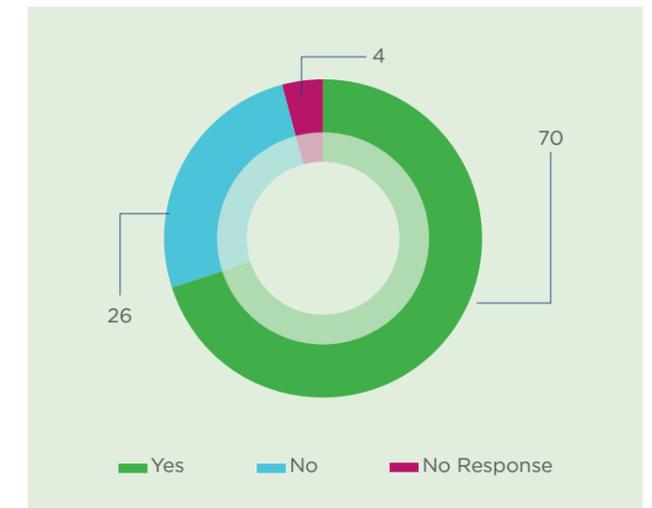
#### 1) Reasons for association with HPCL (%)



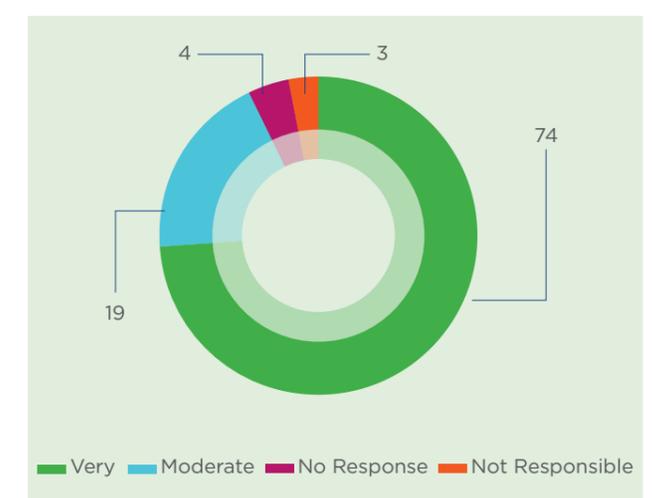
#### 2) Experience with HPCL (%)



### 3) Awareness on environmental initiatives (%)

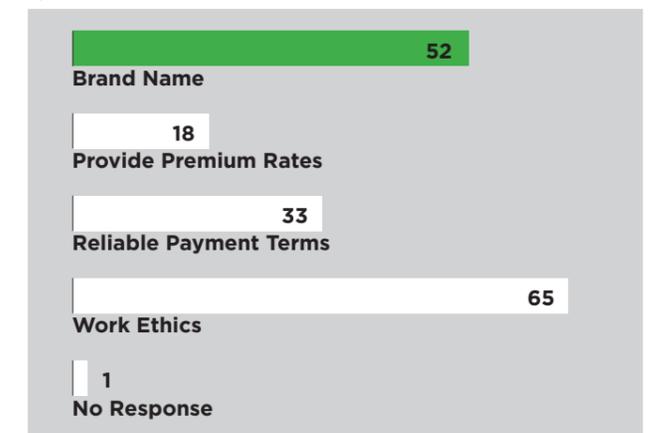


#### 4) HPCL as a responsible organisation (%)



### C) Suppliers/Contractors/Transporters

#### 1) Reasons for association with HPCL (%)



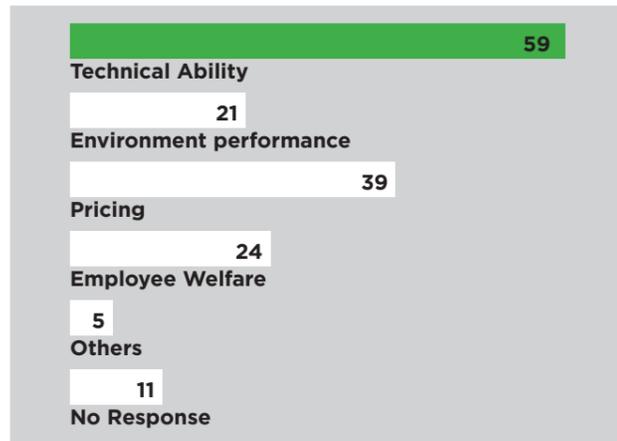
### 2) Experience with HPCL (%)

(%)



### 3) Aspects of performance screened by HPCL prior to selection (%)

(%)



### 4) Suggestions for improving relationship with HPCL

- Increase the frequency of awareness and Interaction programs
- More vendor meets to be conducted
- Faster and improved systems for payment
- Health insurance for truck drivers.

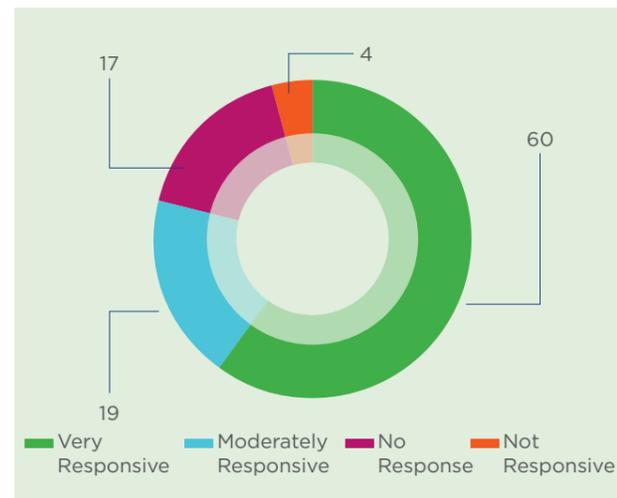
### D) Community

#### 1) Initiatives taken by HPCL in the community

- Computer systems and basic infrastructure like benches and table provided to schools in the community
- Construction of toilets in schools
- Provided drinking water facilities to nearby villages
- Donation of ambulance and started health assistance training programs
- Providing free cylinders to community members from under privilege background
- Blood donation drives

#### 2) Responsiveness of HPCL to query/needs raised by the community (%)

(%)



#### 3) Suggestions given by the community stakeholders:

- Take more initiatives to reduce pollution
- Impart education to locals on how to reduce pollution
- To further increase the coverage of skill development programs
- Increase the frequency of awareness and Interaction programs with local community



Stakeholder Meeting in progress

## Materiality Assessment

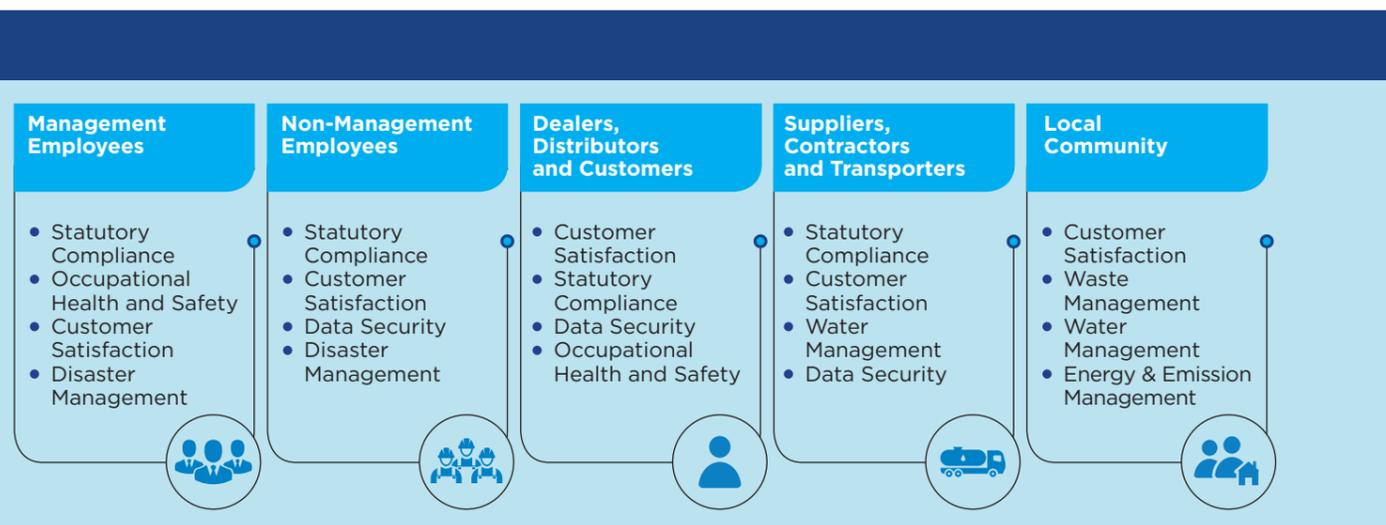
We have conducted a materiality assessment exercise along with our key stakeholders to identify the key focus areas for our organisation. The aim of this exercise was also to define the report content in consultation with our stakeholder groups. It maps out our materiality framework, analysing in detail what is important to our stakeholders and to our business. The assessment involved the key internal as well as external stakeholders. An exhaustive list of all the key parameters pertaining to oil and gas industry was compiled. The stakeholders ranked the material issues as low, medium and high during the stakeholder-engagement sessions.

**The aim of this exercise was also to define the report content in consultation with our stakeholder groups.**

### Materiality Assessment Approach



Weighted average of location wise responses of each stakeholder group were compiled. The key sustainability issue emerging from the exercise for each stakeholder group is as follows:



The values for internal and external stakeholders were analysed further to assess the intensity of business impact on HPCL. The materiality matrix which emerged after the materiality assessment process by internal and external stakeholders is as follows:

### Materiality Matrix



### Material Issues

Above are the key material issues identified which are covered in the report. Given below is the linkage of the issues with GRI aspects and key performance indicators which would be detailed in the chapters ahead. The boundary of all the identified material issues is within HPCL.

Material Issues	Category/ Sub-category	GRI Aspects	Key Performance Indicators	Oil and Gas Sector Supplement
Material Usage	Environment	Materials	EN1, EN2	
Energy Management	Environment	Energy	EN3, EN5, EN6	OG3, OG14
Water Management	Environment	Water	EN8, EN10	
Emissions	Environment	Emissions	EN15, EN16, EN17, EN18, EN19, EN21	
Waste Management	Environment	Waste	EN23	OG6
Disaster Management	Social/ Society	Process safety		OG13
Occupational Health and Safety	Social/ Labour practices and Product responsibility	Occupational Health and Safety	LA5, LA6, LA8, PR1	
Skill Up-gradation	Social/ Labour practices	Training and Development	LA9, LA10, LA11	
Employee Engagement	Social/ Labour practices	Employment	LA1, LA3	
Customer Satisfaction	Social/ Product responsibility	Product and Service Labelling	PR3, PR5	
Security of Data and Information Systems	Social/ Product responsibility	Customer Privacy	PR8	
Community Development	Social/Society	Local Communities	SO1	
Statutory Compliance	Environment & Social/ Product responsibility	Compliance	EN29, PR9	
Labour Management	Social/ Labour practices	Labour/ Management Relations	LA4	



Stable,  
sustainable  
growth

## Economic Performance

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# Economic Performance

## Management Approach

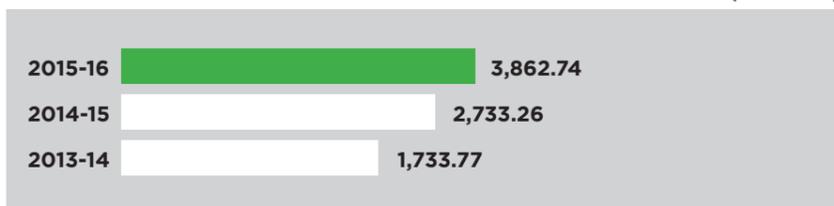
We believe that business sustainability is a measure of societal value creation through adoption of multi-dimensional sustainability initiatives that deliver superior 'Triple Bottom Line' performance and generates large-scale economic, environmental and social capital.

Our vision is an overall creation of value and its balance amongst stakeholders and contribution to the society through the spirit of innovation and enterprise. We believe in inclusive growth and try to engage local contractors, distributors, SME vendors and communities in our business. We have also taken several initiatives in order to reduce our impact on the environment and conduct business responsibly.

## Growth for all Stakeholders

The current financial year 2015-16 has been remarkable for us and we have successfully delivered even in the continued sluggishness and volatility of the oil market. We have robust systems and protocols in place to assess and monitor our financial performance which enables us to track the growth and profitability of the Company. This fiscal, we recorded gross sales of ₹ 197,744.28 crores. Our market share in PSU category was 21.25% as on March 31, 2016. The market capitalisation of the Company increased by ₹ 4,587 crores during 2015-16. The earning per share has increased to ₹ 114.07. In 2015-16, we achieved a highest-ever profit after tax of ₹ 3,862.74 crores.

**PAT** (₹ in crores)



Economic Performance	2015-16	2014-15	2013-14
<b>Economic Value Generated (in ₹ crores)</b>			
Net sales	179,281	206,380	223,124
<b>Economic Value Distributed (in ₹ crores)</b>			
Operating costs	174,331	202,934	220,294
Profit After Tax (PAT)	3,862.74	2,733.26	1,733.77
Employee wages and benefits	2,315	2,415	2,030
Payments to providers of capital	1,808	1,536	1,861
Payments to government	52,235	40,752	36,423
Community Investments	72	34	24

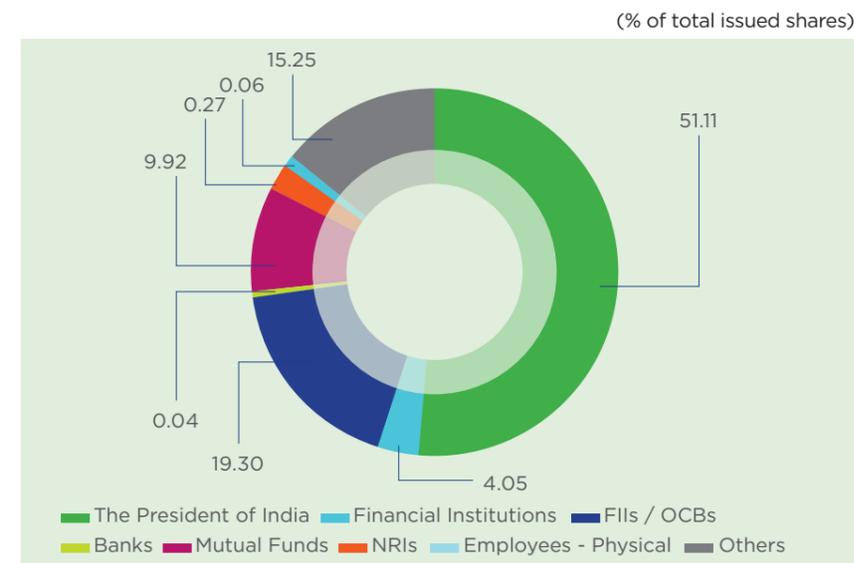
We received an amount of ₹ 11.77 crores from the Central and State governments towards subsidy on PDS Kerosene and Domestic Subsidised LPG and budgetary support of ₹ 1,761.26 crores from Government of India as compensation towards under recoveries on the sale of subsidised petroleum products.



Automated Product Filling

## Our Shareholding Pattern

HPCL has a subscribed and paid-up equity share capital of ₹ 339.01 crores of which Government of India (GoI) holds 51.11% and the balance 48.89% equity are held by financial Institutions, the public, the employees and other investors.

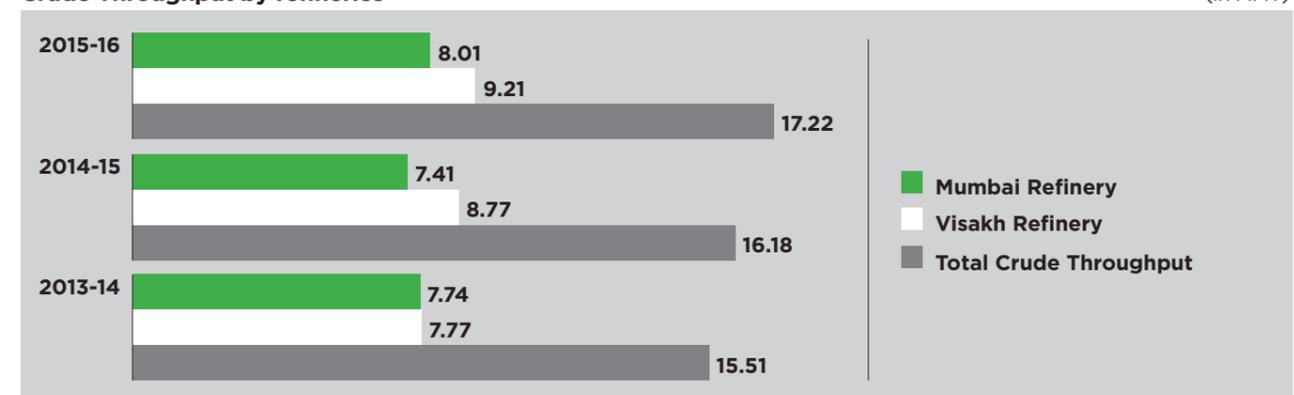


The higher crude processing has led to enhanced production of petroleum products recording the best-ever MS, HSD, LOBS and Bitumen production with 3.032, 6.470, 0.423 and 1.195 MMT, respectively.

## Refinery Performance

We have been consistently performing over the years and have maintained a stellar track-record of revenue growth. The two refineries, viz. Mumbai and Visakhapatnam, have been the foundation of our economic growth and sustainability. This fiscal, our refineries have maximised crude processing which enabled us to achieve a combined refining throughput of 17.2 MMT with a capacity utilisation of 116%, which is the highest-ever crude processing achieved by the refineries. The higher crude processing has led to enhanced production of petroleum products recording the best-ever MS, HSD, LOBS and Bitumen production with 3.032, 6.470, 0.423 and 1.195 MMT, respectively.

**Crude Throughput by refineries** (in MMT)



Refinery	Crude Throughput (MMT)	Installed Capacity (MMT)	Capacity Utilisation (%)	Distillation Yield (%)	Energy Intensity Index	Fuel and Loss (%)
Mumbai	8.01	6.5	123	76.0	108	7.83
Visakh	9.21	8.3	111	75.7	109	7.66



Lube Oil Up Gradation unit at our Mumbai Refinery

To further increase our market presence, we have undertaken capacity enhancement and modernisation of Visakh Refinery from existing 8.3 MMTPA to 15 MMTPA. Environmental clearance has been obtained and pre-project activities are being undertaken. Along with the capacity addition, bottoms upgradation facilities will be a part of this project to improve the distillate yields. We have planned to install a new 9.0 MMTPA CDU/VDU with lowest energy target and one of the best in industry with specific objective of energy optimisation, for which basic engineering is almost complete. We have also undertaken an expansion project at Mumbai Refinery for expanding the capacity from 6.5 to 9.5 MMTPA for which environmental clearance is expected shortly. Meanwhile, pre-project activities have been initiated to meet target timelines.

To improve the profitability of our Refineries, we are examining the feasibility of producing value-added products. The installation of a Propylene Recovery Unit (PRU) has been found to be viable, for which basic designing is in progress. We have initiated a detailed feasibility study with GAIL for setting up a standalone petrochemical complex under AP-PCPIR.

### Key Refinery highlights:

- Mumbai Refinery completed 15 million man-hours of safe operation – Best-ever safety record since its inception.
- Our Refineries have recorded best-ever Energy Intensity Index (EII) of 108 at Mumbai and 109 at Visakhapatnam.
- Mumbai Refinery carried out revamp of existing DHDS and implemented the Isotherming technology, which is first of its kind in the country. This project has resulted in enhanced capacity, improvement in energy efficiency and better product quality of HSD.
- Process of Root Cause Failure Analysis (RCFA) to analyse each failure has been put in place at both Refineries which has resulted in reduction in number of failures and improving the overall reliability.
- Mumbai Refinery is the first refinery among PSUs which has commenced power purchase by open access through group captive mode, thereby reducing the cost of purchased power and on overall refinery Opex.
- Based on R&D study, Low Value Streams were processed in Diesel Hydro treating Unit in Visakh Refinery, which resulted in higher diesel yields and economic benefits.
- Visakh Refinery commissioned CCR Pressure Swing Adsorption (PSA) which resulted in increase of availability of pure hydrogen, thus increasing the energy efficiency and reduction in Opex.
- Successfully commenced e-chartering with RA (Reverse Auction) module for voyage charter which makes us the first company in the oil industry to use e-reverse auction for chartering of vessels.

## Marketing Performance

During 2015-16, we achieved the highest-ever sales volume of 34.21 MMT (including exports), with a market share of 21.25%, maintaining a growth rate above industry.

Sales Volume	(in MMT)
2015-16	34.21
2014-15	31.95
2013-14	30.96

SBU	Sales Volume (in MMT)
Retail	22.8
LPG	5.07
I&C	4.87
Lubes	0.59
Aviation	0.61
Natural Gas	0.04



### Key Marketing Highlights:

**Retail Sales**  
22.8 MMT

- Growth leaders in MS, HSD and Total Motor Fuel (TMF) all through the financial year. Our TMF market share improved to 25.8%.
- Achieved market share increase of 0.22% in MS and 0.39% in HSD.
- 590 new outlets commissioned.
- Achieved 2<sup>nd</sup> position in Auto LPG in Industry with record sales of 41.9 TMT.
- Turnover of ₹ 786 crores in Allied Retail Business (ARB) during the year through an attractive array of items and new tie-ups.
- 1,637 retail outlets modernised during the year, providing better customer facilities and improving our brand image.
- Retail Automation installed at 422 outlets taking total number of automated outlets to 2,731.

**LPG Sales**  
5.07 MMT

- Retained market leadership in non-domestic bulk sales with more than 48% market share.
- Gained a market share in highly competitive non-domestic packed segment.
- Highest-ever production of 4.705 MMT through 46 bottling plants.
- Successfully implemented PAHAL (Direct Benefit Transfer of LPG subsidy) scheme, with 4.02 crores (90.78%) of active customers joining the initiative.
- Under the "Give It Up" campaign, 27.17 lacs HP Gas customers gave up LPG subsidy which benefited 13.38 lacs of BPL families.
- 50.66 lacs new connections issued which is an all-time high.
- 329 New Distributorships (153 regular and 176 under Rajiv Gandhi Gramin LPG Vitaran Yojna) commissioned.
- Commissioned Asia's largest bottling plant at Yediyur.
- Committed towards our social objective, we have converted more than 7,800 villages into "Smokeless Villages".

## Direct Sales 5.46 MMT

- Growth of 23.3% and 23% recorded in Lubes and Industrial & Consumer sales, respectively.
- Retained market leadership in Lubes sales with volume of 589 TMT.
- Achieved a significant market share of 50% from earlier 6% in Railway Board Lube business.
- Highest-ever sales of 1,245 TMT recorded for Bitumen with growth of 28%.
- Mazgaon Lube plant blending capacity enhanced by 15 TMT.
- Commissioned first-ever automated online blending facility of Bio-diesel in the oil industry for Indian Railways (Western Railway) at Ahmedabad.

## Aviation Sales 0.61 MMT

- Only company to gain market share in PSU Industry.
- Achieved an annual overall growth of 20.6%.
- Operationalisation of the innovative concept of HP Aviation Hub at Chennai on 24x7 basis.
- Commissioned two new ASFs at Chandigarh and Dharamshala.
- Supplying jet fuels to all the ten scheduled domestic airlines of the country.

## O&D Throughput 47.6 MMT

- Achieved an all-time high throughput and recorded a growth of 6.5%.
- Successfully met the challenge of supplying 1,700 KL customer-specific product "Winter Grade Diesel" for army requirement at Jammu & Kashmir.
- Commissioned Kanpur Terminal in record time with a total tankage of 227,460 KL.
- Significant financial savings due to reduction in specific energy consumption (1.13 Kwh/MT to 0.97 Kwh/MT).
- Enhancement in productivity by reducing Tank Truck Cycle Time by 29%.
- Resumption of supplies within record time to restore normalcy in flood affected Chennai.
- Developed an IT tool/application for performance benchmarking and monitoring of various processes at O&D locations.

## Pipelines Throughput 17.61 MMT

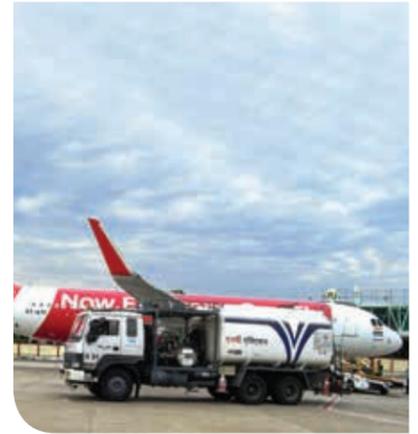
- Achieved highest-ever pipelines throughput and recorded a highest-ever growth of 18% in throughput.
- Commissioned new Rewari Kanpur Pipeline Project (RKPL) ahead of time schedule.
- Completed capacity enhancement of Mumbai-Pune-Solapur Pipeline (MPSPL) from 4.3 MMTPA to 5.5 MMTPA.
- Visakh Vijaywada Secunderabad Pipeline (VVSPL) successfully tested dosing of Drag Reducing Agent (DRA) to enable high flow rates during peak demand period.
- Considerable savings achieved at Mundra Delhi Pipeline (MDPL)-Palanpur on account of Power Purchase through open access.

## Natural Gas & Renewables Sales 47 TMT

- Achieved CNG sales of 10.9 TMT with growth of 14.7%.
- Successfully bagged authorisation for two CGD networks in Andhra Pradesh through joint venture company.
- Achieved RLNG sales volume of 36 TMT.
- 33 TMT of Term RLNG and 44.6 TMT of SPOT RLNG sourced during the year.
- Commissioned first grid connected 258 Kwp captive Solar PV power plant at Ennore Terminal in Tamil Nadu.

## Aviation HUB

With the rapid changes in the aviation fuels market, our Aviation SBU has taken steps to address the challenges created by the market forces. To improve direct connect with the customers and address customers' pre and post-sale needs, a centralised Aviation HUB has been created which is a single point of contact for the customers of General Aviation segment. The HUB is manned 24x7 by our officers. This HUB helps in being connected with all the ASFs, the end service providers and the customers so that timely services are offered, thus ensuring customer satisfaction. This HUB is also acting as a gateway to various opportunities and widening of the market network and our presence in this business.



ATF Fuelling



Our Employees 'Giving It Up'

## "Give It Up" campaign

The subsidy offered by the Government of India on domestic LPG translates to a huge annual financial burden on the government, that drains precious resources which could have been used in developmental activities. Subsidy on domestic LPG, needs to be focused at the truly needy.

On March 27, 2015, the '#GiveItUp' Movement was launched by Hon'ble Prime Minister, calling for the well-off citizens to voluntarily 'Give Up' their LPG subsidy. This movement is aimed towards motivating well-off LPG users to pay the market price for LPG, so that the subsidy amount saved can be utilised for LPG expansion in rural areas and provision of a healthy environment to all.

HPCL has been actively involved in promoting "Give It Up" scheme. Our campaigns resulted in 27.17 lacs HP Gas customers voluntarily giving up LPG subsidy during 2015-16. The amount saved is being utilised to release deposit free connections to Below Poverty Line (BPL) customers, who otherwise use coal or wood as a cooking fuel, thereby exposing themselves to pollution and health hazards. As of March 31, 2016, 13.38 lacs BPL families have benefited through "Give It Back".

# 27.17 lacs

**No. of HP Gas customers voluntarily giving up LPG subsidy during 2015-16.**

## Central Procurement Organisation

We have a central procurement organisation which manages the supply chain of our corporation. The main purpose of this initiative is to aggregate and coordinate a significant proportion of the spend, thereby driving savings through consolidation, reduced transactions, process improvement and ultimately improving governance through increased transparency and consistency. Our CPO has a very organised and structured approach for bringing quality improvements in cost estimation arena as it interacts with various industries and concerned users from SBUs. Focus on vendor management has led to creation of an online portal for registration of vendors. CPO also focuses on skill development of procurement officers across the Company. During the year, 27 procurement officers across the Company were given UNDP Level-III training on Public Procurement (Accredited by CIPS). A process has been set-up where all the tender documents are routed through legal and financial compliance and concurrence to facilitate smooth procurement cycle.

- CPO handled purchase activities worth more than ₹ 2,931 crores during 2015-16 which enabled savings of ₹ 117.30 crores.
- Purchase Order/Contracts worth ₹ 1,350 crores were finalised through strategic procurement methods and considering consolidated requirements across marketing and refineries.
- Due to our strategic approach, 30% reduction has been achieved in lead time from requisition to order.

## Integrated Margin Management (IMM)

Integrated Margin Management (IMM) is a strategic business initiative which focuses on developing the short-term and long-term planning to enhance productivity. The objective of this initiative is to maximise Net Corporate Realisation (NCR) across crude to customer value chain. It aligns all the SBUs towards a common goal and improve collaborative decision-making. IMM covers maximising crude processing, inventory management of crude oil and products, improving reliability in refinery operation, maximising production of petrol, diesel, bitumen and lube oil base stock, improving pipeline throughput, optimisation of inventories and logistic costs.

IMM provides a platform for inception of new ideas and driving idea management in the Company, resulting in cost saving in operations and processes. These ideas are formally signed-off with SBU's and implemented jointly with all concerned stakeholders. Till date, we have successfully implemented 21 ideas which have resulted in accruing considerable savings to the Company.

## Strategy Management & Implementation Office (SMIO)

Strategy Management & Implementation Office (SMIO) has been formed to implement and monitor the strategic initiatives identified under our long-term strategic plan "UDAAN 2030". All the identified initiatives are mapped with specific owners responsible for the implementation. A well-defined process is in place to monitor the implementation with a three tier review architecture mechanism. The same is supported by a web-based application which gives the current status and monitors the implementation of various initiatives across all business units. Further, to achieve competitive advantage and sustainable performance in the continuously changing environment, we perform periodic external and internal analysis to review adequacy of initiatives and improve the overall effectiveness of the strategy execution.

## Customer Data Privacy

Data security is critical for most businesses and it helps to secure customer details, financial information, sales figures and other key business data, protecting one of the most important assets. We have robust process and systems in place to ensure the data security with respect to the Company and customers' data. Our systems are guided by our comprehensive Information System Security Policy which clearly delineates the roles and responsibilities of all stakeholders.

- Our Production data center hosting critical services and holding sensitive data is certified for ISO 27001:2013 - Information Systems Security Standards. We have implemented best practices as recommended by ISO. These processes / practices are subject to periodical audits by internal as well as external auditors.



State-of-Art Information Systems Center, Hyderabad

- Officers working at data center who safeguard the sensitive data / information are governed by NDA / CDA rules and officers are guided by the Information Systems Security Policy which clearly defines the responsibilities of all the stakeholders.
- Vendors who are engaged in hardware / software maintenance are also governed by Non-Disclosure Agreements and these vendors are accompanied by one of our data center officers.
- Whenever any magnetic media like HDD / tapes are replaced / discarded, they are degaussed before they are sent out of datacenter.
- Multi-factor authentication has been implemented for the entitled users who get access to sensitive data / information over public network. Channel on which information is exchanged between the server and the client over public network is encrypted thereby ensuring secured delivery of such sensitive data to the client.
- All data backups are kept under lock and key in fireproof cabinets.

There have been no incidents of data theft, loss or leak related to customer data and no complaints have been received concerning breaches on data security during the reporting period.

## Delivering Value to Our Communities

Hiring and sourcing locally is a key element in building positive, long-term relationships and can provide business benefits through cost reductions and efficiency improvements. We believe that giving local supply a shot in the arm not only makes great business sense owing to the reduced transportation cost and faster deliveries, it also provides a global platform for local manufacturers to exhibit their products, services and proficiencies. We encourage local sourcing for both people and materials. We also collaborate with host communities around our operations to transform the potential of resource development into sustainable socio-economic development and ensure that we create direct and indirect jobs and business opportunities. We promote local employability and skill development; diversity of workforce; small business development for locals and sustainable business opportunities.

# A Cleaner, Greener Tomorrow

## Environmental Performance

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# Management Approach

We believe that improved sustainability of the environment creates net benefits for our business, our customers and the planet.

Our vision is to provide society with energy that is being developed in a responsible and efficient way. We follow this by instilling and building environmental sustainability into each of our business functions and processes. Our approach has always been to go beyond environmental compliance and achieve best-in-class performance. We realise the impact of our operations on the surrounding environment and therefore, actively manage our environmental performance and maintain a relentless focus on operational excellence.

Our new and expansion projects undergo Environmental Impact Assessment (EIA) studies and many of our installations are equipped with Environmental Management Systems, based on ISO-14001. We have made pioneering enhancements to our core processes and have strategically invested in technologies for achieving enhanced energy efficiency, thus significantly reducing the impact of our business on the environment.

## Environment Policy

The Corporation is committed to conduct its operation in such a manner as compatible with environment and economic development of the community. Its aim is to create an awareness and respect for the environment, stressing on every employee's involvement in environmental improvement by ensuring healthy operating practices, philosophy and training.

### Objectives of this policy are to:

- Adopt environment-sound operating systems, practices and procedures.
- Strive to progressively bring about an improvement in the environmental performance of our facilities by adopting eco-friendly techniques/processes for optimal use of energy and to reduce hazardous emission and wastes.
- Establish procedures and devise suitable method for disposal of toxic, other hazardous waste and scrap.
- Create environment awareness amongst its employees and develop programs for environment protection.
- Comply with the relevant statutory Rules & Regulations and devise appropriate standards on other cases wherever required.
- Maintain highest standards of vigilance and preparedness to respond to emergencies supplemented with mutual aid of neighbouring facilities and Government agencies.
- Endeavour to associate with and support R & D on environment by Government agencies and reputed research institutes.
- Programme reviews and evaluation to measure progress of compliance with the policy.

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Its aim is to create an awareness and respect for the environment, stressing on every employee's involvement in environmental improvement by ensuring healthy operating practices, philosophy and training.

# Material Management

We believe that resource management plays a vital role in our business operations, as it helps maintain a balance between sustainable growth, integrated environmental development and social responsibility.

We are committed towards resource conservation and preservation of environment by adopting best technologies. We practice a holistic approach towards resource utilisation through product innovation, recycling/reuse of waste and process optimisation, among others.

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## Material Usage in Refineries

### Raw materials consumed in 2015-16

CRUDE OIL PROCESSED	
Refinery	Qty (in MMT)
Mumbai Refinery	8.01
Visakh Refinery	9.22
Total	17.23

### SEMI-MANUFACTURED MATERIALS CONSUMED IN 2015-16 (IN MT)

Additives, Chemicals and Catalysts	26,747
RLNG	1,720

### ASSOCIATED MATERIALS CONSUMED IN 2015-16

Lube Oil & Grease (KL/MT)	762
R-22 (KG)	2,135

### MATERIALS RECYCLED IN 2015-16 (IN MT)

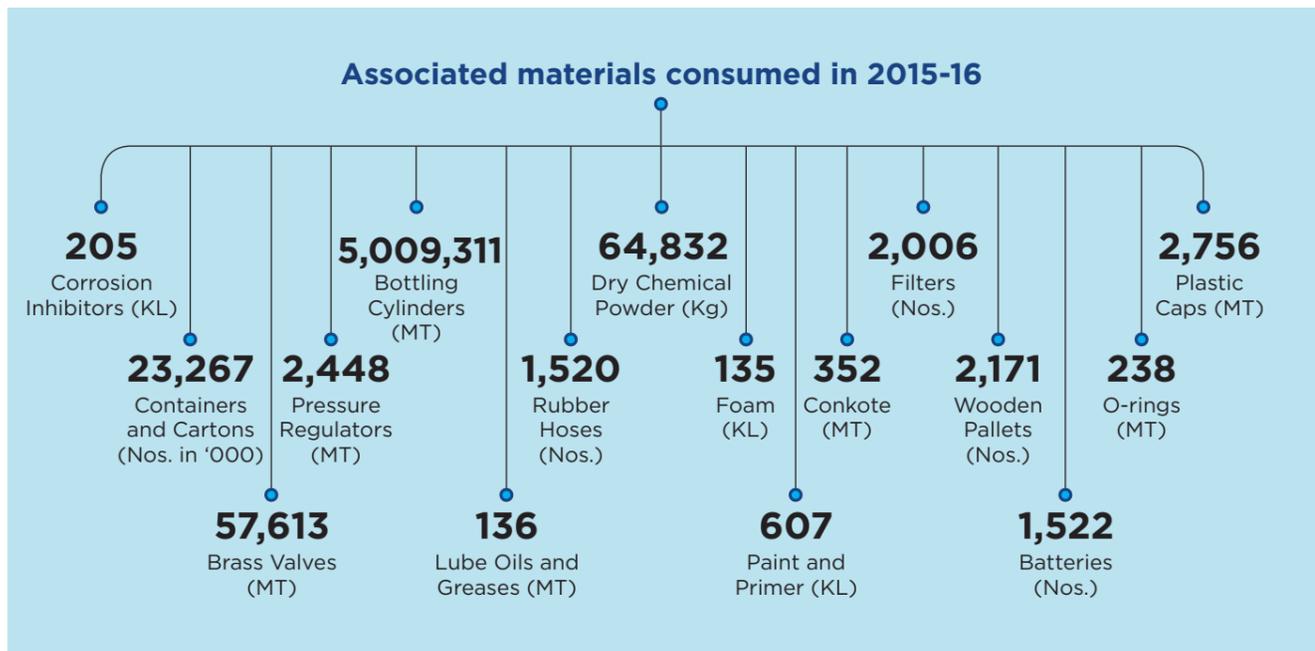
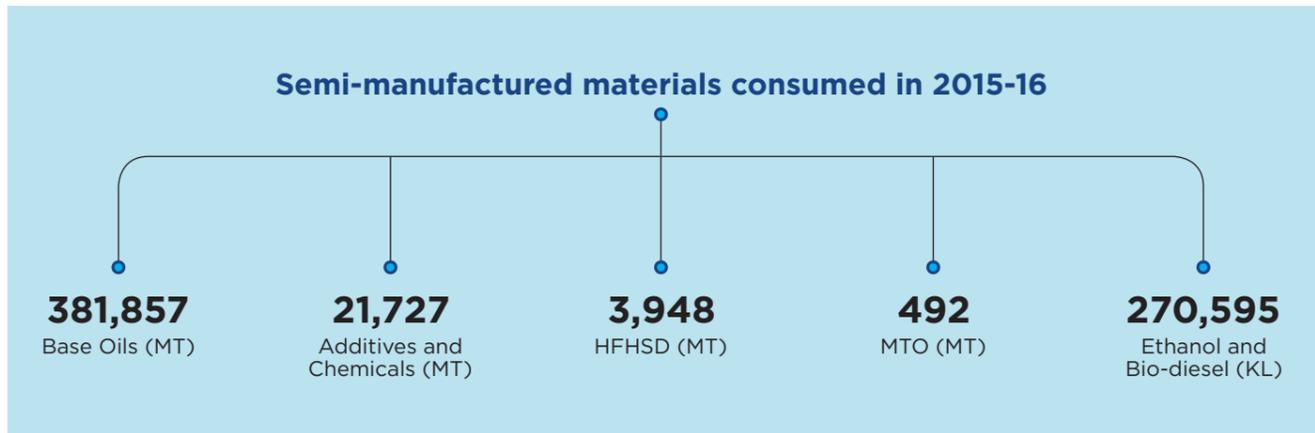
Slop	97,709
Catalyst	1,289

## HP FurnOKare

We have developed cost-effective formulations and processes for online cleaning of furnace tubes without any adverse effects on the tubes, refractory or the unit, thus increasing their life and resulting in cost optimisation. Plant trials have been successfully conducted at both Mumbai and Visakh refineries.

Cost-effective formulations and processes developed for online cleaning of furnace tubes.

## Material Usage in Marketing Locations



## Material usage reduction initiatives at Visakh - Vijayawada Pipeline

- Reduced SKO interface quantity by 50 KL per transfer, thereby resulting in material saving. This was achieved by the implementation of online sulphur analyser and online density trend analysis. In addition, we have replaced gate valves with double block and bleed valves which further helped us reduce the interface quantity by 20 KL per batch
- Introduced a new product, HPCK, for reducing the interface quantity of Euro IV grades
- Designed and constructed innovative, maintenance-free earth pits in rocky terrain, resulting in savings in material and water consumption
- Achieved a material reduction of 60% by changing the design of basket filters from plain mesh to star filters
- Achieved pipeline life enhancement and additive reduction through intelligent pigging of pipelines

Introduced a new product, HPCK, for reducing the interface quantity of Euro IV grades.



Intelligent Pigging at VVSPL

## Material usage reduction initiatives at New White Oil Terminal, Visakh

- Modification of foam line from MS to SS, which resulted in 100% material saving
- Designed and constructed adjustable support systems for pipelines, countering the effects of soil settlement in the terminal, resulting in material conservation

Both the locations, Visakh Vijayawada Secunderabad Pipeline (VVSPL) and New White Oil Terminal (NWOT), Visakh have received Greenco Platinum and Greenco Gold rating, respectively, for their efforts in environment management, including material conservation.

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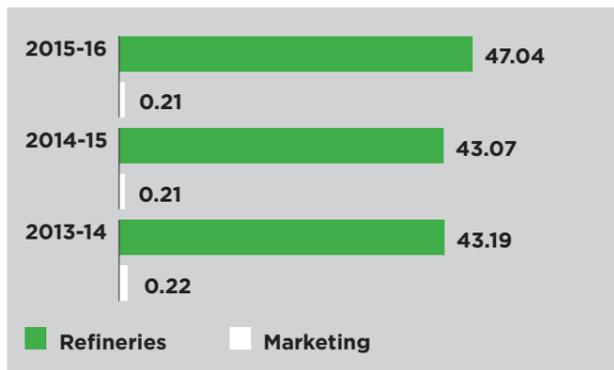
## Energy Performance

Energy efficiency is a vital component in our strategy to improve our environmental performance. We continuously measure, monitor and optimise processes to minimise the consumption of energy while trying to improve our efficiency. To achieve this, we have adopted best practices and energy-efficient technologies across our refineries and all our marketing locations.

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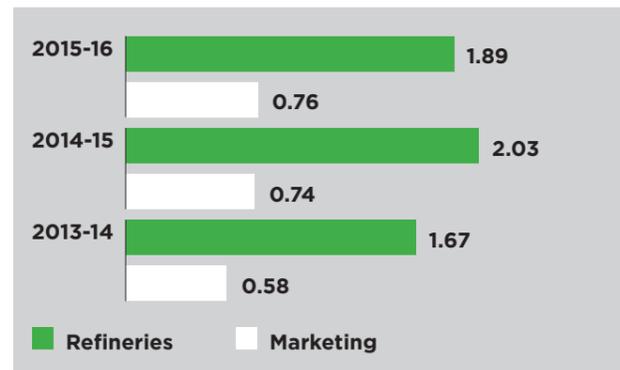
### Direct Energy Consumption within the Organisation

(in Million GJ)



### Indirect Energy Consumption within the Organisation

(in Million GJ)



### Energy Intensity

Mumbai Refinery
Visakh Refinery
Marketing

### 2015-16 (GJ/MT\*)

Mumbai Refinery	2.963
Visakh Refinery	2.731
Marketing	0.014

\* Per MT of crude processed for Refineries, per MT of product throughput for Marketing

There has been an increase in the direct energy consumption this year in the refineries due to the commissioning of secondary facilities like Diesel Hydro Treater (DHT), Diesel Hydro Treater-Hydrogen Generation Unit (DHT-HGU), Diesel Hydro Treater-Sulphur Recovery Unit (DHT-SRU), Continuous Catalytic Regeneration (CCR) and Pressure Swing Adsorption (PSA), among others, at Visakh Refinery, which consume power, steam and fuel, without any increase in crude throughput.

### These installations serve the following benefits:

- DHT: Production of Euro-IV HSD as per auto fuel policy
- DHT SRU: Increase in Sulphur recovery, thereby reducing SO<sub>2</sub> emissions by 0.5 tons/day
- CCR PSA: Recovery of hydrogen from CCR net gas resulting into saving of valuable hydrogen fuel

Similarly, in Mumbai Refinery, due to higher processing in 2015-16, there has been increased energy consumption in DHT, DHT-SRU, Fluid Catalytic Cracking Unit (FCCU) and Lube Units.

### Energy Conservation Initiatives

Energy efficiency is one of the important ways to manage our carbon emissions. We believe that efficient management of energy not only results in monetary savings but also helps to curb the impact on the environment. We have implemented long-term and short-term energy conservation strategies by identifying potential areas for improvement. We have also adopted various clean technologies across our refineries and all our marketing locations to minimise our carbon footprint and reduce the energy consumption. We harness green energy at our locations in the form of wind and solar energy.

### Energy Conservation Initiatives at Refineries

Our refineries in Mumbai and Visakhapatnam have implemented various energy conservation initiatives in terms of process improvement, modifications and adoption of latest technologies. We have given special focus on hydrogen management, hydrocarbon leak detection surveys, continuous monitoring of excess air in furnaces and steam leaks. During the year, Visakh Refinery achieved best ever Energy Intensity Index (EII) of 109 and Mumbai Refinery achieved EII of 108. Through our various initiatives, we have saved 19,170 SRFT/year at the two refineries.

Refinery	Saving due to energy conservation measures (SRFT/year)
Mumbai	11,288
Visakh	7,882
Total	19,170

**We have implemented long-term and short-term energy conservation strategies by identifying potential areas for improvement.**

### Mumbai Refinery



Diesel Isotherming Unit at Mumbai Refinery

- We have successfully carried out revamp of existing Diesel Hydro Desulphurization (DHDS) and have implemented the IsoTherming technology, which is the first of its kind in the country. This has resulted in enhanced capacity, improvement in energy efficiency and better product quality of HSD (BS IV).
- For minimising fuel requirement, the Mumbai Refinery has taken up the opportunity of Turnaround & Inspection (T&I) in Fuel Refinery Expansion - Atmospheric Pipe Still (APS)/Vacuum Pipe Still (VPS) for restoring the efficiency of the equipment to their original levels. Online chemical cleaning of other furnaces in Fuel Refinery-VPS/Fuel Refinery Expansion-VPS/Lube Refinery-VPS/Solvent Extraction Unit-II/Solvent Extraction Unit-III units was carried out. This periodical cleaning activity has brought back furnace efficiency to design conditions, resulting in savings in fuel consumption.
- Maximised the yield of CCR of New Fluid Catalytic Cracking Unit (NFCCU) feed, which has led to less fuel firing in the furnace, thereby saving 3,200 SRFT.
- New Flare Gas Recovery compressors were installed resulting in the recovery of flare gas from HC flare header. This is reused as refinery fuel gas.
- Revamp of Lube Refinery-VPS Furnace from natural to balanced draft has resulted in reduction in stack temperature and increase in furnace efficiency by 9%, thereby saving 1,038 SRFT.
- To curb heat losses on steam lines, conventional insulation has been replaced with perlite insulation on preferential basis, which will be extended to entire steam network. Zero steam leak concept was introduced unit wise with focus on steam leak.
- Installation of free float steam traps in Propane Dewaxing Unit (PDU) has resulted in savings of 1,085 SRFT.

**Maximised the yield of CCR of New Fluid Catalytic Cracking Unit (NFCCU) feed, which has led to less fuel firing in the furnace, thereby saving 3,200 SRFT.**

### Visakh Refinery

- We have commissioned a CCR Pressure Swing Adsorption (PSA) facility at Visakh Refinery. With pure hydrogen from CCR, the load on hydrogen-generating units has reduced, resulting in improved energy efficiency and reduction in Opex.
- New HVGO-LP steam generator was commissioned in CDU-2, thus enabling recovery of waste heat from HVGO stream.
- Installed and commissioned Flare Gas Recovery facility to recover hydrocarbon gases from flare for re-using as refinery fuel.
- Carried out chemical cleaning of furnaces, which assists in the removal of soot deposits in radiation and convection sections, thereby improving heat transfer between fuel fired and process stream.
- Installed and commissioned a dedicated facility for draining oil water emulsion from ATP crude tanks for reducing sewer evaporation losses.
- At CDU-1, shell side modification has been achieved by providing helical baffles for preheat improvement.
- Periodic surveys for identifying compressed air leaks were carried out and actions taken for arresting the same.

### Energy Conservation Initiatives in Marketing

Like our refineries, all our marketing locations also contribute actively towards energy conservation. This is backed with strict monitoring of specific energy consumption, regular energy audits and meticulous implementation of audit findings, which has helped us in performance improvement. Our marketing locations have undertaken the following initiatives:

- Replacement of conventional lights with LED fixtures at locations and retail outlets.
- Light Emitting Plasma (LEP) was implemented at Khapri LPG Plant and Lucknow depot on pilot basis, which has resulted in 65% saving in electricity consumption.
- Solar PV plants installed at 575 retail outlets, taking the total to 805 nos.
- Installation of 5-star energy-efficient air conditioners and occupancy sensors.
- Installation of energy-efficient motors and equipment.
- Maintaining power factor near unity by using the capacitor banks.
- Installation of energy-saving modules and intelligent lighting panels for lighting loads.
- Educating employees and contract workmen on energy conservation.



LEDs with Solar Panels at our location

### Signet NMTA Additives: An environment friendly refrigerant oil

At Rajamundry Terminal, Signet is used for air conditioners which are more than three years old to increase the efficiency of compressor and reduce the running time of compressor. Refrigerant carries oil from the compressor into the evaporator and condenser and creates a layer of oil on the inner surface of copper pipes. This layer works as insulation and reduces heat transfer between air and refrigerant and slows flow of refrigerant. 'Signet-PF' is an environment-friendly thermo-conductive additive, which improves cooling efficiency and helps in energy conservation.

### Variable Frequency Drive (VFD)

The installation of Variable Frequency Drive (VFD) for product pumps and integration of VFD with Terminal Automation System (TAS) have resulted in automatic monitoring of pressure in the product header lines to tank truck gantry, resulting in automatic ON-OFF of product pumps.

During loading, if the set pressure is maintained in the header line, the RPM of the pump is reduced, which causes less consumption of electricity. We have Installed VFD for MS, HSD and SKO pumps at various locations across the country.

## Managing Our Footprint

The planet is witnessing record temperatures every year and there is an increasing trend indicative of the effects of climate change. There is a significant relationship between economic development and climate change. On one hand, climate change influences natural and human living conditions, while on the other hand, society's priorities on development influence Greenhouse Gases (GHG) emissions that are causing climate change. Owing to the nature of our industry, we are aware of the effects of emissions as a result of our activities. We consider it our responsibility to reduce our impact by taking mitigating steps. The table below displays a comparative analysis of Scope 1 and Scope 2 emissions for the last three financial years:

### Scope 1 Emissions

(GHG Emissions due to burning of fuels for generating energy within the premises)

#### DIRECT GREENHOUSE GAS EMISSIONS (IN MILLION METRIC tCO<sub>2</sub>e)



Direct GHG emissions have increased due to commissioning of new secondary facilities and increase in secondary processing at refineries, which has resulted in cleaner fuel and reduction in SO<sub>2</sub> emissions.

### Scope 2 Emissions

(GHG emissions from the generation of purchased electricity)

#### INDIRECT GREENHOUSE GAS EMISSIONS (IN MILLION METRIC tCO<sub>2</sub>e)



Sources: Emission factors - IPCC; Calorific value - Internal values

No specific base year has been considered for reporting the data

\*The data for marketing locations for 2014-15 has been restated due to recalculation.

### EMISSION INTENSITY (tCO<sub>2</sub>e/MT)\*

	2015-16
Mumbai Refinery	0.244
Visakh Refinery	0.202
Marketing Locations	0.003

\* Per MT of crude processed for Refineries, per MT of product throughput for Marketing  
Emission intensity calculations are worked out on the basis of Scope 1 and Scope 2 emissions.

### Scope 3 Emissions

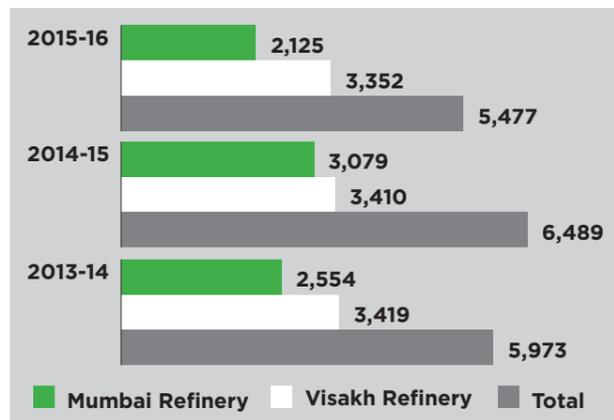
In 2014-15, we had started monitoring our Scope 3 emissions (other indirect GHG emissions); and this year, we have undergone a more comprehensive accounting of the same. We accounted Scope 3 emissions from product transportation by different modes such as rail, roads and ships. The total Scope 3 emissions for movement of products by rail, road and ship in 2015-16 was 0.525 million metric tCO<sub>2</sub>e.

**The total Scope 3 emissions for movement of products by rail, road and ship in 2015-16 was 0.525 million metric tCO<sub>2</sub>e.**

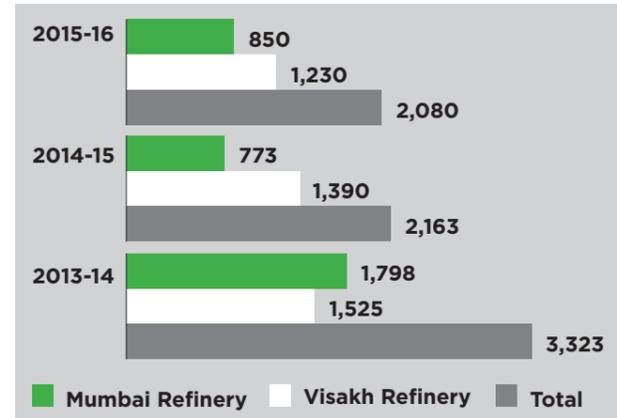
### Air Emissions

We constantly monitor our emissions and are committed to reducing air emissions to preserve and promote healthy ecosystems, including nitrogen oxides (NOx) and sulphur dioxide (SOx). All quality parameters of the ambient air were conforming to the National Ambient Air Quality Standards (NAAQS) during the year.

#### SOx (MT)



#### NOx (MT)



We have taken several initiatives to reduce the air emissions resulting from our operations. In 2015-16, there has been a decrease in the SOx and NOx emissions compared to the previous year.

### Emission Reduction Initiative at Refineries

Being committed towards environmental conservation, our refineries have been upgrading and adopting sound technologies for the reduction of emissions.

- Visakh Refinery has successfully commissioned Tail Gas Treating Unit (TGTU) in the Sulphur recovery trains at DHDS, thus achieving 99.9% Sulphur recovery.
- Mumbai Refinery has commissioned Flue Gas Scrubber (FGSU) at Old FCCU for the reduction of SOx emissions and Suspended Particulate Matter.

**In 2015-16, there has been a decrease in the SOx and NOx emissions compared to the previous year.**

- Low NOx burners are installed in Mumbai Refinery for NOx emissions reduction. Ultrasonic mass flow meters are installed for continuous monitoring of flare.
- In Mumbai Refinery, treatment of fuel gas in Fuel Gas Desulphurisation unit results in the reduction of the Sulphur content before being fired in furnaces and boilers for reduction in SOx emissions. In addition, Tail Gas Treating Unit is installed in Sulphur recovery units with 99.7% efficiency for the recovery of elemental Sulphur in continuous operation.

### Emission Reduction Initiatives at Marketing Locations

- HPCL has become the first PSU company to commission bio-diesel facility for Central Railway.
- We are blending MS with ethanol up to 10% and blending HSD with 5% bio-diesel at select locations. At all-India level, we have achieved 3.3% blending, which is higher than the Industry average.
- A zero emission electric car was introduced by Aviation SBU for the movement of our officers on the airport apron, while supervising the fuelling process. This initiative is undertaken at two of our locations viz., Dum Dum and Juhu ASF. In addition to zero emission, the car is also cost effective. We plan to take this initiative further to other ASF locations.
- Green House was constructed at MDPL Bahadurgarh on the occasion of World Environment Day 2015 to provide better growing environment to plants.



Bio-Diesel for Locomotives

We have been making huge investments in pipeline infrastructure. In 2015-16, we commissioned 443 Km long Rewari Kanpur Pipeline. By increasing the network of our pipelines, we have significantly cut down on the emissions, resulting from transportation of products by road or rail.



Green Belt at our location

### Green Cover

We have carried out scientific tree plantation at various marketing locations. The scientific approach focuses on planting tree species which have high carbon sequestration potential and low requirement of water. During the year, scientific study was conducted at 13 O&D locations and greenbelt developed at 11 locations to suit the agro climatic conditions.

World Environment Day was celebrated and 1,50,000 saplings planted in the designated locations of Visakhapatnam as part of the Green Visakh Programme.

Moving towards a greener and cleaner environment, our Visakh White Oil Terminal has come up with a unique initiative of developing an organic vegetable garden in 2 acres of land.

The total green cover in HPCL, including both refineries and marketing locations, is more than 1,060 acres.

# Commitment towards Green Energy

With the growing concern of climate change and limited availability of fossil fuels, there has been an increased thrust on the use of renewable energy for our operations.

Being part of the oil industry, we understand our impact on environment; and to tackle this, we continue to progress towards the usage of renewable energy in our operations. In this regard, we have implemented various renewable energy projects at our refineries and marketing locations. We have made significant investments in renewable energy projects such as solar energy and wind energy.

## Solar Energy

This year, we achieved a major milestone by successfully commissioning our first grid connected captive solar PV plant of 258 kWp capacity at Ennore Terminal, Chennai, with a total cost of ₹ 279 lacs. The estimated annual generation from the plant would be around 4.13 lacs KWh, which would be used for captive purpose by Ennore terminal, resulting in annual cost savings of around ₹ 29 lacs.

We have approximately 1,016 kWp of installed capacity of solar energy and have generated 335,610 kWh solar energy in the reporting year. We have installed solar PV and solar lights of different capacities at multiple locations.

We have also undertaken a 5 MW Grid Connected Solar PV Power Plant project at Ghatkesar Terminal in Andhra Pradesh.



258 kWp Solar PV Power Plant at Ennore Terminal

## Wind Energy

Currently, we have 50.5 MW installed capacity; it generated approx. 44,700 MWh of electricity in the reporting year. Augmentation project for additional 50.4MW wind power capacity is under implementation.

## Building Green Premises

We are committed to transforming the way our buildings are designed, constructed and operated. We strive to create spaces that are environment friendly and healthier for us to work. We promote sustainability through our focused practices and the testimony to our commitment is HP Green R&D Centre at Bengaluru. It is equipped with state-of-the-art research and development facilities to support refineries and develop innovative and path-breaking technologies for licensing.

The design and the construction of the building is done in line with the latest Green Rating for Integrated Habitat Assessment (GRIHA) and International Green Building Council (IGBC) norms.

Some significant green features of the facility are highlighted below:

### Green Features of the Facility

- The facility is designed to enhance natural light and reduce dependency on artificial light
- The premises have glazing with reflective and high-efficiency glass for reduced solar heat gain
- There is a green belt around the entire facility
- Low and ultra-flow fixtures and auto flushing sensor/control systems are installed
- Installation of sewage treatment plant and effluent treatment plant with combined capacity of 75 KLD
- A 300 kWp solar power plant is installed
- The facility is equipped with occupancy sensors, daylight sensors, lumen maintenance and energy efficient motors
- There are high performance chillers installed with reduced flow rate, leading to conservation of energy
- Heat Recovery Wheel (HRW) is installed for pre-conditioning of incoming fresh air and maintaining humidity
- Building management system has controls to monitor the building's mechanical and electrical equipment such as ventilation, lighting, power systems, fire systems and security systems

**We promote sustainability through our focused practices and the testimony to our commitment is HP Green R&D Centre at Bengaluru.**

# Water Management

Conservation and judicious use of water has always been one of the major commitments at HPCL. We regularly monitor our water consumption and initiate appropriate measures for reducing our dependency on fresh water consumption.

We believe that actively managing water for our operational water usage helps us to meet our business needs as well as those of our communities. Our operations and processes need large amount of water, hence our refineries and marketing locations are adopting various water conservation measures. These measures range from phytoremediation, zero water discharge, Effluent Treatment Plant (ETP) and Sewage Treatment Plant (STP), rainwater harvesting, etc.

We have ensured optimal water usage by installing efficient fixtures in our administrative buildings and operational premises. In order to increase the awareness amongst our employees, we organise various campaigns and seminars on water conservation regularly.

**We believe that actively managing water for our operational water usage helps us to meet our business needs as well as those of our communities.**

## Water Consumption in 2015-16

### WATER WITHDRAWAL BY SOURCE (IN '000 KL) IN REFINERIES

Source	Withdrawal in ('000 KL)
Municipal	10,658
Sea Water	93,652
Rainwater harvested and collected for reuse	173
Total	104,483

### WATER WITHDRAWAL BY SOURCE (IN '000 KL) IN MARKETING

Source	Withdrawal in ('000 KL)
Groundwater through borewell	802
Reservoir/lakes	35
Municipal	344
River/Canal Water	53
Tanker	193
Rainwater harvested and collected for reuse	38
Fresh water from other organisation	36
Total	1,501

### SPECIFIC WATER CONSUMPTION (IN KL/MT)\*

Refineries	6.063
Marketing	0.021

\* Per MT of crude processed for Refineries, per MT of product throughput for Marketing

### TOTAL WATER RECYCLED ('000 KL) IN 2015-16

Refineries	18,666
Marketing	475
Percentage of water recycled/ reused	18%

## Water Conservation Initiatives

We consider water management as a top priority and have undertaken significant measures to reduce and optimise the consumption of water.

### Water management initiatives taken at refineries:

- We have state-of-the-art Integrated Effluent Treatment Plant (IETP) at Mumbai Refinery which is a "Zero Liquid Discharge" ETP since April, 2014. In 2015-16, treated water recycled from IETP at MR was 636,381 KL.
- Ground Water Quality Monitoring – Ground water aquifers are recharged during rainy season employing roof top rain water harvesting and being monitored for quality (IS 10500: 1991) regularly with a network of bore wells spread across entire geographical area of Mumbai Refinery.

Water Management practices adopted at various Marketing locations:

- Micro Drip Irrigation system implemented for optimum use of water for irrigation
- Installation of efficient irrigation systems with timers, spray nozzles and sprinklers etc
- Installation of water efficient fixtures such as auto push type/sensor based taps
- Recycling of Tank Truck Calibration water
- Re-using water from hydro testing of product tanks
- Recirculation of water in the cylinder washing/ hydrotesting units
- Rejected water from Reverse Osmosis (RO) plant for flushing of toilets and treated water from ETP used for gardening purpose

### Other Initiatives

Rainwater harvesting is one of the many solutions for tackling the current global challenge of water scarcity. It entails accumulation of rainwater and then recharge or re-use the collected rain water. We have been employing both the practices at various locations. We have implemented rainwater harvesting at both the refineries and 94 marketing locations.

- At our Talegaon booster station of MPSPL, bore wells are the main source of water for our operations. We have undertaken rain water harvesting for recharging the borewells and storing the rain water in existing RCC tank. This has helped us to increase the life of the existing bore wells and the stored water is being re-used for various purposes like gardening and housekeeping, resulting in reduction in fresh water intake. The total water saving accrued from rain water harvesting system at this location is 740 KL/ year.

### Artificial Pond at New White Oil Terminal

A natural depression within the area of terminal has been used to create an artificial pond. The uneven area of the depression was stone pitched to create an appropriate collection pond for rain water harvesting. The current capacity of this pond is 2,800KL which is used for gardening purposes at the terminal. This has resulted in decrease in overall consumption of fresh water at the location.

### Construction of open well at Mangalore LPG Import Facility (MLIF)

With a view to further enhance our capacity of rain water harvesting, a well has been constructed at MLIF with a capacity of 470 KL.

**We have state-of-the-art Integrated Effluent Treatment Plant (IETP) at Mumbai Refinery which is a "Zero Liquid Discharge" ETP since April, 2014.**



Micro Drip Irrigation at our location

**We have implemented rainwater harvesting at both the refineries and 94 marketing locations.**

# 470 KL

**Capacity of open well at MLIF**

The project was undertaken after an appropriate scientific study of the yield and location. The well is constructed in a very strategic manner, so that in addition to ground water, it also collects water from storm water drains. The yield of this project is 100 - 125KL/day which fulfils the requirements of both MLIF and Mangalore Dispatch Station (MDS) of Mangalore-Bangalore LPG Pipeline.

As Mangalore is a heavy monsoon region, there is a lot of potential for such initiatives. With this project, we have saved on water consumption with savings of ₹ 35 lacs/annum.

**Handbook on Water Management Practices:**

A book on "Sustainable Water Management Practices" has been released to spread awareness and best practices for water conservation within the organisation. The book is focused on approach to water management i.e. Reduce, Recycle/Reuse and Recharge. The book also describes various measures to monitor and minimise water consumption.



Handbook on "Sustainable Water Management Practices"



Rain Water Collection pits at VVSPL

# Waste Management

We focus on reducing waste across all our operations, right from the manufacturing facilities to distribution of the products.

As a responsible corporate, we have undertaken various measures towards safeguarding the environment by disposing the waste resulting from our operations in an environmentally sound manner. Our operations generate both hazardous and non-hazardous wastes and we dispose our hazardous waste generated in all our locations and refineries through MOEF&CC/CPCB registered recyclers or re-processors as per the statutory requirement.

As a responsible corporate, we have undertaken various measures towards safeguarding the environment by disposing the waste resulting from our operations in an environmentally sound manner.

## Waste Management in Refineries

The key waste items generated at our Refineries during the year have been categorised as follows:



We continuously make efforts to implement new technologies for better waste management. In 2015-16, Mumbai Refinery has disposed 1,891 MT of spent catalysts to the registered "Common Hazardous Wastes Treatment Storage Disposal Facility" (CHWTSDF) operated by Mumbai Waste Management Limited. Visakh Refinery has disposed off around 524 MT of various hazardous waste materials to the authorised Central Pollution Control Board (CPCB) reprocessors.

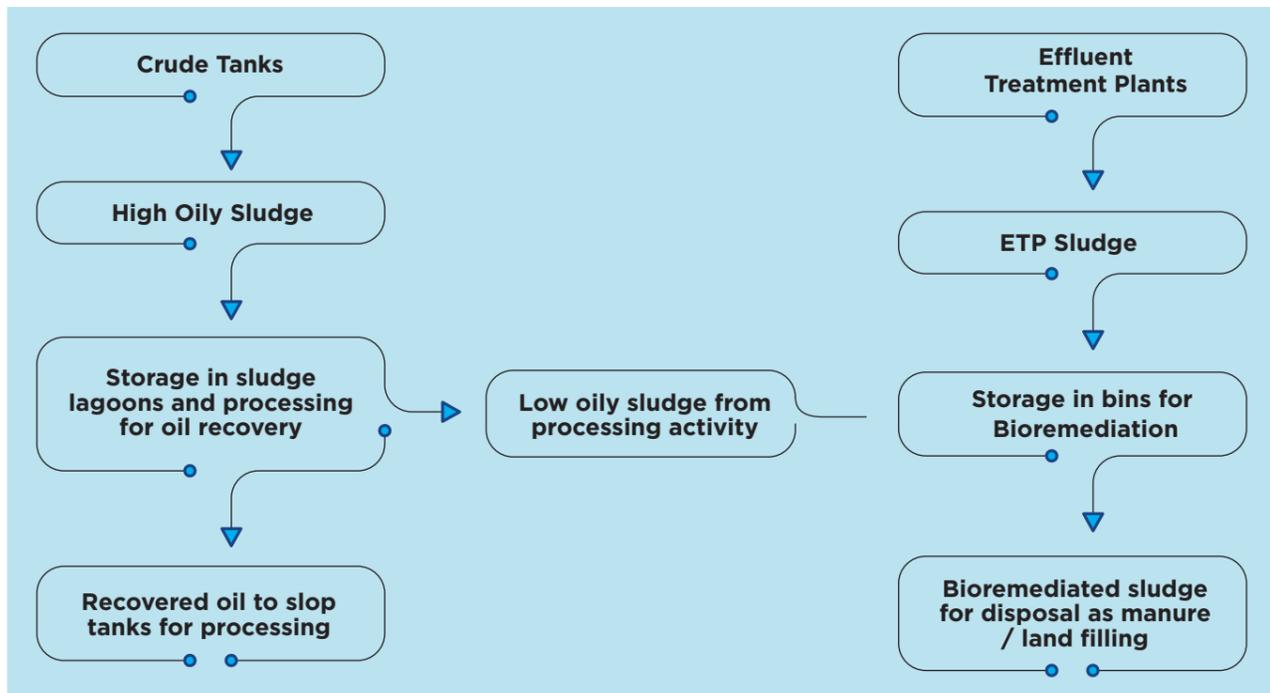
**Waste Management Initiatives at Refineries:**

We make concerted efforts to recover oil from the sludge and have undertaken development of bio surfactant formulation for enhanced oil recovery from petroleum sludge.

We introduced an 'Oil-zapper' technology to treat oily sludge through bioremediation process after mechanical recovery of oil which has further helped in effective waste management. This technology is indigenously developed with The Energy and Resources Institute (TERI) and classified as bio-augmentation method. We have treated 480 m3 of oily sludge through bioremediation and 5,992 m3 of oily sludge was processed during the year from ETP-II lagoons for oil recovery in Visakh Refinery.

The process of Bioremediation is represented through the flow diagram:-

**We introduced an 'Oil-zapper' technology to treat oily sludge through bioremediation process after mechanical recovery of oil which has further helped in effective waste management.**



**HP-BioActiva**

Our R&D center has developed a unique bio-additive "HP- BioActiva" for improving the performance of the wastewater treatment process. The product is developed in-house and is a replacement for imported materials being used. This has not only improved the overall efficacy of the treatment process, but has also reduced the overall cost.

**Waste Management at Marketing locations**

**HAZARDOUS WASTE GENERATED IN 2015-16**

Oily Sludge (MT)	1,271
Paint Sludge (MT)	13
Chemical Containers (Nos.)	3,141
Scrap Batteries (Nos.)	807
Used Oil (KL)	22
Insulation wool waste (MT)	8
Filter Elements (Nos.)	1,263
E-waste (MT)	4
Oily soaked cotton waste (MT)	5
Rubber Waste (MT)	11

**NON-HAZARDOUS WASTE GENERATED IN 2015-16**

Metal Scrap (MT)	2,585
Plastic Waste (MT)	23
Wooden Scrap (MT)	46
Metal Containers (Nos.)	3,83,038
Plastic Containers (Nos.)	59,353
Filters (MT)	72
Paper Scrap (MT)	6
Scrap Equipment (Nos.)	223

**Waste management Initiatives at Marketing locations:**

**Phytoremediation**

In addition to be a step ahead in waste management, we have introduced the concept of Phytoremediation for treating sewage water which is considered as the most sustainable way of treating the liquid waste. Phytoremediation is the direct use of living green plants for in-situ removal or degradation of contaminants in sewage, sludge or other waste water. Through this technology, plants are used efficiently to detoxify or immobilise contaminants in wastewater. So far, we have constructed phytoremediation plants at six marketing locations with a cumulative capacity of approximately 60 KLD.

**Phytoremediation is the direct use of living green plants for in-situ removal or degradation of contaminants in sewage, sludge or other waste water.**

- Composting pits and organic waste converter machines have been deployed at various locations for converting organic waste to manure.
- Several locations have reused solid waste by creating storage boxes out of wooden pallets, metal stands from metal scrap, waste bins and storage containers from empty drums, etc.



Phyto Remediation Unit at VWOT

**Compliance**

We have taken conscious steps to ensure all our operations comply with the environment regulations applicable to our business. In the current year, there have been no significant fines or sanctions imposed for non-compliance with the regulations.

# Greenco Implementation at HPCL



CII-Greenco Gold Rating to VWOT

'Greenco Rating System', developed by CII-Godrej Green Business centre, is a holistic framework to assess the systems and performance of the Company's activities on the green front. This rating system finds a mention in India's INDC document, submitted to UNFCCC, as first of its kind initiative in the world which assesses companies on their performance on ten different parameters.

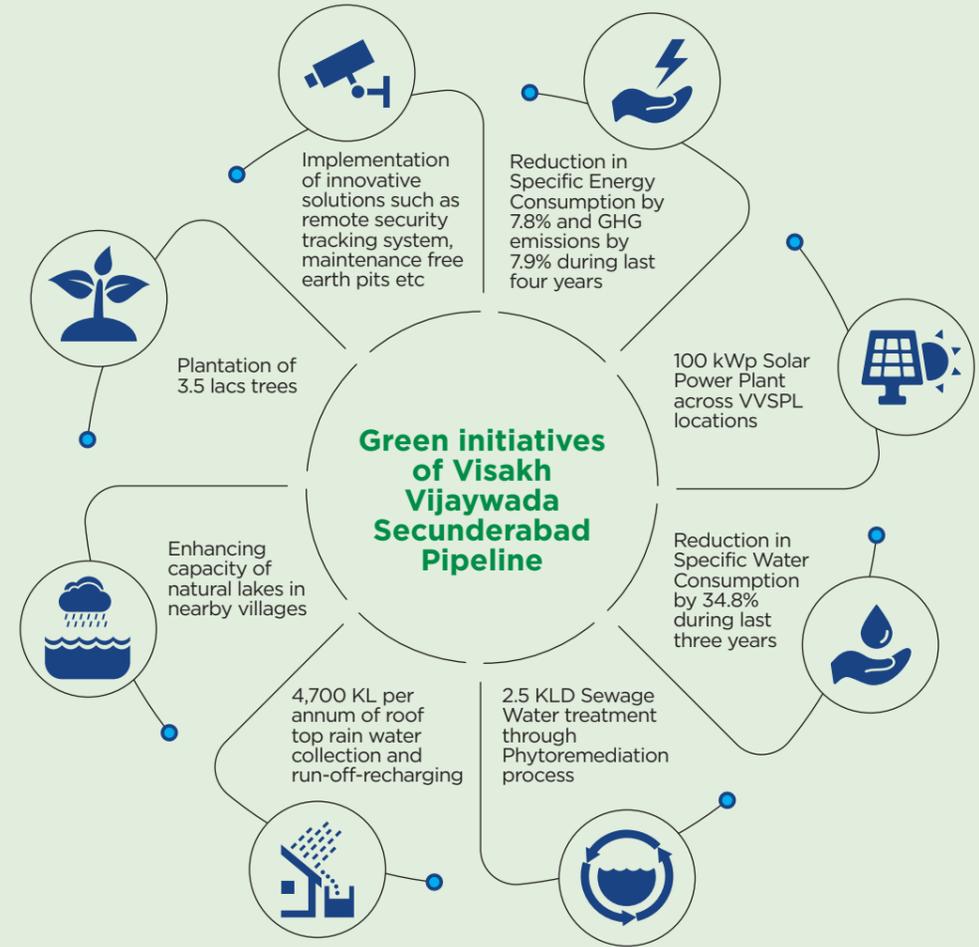
Greenco Rating is designed to promote awareness and adoption of environment friendly measures. The rating framework is based on following parameters: Energy Efficiency, Water Conservation, Renewable Energy, GHG Emission Reduction, Material Conservation and Recycling, Waste Management, Green Supply Chain, Product Stewardship.

HPCL is the only company in the Oil and Gas Sector and the only PSU in the country to have engaged with CII-Godrej Green Business Centre for Greenco Rating System.

While graduating from "Silver" Rating bagged by two of our locations in 2014-15, this year two of our locations viz. Visakh Vijayawada Secunderabad Pipeline (VVSPL) and Visakh White Oil Terminal have achieved "Platinum" and "Gold" rating respectively under Greenco. VVSPL has become the first location in the Oil and Gas Industry and 7th among all Greenco rated companies in India (including private sector companies) to have attained 'Platinum' rating.



Our Achievements in Greenco



# Enhancing core Strength

## People Performance

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Harmony with nature

# Management Approach

At HPCL, we recognise that our performance depends on our talented and highly skilled workforce. We continuously strive to build a positive work culture, which is nurturing, democratic and progressive. Our human resource strategy and policies emphasise on continuous growth and development of our people, engaging the right talent and enhancing performance parameters for each employee.

We take the complete onus for the overall development of workforce by focusing on various aspects such as talent management, capacity building, employee engagement, career development, coaching, mentoring and succession planning. We also value and nurture the contributions of our people and provide them with a platform where their ideas can grow and flourish. We encourage feedback from employees and work positively towards mitigating their grievances.

We believe that through such focused and continuous engagement with employees, we can build a truly inclusive and empowered enterprise.

**People are at the core of our business and we provide our employees with an inspiring and collaborative work environment. We take pride in being an employer of choice for many people across the country; and it is this diversity that is also represented in our workforce.**

# People Management

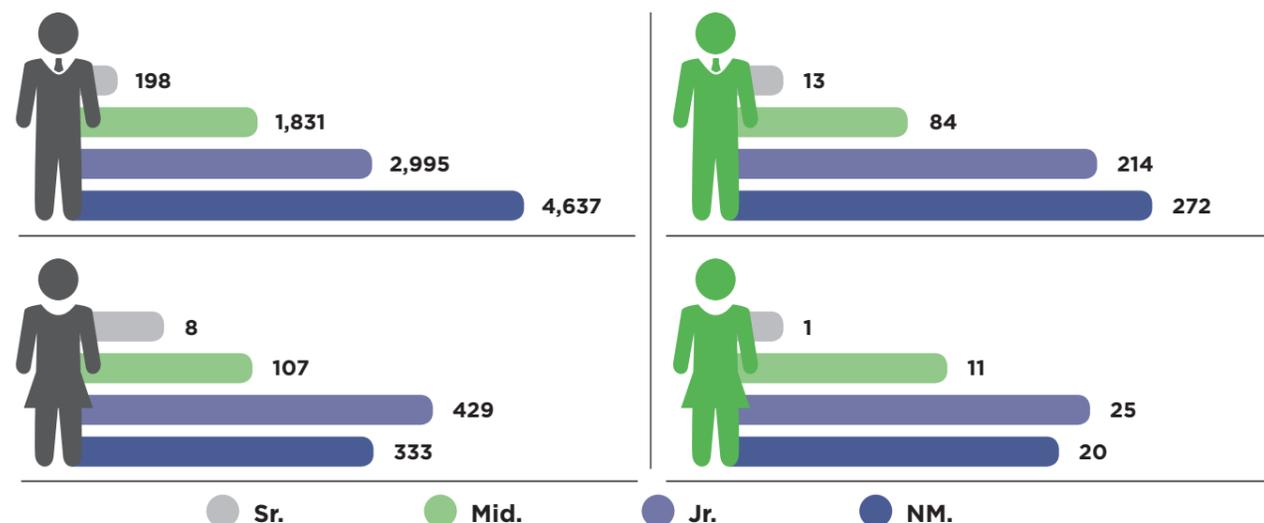
People are at the core of our business and we provide our employees with an inspiring and collaborative work environment. We take pride in being an employer of choice for many people across the country; and it is this diversity that is also represented in our workforce. We are proud of our large and diverse pool of talent and are continuously designing programmes and processes to aid in their overall development - both within the organisation as well as in their personal lives.

**Total Number of Employees by Category and Gender**

**10,538**

**Total Employee Turnover by Category and Gender**

**640**



We have 16,260 contract labours in our Marketing and HQO locations and 8,812 contract labours in our Refineries.

Note: (The figures for turnover include numbers of retirement and death during service.)

01	Sr.	Mid.	Jr.	NM.	Total
Current	71	245	308	209	833
Turnover	8	12	94	15	129
New	0	0	124	0	124

02	Sr.	Mid.	Jr.	NM.	Total
Current	49	184	182	127	542
Turnover	2	5	15	8	30
New	0	0	72	2	74

03	Sr.	Mid.	Jr.	NM.	Total
Current	19	212	388	891	1,510
Turnover	0	14	18	42	74
New	0	0	44	20	64

04	Sr.	Mid.	Jr.	NM.	Total
Current	16	176	385	600	1,177
Turnover	1	13	17	22	53
New	0	0	39	25	64

05	Sr.	Mid.	Jr.	NM.	Total
Current	15	167	336	379	897
Turnover	1	8	16	14	39
New	0	0	33	0	33

06	Sr.	Mid.	Jr.	NM.	Total
Current	5	133	201	322	661
Turnover	0	5	9	20	34
New	0	0	60	1	61

07	Sr.	Mid.	Jr.	NM.	Total
Current	9	254	456	1,051	1,770
Turnover	2	19	24	77	122
New	0	0	60	2	62

08	Sr.	Mid.	Jr.	NM.	Total
Current	5	139	241	454	839
Turnover	0	5	9	61	75
New	0	0	27	2	29

09	Sr.	Mid.	Jr.	NM.	Total
Current	4	107	278	223	612
Turnover	0	3	8	10	21
New	0	0	18	1	19

10	Sr.	Mid.	Jr.	NM.	Total
Current	4	73	192	138	407
Turnover	0	2	7	5	14
New	0	0	20	1	21

11	Sr.	Mid.	Jr.	NM.	Total
Current	9	248	457	576	1,290
Turnover	0	9	22	18	49
New	0	0	43	2	45

12	Sr.	Mid.	Jr.	NM.	Total
Current	206	1,938	3,424	4,970	10,538
Turnover	14	95	239	292	640
New	0	0	540	56	596

**Sr.** Senior Management

**Mid.** Middle Management

**Jr.** Junior Management

**NM.** Non-Management

- 01 Corporate HQO
- 02 Marketing HQO
- 03 Mumbai Refinery
- 04 Visakh Refinery
- 05 North Zone
- 06 South Zone

- 07 West Zone
- 08 East Zone
- 09 North West Zone
- 10 North Central Zone
- 11 South Central Zone
- 12 Total

**Current:** Total number of employees

**Turnover:** Employee turnover

**New:** Number of new employees hired

Notes: 1. Figures shown in current rows are as of 31.03.2016.  
2. The figures for turnover include numbers of retirement and death during service in 2015-16.

### Total New employees hired by Category and Gender

# 596

- Jr.
- NM.



Note: (No new employees were hired at the Senior Management and Middle Management level.)

### Employee Turnover – Age-group Wise

	<30 years	30 – 50 years	>50 Years	Total
Senior Management	0	0	14	14
Middle Management	0	2	93	95
Junior Management	190	15	34	239
Non-Management	1	11	280	292
Total	191	28	421	640

Note: (The figures for turnover include numbers of retirement and death during service.)

### New Employee Hired Age-group Wise

	<30 years	30 – 50 years	>50 Years	Total
Junior Management	511	29	0	540
Non- Management	50	6	0	56
Total	561	35	0	596

Note: (No new employees were hired at the Senior Management and Middle Management level.)

## Building Capabilities

We consider people as the most valuable assets who form the basis for our continued success and growth. The talent and tenacity of our people enable us to achieve our business vision and aspirations. We take it as our responsibility to enhance the knowledge pool of our employees through effective training programmes. Our training needs are identified across the business regularly and priorities are analysed to ensure that learning plans support our business strategy. These programmes help our employees gain new skills and experiences through formal training sessions, on-the-job experience, coaching and mentoring.

Our training programmes are primarily categorised into behavioural and functional trainings. Behavioural trainings are in line with the Behavioral Competency Framework (BCF), which targets the personal development of the employees. Similarly, functional trainings impart technical knowledge specific to

business lines as per the needs and requirements of the job.

We also consider it to be our responsibility to help the employees in organising their career ending effectively and hence, we organise various trainings and awareness sessions every year for retiring employees.



Business simulation by young officers

### Training Record

	Employee Category	Male	Female
Training Mandays	Management	30,274	3,172
	Non-Management	14,811	113
	Contract Workmen	60,629	1,233
	Transporter Workmen	61,187	0

We organise training sessions for senior leadership, officers and non-management employees. Below is the list of programmes which were organised in the current year:

### Leadership Development Programmes

We believe that senior officers of our organisation are the ones who build the organisation and drive the Corporation towards economic success. To further enhance their overall business leadership, we organised the following workshops:

- ‘Strategic Financial Management’ was organised and conducted by a professor from Harvard Law School. This seminar was attended by 32 senior officers.
- ‘Business Leadership through Strategy Formulation’ and ‘Marketing Strategy and Service Excellence’ were also organised, which were attended by 81 officers and 69 officers, respectively. These programmes were undertaken by professors from Kenan Flagler Business School, USA and IMD, Lausanne.

We give the opportunity to our officers to attend capacity building and skill enhancement programmes. We nominated 15 senior officers for Advance Management Programme (AMP) through ASCI Hyderabad, MDI Gurgaon and IIPA Delhi and five senior officers to Harvard School of Management and Stanford University.

We also conduct various competency-based training programmes such as inspirational leadership, negotiation skills, time management and effective delegation, strategic thinking, health and life style management, project management, personal mastery, coaching and mentoring, knowledge management, strategic marketing, first-time manager, financial well-being for officers, stepping stones to success, executive presence and invincible influencer, among others.



### Akshaypath II

Akshaypath, the in-house leadership development programme was started in 2011. This year, the second phase of programme was implemented which benefited 99 officers as mentors and 273 officers as mentees across various grades.

With ‘Emotional Intelligence’ as its main theme for the second phase, this project emphasises areas like self-awareness, decisiveness and change management.

Focus is also given on coaching and mentoring as we understand the effect leaders can have on their teams with respect to imparting skills and knowledge. A successful leader not only performs well but drives his team to excel; and it is through this understanding that we progress as an organisation.

This project employs multiple methodologies to enhance its effectiveness like executive coaching, 360-degree feedback based on emotional and social competency inventory, classroom sessions by experts, experiential learning and many more.

### Daksh

Project Daksh is an initiative undertaken by O&D SBU in collaboration with HR. It is aimed at developing techno behavioural skills customised to the specific needs of Depot and Terminal Heads. To assess the need, we conducted a workplace climate survey, which covered parameters such as communication, involvement, personal appreciation of risks and safety rules, among others. The project consists of four phases: understanding ourselves, developing interpersonal skills, understanding self in context of group and balancing self and family.

### Certified Petroleum Manager Programme

The flagship programme of Marketing Division is targeted at young talented officers. This is a one-year programme executed in collaboration with Indian School of Petroleum and Energy (ISPE), which provides a mix of technical, managerial and behavioural competencies. A total of 109 officers from various Marketing SBUs have graduated from this programme and were awarded the ‘Certified Petroleum Manager’ degree during the current year. Program content and progress are closely monitored by the respective SBU and HR.

An MoU was signed with ISPE for conducting a one-year duration ‘Certified Petroleum Manager Programme’ for officers in refineries. The course content was developed in collaboration with the

institute with active contribution of refinery heads. A total of 25 officers were nominated for the CRM operations programme and 23 officers for the CRM maintenance programme.



CPM Graduates Felicitation

#### MBA (Oil & Gas)

The Corporation supports Officers desirous of converting their Certified Petroleum Manager Certification into a MBA (Oil & Gas) by completing the required number of credits for the award of the above degree through a one year bridge course. Once enrolled into the program, the progress of the officers is closely monitored by the respective SBU and HR team. A total of 102 officers from the Marketing Division availed of the above opportunity during the current year and were awarded an MBA (Oil & Gas).



#### Gyan Jyoti

This programme is in continuation with the last year efforts. The program was conceptualised by the HR team in 2015 to fulfil the objective of developing and implementing a sustainable model of creating computer literacy among non-management employees in both skilled and semi-skilled cadres. It was done with the aim of empowering the non-management employees with IT skills so as to aid in their overall development.



#### Project UTTHAN

Project 'UTTAN' is an initiative undertaken by the HR team for the non-management employees who have been promoted from labour cadre to clerical

cadre. This initiative mainly focuses on enhancing the ERP knowledge with respect to their domain and development of behavioural and technical skills to help them work effectively and efficiently. It also trains them on customer focus and internal processes competencies. During the year, 9 programmes were undertaken which covered 178 employees.

#### Path of Light

The 'Path of Light' training programme is a targeted session for retiring non-executive employees in Marketing Division. It covers topics pertaining to post-retirement benefits and superannuation. This programme educates the employee on ways to safeguard their financial, physical and mental well-being in their retired life.

#### Our Training Collaborations

##### IIT Bombay

We have signed an MoU with IIT- Bombay for a full-time two-year course in M.Tech (Chemical Engineering). The objective of selecting such a specialisation course was to enhance the capabilities of our officers in process, design and new business line of petrochemicals. IIT Bombay selected three of our officers for this course and we supported these officers in undergoing the specialisation.

##### IIM Indore

To enhance the management skills of our officers from Indore and Bhopal regions, we collaborated with IIM Indore for Certification Programme in Management. Officers from different SBUs (Retail, LPG and Direct Sales) were nominated for the programme.

##### NITIE

For sustained talent development, we continuously strive to enhance project management skills of our officers which will be required for a number of upcoming projects in refineries and marketing streams. We collaborated with National Institute of Industrial Engineering for a part-time customised Certification Programme of one-year duration in Project Management for our officers.

#### e-learning courses

##### WebEx

We conducted WebEx guest lectures in 2015-16 for officers across the country. Total 37 e-learning sessions were conducted with participation from 1,157 officers. We also initiated Hay Group mobile application journey on emotional and social skills for promoting e-learning at HPCL. 75 officers from different SBUs were nominated for the said application, which tracked their leadership journey on various parameters.

##### EBSCO

In continuation of our efforts to offer best of learning resources to employees, we have collaborated with EBSCO, an aggregator of full-text content and online databases. The objective is to provide a wide range of online reading material to employees in the form of e-books, e-articles, industry reports and subscribed magazines.

#### Business Innovation Symposium

We conducted a symposium on technological innovation and entrepreneurship in Nigdi in January 2016. The symposium was organised in collaboration with IIT Bombay, NITIE, SIBM and Thermax Limited. This session was led by 108 delegates from academia and industry, along with 42 delegates from HPCL. Out of the 56 papers submitted, 24 were shortlisted and the best three papers were rewarded. This symposium was well appreciated by the participants.



Symposium at Management Development Institute

## Career Development

HPCL has a robust and automated Performance Management System (PMS) to ensure that all employees contribute effectively towards organisational goals. This involves identification of their strengths and weaknesses and giving feedback, training, rotational inputs to ensure that all management positions are manned by personnel having the requisite exposure and competence. As part of our continuous endeavour to enhance the robustness of the appraisal process, several structural enhancements are designed and incorporated in PMS. We have also introduced a relative assessment in performance appraisal process. This has enabled fine-grained distinctions regarding performance of various appraises with a view to identify exceptional, good, average and poor performance. All our eligible employees (100%) receive a regular performance and career development review.

#### HP PACE

We continuously monitor the performance of our employees to keep them motivated and align their talent into a strategic business advantage, thereby achieving growth in career. We have implemented an effective PMS, which has helped in standardising goal setting and ensuring transparency during the appraisal process. Through this process, the performance of an individual/team/SBU can be monitored. Standardising the goal templates has helped in defining roles and responsibilities corresponding to their job profiles.

#### HP PATH- Potential Assessment

We continuously endeavour to improve the competency of our people for their continuous growth and development. We have developed Behavioural Competency Framework which is an assessing tool and has a competency proficiency across grades characterised by frequency and intensity displayed, which impact performance. This tool will help in identifying high-potential individuals and chart their ways for future alignment with their potential.

#### Internal Mobility

We believe that officers should be exposed to different facets of our Corporation and embrace challenging assignments for their growth and development as well as the Corporation's need to build a strong and capable cadre of managers. Our robust career planning system provides such opportunity to officers who have completed specific number of years in a particular location as well the number of years of experience in respective SBUs. The officers are selected on various parameters and are exposed to multiple business lines and geographies. This has enabled them to achieve expertise in all service lines.

## Recognising Outstanding Performance

#### HP ICON - The People Managers Award

The above Award is given to outstanding People Managers amongst Middle and Senior Management on a bi-annual basis. The above Award was introduced in 2010 with a view to encouraging, rewarding and recognising People Managers who motivate their teams not only to deliver high performance but also act as a real change agent and ingrain HP FIRST values.

#### Outstanding Achievement Award

Outstanding Achievement Award scheme is implemented every year with the objective of rewarding and recognising officers who have achieved outstanding results and have displayed extraordinary commitment during a particular year in pursuance of the Corporation's business



Outstanding Achievement Award Winners

interests. The scheme recognises officers under several themes including innovation and safety, among others. In addition, runner ups in the scheme are recognised under a certification programme called – ‘You Have Done Well’. A special recognition scheme ‘Spot the Brilliance’ has also been instituted to recognise those officers, who take special effort to appreciate others, thereby fostering a culture of appreciation.

The most salient feature of Outstanding Achievement Awards is the participation of the peers in the assessment process for identifying winners. Their involvement enhances the objectivity of the assessment, improves inclusiveness and builds credibility for the reward and recognition scheme, thereby making it meaningful to the employees.

### HP Gaurav

Our non-management employees have been engaged in the reward and recognition programme through ‘HP Gaurav’. This award is for those deserving non-management employees who display exemplary performance by means of their work.



HP Gaurav Award Winners

### Shri Raja Kulkarni Samman

Introduced during the last year, the prestigious ‘Shri Raja Kulkarni Samman’ is given annually to union leader(s) representing workmen of HPCL, for exemplary work done in the field of Industrial Relations.

## Talent Acquisition

We believe that sustainability of revenue growth is directly dependent on the organisation’s ability to attract and retain the right talent. We are working with our employees to develop an organisation based on mutual trust and have implemented systems to hire the right talent, invest in employee engagement and increase employee productivity. We have a strategic workforce plan which consists of competency framework that assesses the Skill Utilisation Index (SUI) for our employees. This framework takes into account educational qualification, experience, technical competency

and behavioural competencies. We continuously strive to partner with employees and strengthen our talent pool by providing them with growth and career enhancement opportunities. We value and encourage the unique ideas and perspectives that a diverse workforce brings to our team. In our quest to engage and nurture talent, we have developed and implemented a range of employee-centric policies.

We use various channels to meet our recruitment needs. These include open advertisements in various electronic and print media or through campus recruitment. The recruitments are usually at the entry level. Based on organisational needs and circumstances, the recruitment at middle management and senior management levels is done from external sources. We are also at the forefront in recruiting persons with disability (PWD candidates) across various roles ranging from engineers to corporate positions like HR, Legal and Information Systems, among others and providing them with equal opportunity. We have been consistently meeting the hiring numbers in PWD category through special recruitment drives for PWD candidates. We have also launched ‘ROLA’ (Recruitment Operations Logistic Assistant) software, which is a scientific way of logistic planning for selection and shortlisting of candidates.



Integrating new officers to mainstream

### Samavesh

Samavesh is a flagship programme conducted for the new Officer Trainees/Officers to introduce them to the Corporation’s strategic objectives, develop an understanding about each SBU, its business and ensure a smooth transition from academic to corporate culture. In this initiative, we try to integrate new hires with the organisation’s culture and values with motivational clips and experiences shared by SBU heads and officers from previous batches, representing different SBUs.

## Employee Engagement

When it comes to people, it is known that the employees who are engaged outperform groups that are not engaged. In the fight for competitive advantage where employees are the differentiator, employee engagement is the ultimate goal. We consistently undertake various employee-engagement activities to motivate our employees and instill a sense of purpose to align their goals with that of our organisation.



### ‘Yuvantage’ - IMPACT

Yuvantage is the biggest ever platform in the history of HPCL which saw youth coming together in such large numbers. More than 600 officers (35 years and below) have been part of the Yuvantage journey since its inception. Yuvantage is not just appreciated by the youth but it is also well received by the middle and senior management. Yuvantage has become a brand; it is a voice of youth at HPCL to bring paradigm shift and create history.

Yuvantage unites employees of HPCL from all over the country. This youth mass movement is a celebration of the passion of youth and the energy they bring daily to the organisation. With Yuvantage, we aim to have energised youth with well-rounded personality, engaged with the Corporation and aligned with its objectives. To promote holistic development, the events that make Yuvantage are based on four platforms – techno-business, cultural, social and fun games.

Yuvantage 2.0 was successfully carried out in its latest iteration. Its framework is divided into Spark, Ignite and Blitz.

- Spark: It aims to engage and energise the youth through trips and events. Team Yuvantage has been divided into various chapters for conducting the events at different locations, which are reachable and convenient to the participants.
- Ignite: This platform organises 2-3 days event with the target of bonding together and team-building.
- Blitz: Marked as the grandest event of all, it is the culmination of yearlong celebrations for the youth of HPCL, where youth from all over the country come together and celebrate.



Various Facets of Yuvantage



### Project UTKARSH

Project UTKARSH aims at LPG plant management and encourages workmen to enhance the productivity and safety at LPG plants. It focuses on the engagement of all employees at floor level for decision-making related to productivity improvements and practices at the plant level. This initiative helps us identify

the potential of our human resources across the organisation. Through this initiative, we have impacted 2,500 employees and 4,800 contract workmen. After the implementation of this initiative, we have seen a tremendous improvement in our productivity, production rate and Safety Index.



### Project UTKRISHT

This is an employee-engagement initiative which involves our workmen and other stakeholders in O&D in our journey to realise our strategic inspirations. Through this project, we aim to improve safety, productivity, quality and environment at O&D locations. Improvements have been noted in TT cycle time, bay filling rate, bay utilisation and productivity in O&D locations through the implementation of this initiative, giving tremendous motivation to our employees.



### Project Uttam

Project Uttam aims at improving processes and people involvement to enhance productivity in lube blending plants. Through our dedicated efforts, enhancements have been witnessed in a number of parameters like blending throughput and many others.

## Employee Benefits

### We Care at HPCL

We make concerted efforts to provide a conducive working environment that helps our employees deliver winning performance. We provide a host of benefits to ensure long-term satisfaction for our employees like performance related profit sharing scheme, superannuation benefits, leave encashment, gratuity, during service and post-retirement medical benefits, death benefits, housing loan, vehicle loan, furniture loan, LFA, transfer benefits, employees' children education loan, computer loan and monthly vehicle allowance, among others. In addition, we also provide multitude of benefits to our women employees.

#### Maternity Leave

Maternity leave is a fully-paid leave, which is provided to our female employees (including Officer Trainees) for prenatal and postnatal care. The period of maternity leave has been enhanced from 135 days

earlier to 180 days currently. In case of miscarriage, maternity leave is admissible with full pay for a period of six weeks immediately following the date of the miscarriage.

During the reporting year, 30 employees took parental leave of which 17 returned back to work. A total of 12 employees were continuing on parental leave as on 31/03/2016 and are expected to return at the end of the leave entitlement. One employee continues to be on parental leave beyond the entitled period.

#### Adoption Leave

We provide child adoption leave for female employees, who legally adopt children, in order to facilitate them to take care of the adopted child. The leave is for a maximum period of 45 days (currently enhanced to 60 days) and admissible to female employees who are having less than two surviving children and wish to adopt a child up to the age of five years.

#### Surrogacy Leave

We have introduced surrogacy leave for our female employees for taking care of their child obtained through surrogacy process. The leave is provided for a period of 45 days and is granted to female employees who do not have any children and have obtained a child through surrogacy. At present, this leave has also been enhanced to 60 days.

#### Child Care Leave

We also provide child care leave to our female employees wherein they can avail leave of maximum period of 730 calendar days during their entire service. The leave has been introduced to facilitate female employees to take care of their children during the early childhood, for infants up to the age of five years. The leave can be availed twice during the entire service and is restricted to first two children.

#### Automated Online Time Certification Package

Online Time Certification Package has been designed for the payment of shift allowance, acting allowance and over time to employees. This package has been implemented in our refineries and LPG plants during the year. This ensures accurate payment of allowance applicable to the employees, basis the attendance data of the employees, without any manual intervention.

#### Pradhan Mantri Jan Dhan Yojna

HPCL has taken the initiative towards ensuring that payment of wages to workmen engaged through other sources at its locations is through the e-payment mode. Special camps were conducted at various locations for opening of bank accounts and enrolment of such workmen under the Pradhan Mantri Jan Dhan Yojna (PMJDY) for facilitating e-payment.

Our Mumbai Refinery organised exclusive 'Pehchan Card Camp' in coordination with ESIC to ensure that all workmen engaged through other sources at the Refinery have Permanent ESIC- Pehchan card. A team of officials from ESIC camped at Mumbai Refinery to assist the contract workmen for making the Pehchan cards. Around 1600 contract workmen availed the benefit of the camp.

#### Pradhan Mantri Bima Suraksha Yojana

Our Corporation has proactively ensured that all workmen engaged through other sources at our locations are covered under the above scheme and the premium amount is reimbursed to the workmen by the Corporation. Under the above scheme, workmen are entitled for a one year Personal Accidental Insurance cover meant to offer them protection against death or disability due to accident. The coverage under this scheme includes ₹ 2 lacs in case of accidental death or full disability and ₹ 1 lacs for partial disability.

#### Sports Activities

We promote sports at different levels across the Corporation. Our employees participate in various Petroleum Sector Sports Promotion Board (PSPB) tournaments. We also organise various tournaments for employees and conduct coaching camps. To encourage our employees in sports, we provide many awards and incentives for them and their children showing excellence in sports at national and international levels. Also, we award scholarships to young promising players and encourage them to accomplish their goals in their respective games. During the year 2015-16, team HPCL participated in various PSPB tournaments in athletics, badminton, bridge, carrom, chess, cricket (men & veterans), football, golf, table tennis and tennis. We also took part in All-India Public Sector Sports Promotion Board (AIPSSPB) tournaments in cricket and carrom.



Employees participating in sports events



Employees participating in sports events

## Human Rights

We believe that a dynamic and productive workplace most effectively reflects the diversity of humankind. Diversity in the workplace creates a positive impetus towards advancement as people of all genders, socio-economic status, cultures and religions share the best of who they are for the well-being and betterment of all. We are an 'equal opportunities' employer and embrace diversity in race, religion, marital status, gender, age, ethnic origin and physical ability. As a responsible organisation, we abide by all the statutory regulations pertaining to child and forced labour across all our locations.

We believe that businesses are meant to improve the standard of living of all those associated with it. We have been following the principles of good corporate governance practices over the years and have laid great emphasis on transparency in business conduct, equal opportunity, non-discrimination and valuing human rights. Respecting and protecting human dignity has always been one of our core values. We also adhere to the ten principles of the UN Global Compact and strive to uphold internationally-proclaimed human rights. We are committed to respecting the human rights of everyone working for us either directly as an employee, or indirectly. We sensitise all our employees regarding the Company's policies and procedures during induction. We provide an avenue to our workforce for voicing their opinion. We have a comprehensive grievance redressal procedure in place to effectively resolve any concerns with respect to human rights as defined in applicable legislation.

There was no incident of discrimination on grounds of race, colour, gender, religion, political opinion,

nationality, extraction or social origin in the reporting period.

### Freedom of association and collective bargaining

We are committed to fair employment practices and freedom of expression, supported by a strong, company wide value system. We respect the employees' right to organise and appreciate mutual gains through negotiations and collective bargaining. 96.05% of our employees are currently associated with various unions. Our management holds regular interactions with unions on employee-related issues to arrive at long-term solutions. A total of 26 Memorandum of Settlement were reached during the last year with Unions under the provisions of the Industrial Disputes Act, 1947 covering implementation of automation; opening of shifts; closure of locations; redeployment/rationalisation of manpower; productivity improvements etc. At HPCL, emphasis is placed on arriving at bi-lateral agreements with Unions while implementing any change management initiative involving them and these changes are implemented as per timelines agreed therein. We have a formal agreement with the trade unions, which covers the health and safety of our employees, compliance to labour laws, training and education and grievance mechanism.

We believe that productive industrial relations are primary for the progress and success of our Corporation and its employees. Our management acknowledges the importance of union leadership in HPCL, who have consistently demonstrated maturity in extending collaboration for fostering rapid growth of the organisation with the deployment of new technology and initiatives.

Following are the initiatives taken by our Industrial Relations department to engage with trade unions:

#### All India Union Meeting with Committee of Functional Directors

A meeting of the Committee of Functional Directors with All India Unions was organised in Mumbai on the theme of 'Partners in Progress'. During the meeting

and deliberations, the Committee of Functional Directors acknowledged the contribution of unions towards unprecedented industrial peace and historic financial and physical performance of the Corporation.

#### Leadership Development Programme for Union Leaders

As part of the organisation's capability building and to develop second line of internal union leaders, two training programmes titled 'जीतेंगे हम साथ साथ' (Together We Win) were conducted through the Centre of Organisation Development. A total of 57 union leaders attended the said programme. The training programme was a comprehensive programme for a week covering various aspects required for being an effective union leader.

#### HP Connect Workshop

An organisation can achieve continuous growth when all the employees are aligned to the organisation's vision and goals. We conducted a workshop, 'HP Connect Workshop', exclusively for union office bearers and 'Gaurav' award winners, who are an integral part of the organisation's journey towards realising the vision.

The main objectives of this workshop are:

- To align the Corporation's vision and goal, especially focused on the field locations' employees;
- To facilitate the communication about the Corporation's initiatives & strategies and employee policies;
- To understand the role of each employee in achieving the organisation's goal;
- To facilitate clarity about the various policies, so that other non-management employees can be guided for availing the benefits and minimising queries/grievances of the employees.

During the year, Industrial Relations department facilitated seven workshops covering 208 employees from refineries, marketing division and office bearers of All India HP SC-ST Employees Welfare Association and All India HP OBC Employees Welfare Association.



Employees at HP Connect workshop

## Health and Safety

### Management Approach

Health, safety and security at work is central to our organisation and it remains our top priority. Our goal is to provide a safe and secure workplace to all people. Our management treats health & safety with highest priority and believes in identifying, understanding and managing risks to ensure safety of all people, communities and assets.

We believe that health & safety is one of the key aspects, which is essential for the longevity of our business. It is embedded in our Company's culture and has been part of our business principles and our day-to-day operations. Our focus is on the management of key risks, including occupational health and safety, asset integrity, paying particular attention to incident prevention. We have a well-defined approach to manage safety and operational risks, which is built on our experience, safety audits, annual risk reviews and from sharing lessons learned with our industry peers.

We work relentlessly to strengthen our safety culture, with a focus on caring for people; and have implemented the best safety systems in our refineries and marketing locations. We strive to achieve the highest international standards of health, safety and environment performance.

### Ensuring Health and Safety

HPCL has well defined policies on health and safety, which provide the guidelines and framework for the Corporation. Regular site visits, audits and evaluations are carried out to assess the compliance of these policies across the Corporation.

### Structure of Health, Safety and Environment (HSE)

HPCL has HSE departments at HQO level (Corporate & Marketing) with HSE managers in all SBUs. The HSE set up percolates down to both refineries, all zones and locations, where we have HSE officers. The HSE department drives the implementation of the safety, health and environment initiatives and provides guidance on the adoption of best practices. It also carries out periodic safety audits and inspections, conducts safety meetings, interacts with government officials on safety and environmental issues.



First Aid training to contract workmen



Safety Training to contract workmen



Bomb Threat Drill at Nasik LPG Plant



Yoga sessions for Employees at our location

## Health Policy

To provide a structured program to look after and promote the health of vital "Human resource", essential for productivity and effectiveness of the corporation.

### Objectives of this policy are to:

- Assess potential health risks arising from operations likely to affect its employees and contractors or the public. Institute measures to control and eliminate such risks and monitor health of employees.
- Establish and maintain the highest possible degree of physical and mental well-being of the employees.
- Provide timely and adequate medical facilities for treatment of employees in case of medical emergencies.
- Comply with relevant statutory Rules & Regulations and devise appropriate standards in other cases wherever required.
- Establish pre-employment medical fitness and subsequent periodic medical check ups to determine employees' ability to carry out their functions without any risk to themselves and to others.
- Bring awareness among employees and community about the harmful effects of substance abuse through counseling and periodic programmes.
- Ensure availability and use of personal protective equipment while handling toxic & other hazardous chemicals.
- Program reviews and evaluation to measure progress of compliance with the policy.

## Health

With a view to maintain and improve employee health, the Corporation undertakes various 'Wellness' programmes across its locations. The Corporation also provides comprehensive health insurance policy for all its employees and their dependents. Health of employees is regularly checked and tracked for improvement in the overall health of the Corporation.

In addition to regular employees, the Corporation's operations are ably supported by contract workmen, drivers and security personnel. Being a responsible corporate, HPCL recognises its responsibility towards contract workmen, truck crew and security personnel. It therefore carries out various medical check-ups for contract workmen at all locations to ensure their well-being. The importance of health and well-being is specifically explained and reinforced amongst the driver community to ensure road safety. Broadly through this initiative, we ensure the safety of the public at large by ensuring safe transportation of petroleum products. Health check-up camps are organised at all locations for contract workmen and transport crew.

HPCL also undertakes various initiatives benefiting the health of contractors and transporters such as stress relief programmes, training on physiotherapy, good acts and food habits, awareness on heart functioning and talk on diabetes.

### Stress relieving sessions by Brahma Kumaris

Truck drivers, forming a major share of service providers for our Company, work for long hours and sometimes pick up habits which result in stress and can impact their life. Hence, locations across the Corporation organise stress-relieving sessions by Brahma Kumaris. In these sessions, drivers and workers are encouraged to relieve their stress and avoid bad habits through good thoughts, purity of mind and healthy life style. This is achieved by learning to hold meditative states, while being engaged in everyday life.

The Corporation across all its locations observed June 26<sup>th</sup>, 2015 as 'World Anti Drugs Day 2015', wherein awareness programmes were conducted about ill effects of drugs. It witnessed the participation of all employees.

## Safety Policy

As an integral part of its business, HPCL believes that no work or service or activity is so important or urgent that safety be overlooked or compromised. Safety of the employees and public, protection of their as well as Corporation's assets shall be paramount. Corporation considers that safety is one of the important tools to enhance productivity and to reduce national losses. The Corporation will constantly endeavor to achieve and maintain high standards of Safety in its operations.

### Objectives of this policy are to:

- Design, create and maintain facilities, provide training, establish procedures/safety rules in all the fields and ensure that these are rigidly followed by the employees, the contractors and the visitors inside the premises.
- Carry out operations in a safe manner protecting people and property.
- Comply with the relevant statutory rules and devise appropriate standards in other cases wherever required.
- Maintain highest standards of vigilance and preparedness to respond to emergencies, supplemented with mutual aid of neighbouring facilities and Government agencies.
- Create awareness in employees, dealers, contractors, customers and public on Safe Storage, Transportation, and Handling of products & materials associated with our activities.
- Ensure awareness among employees, contractors and others of their responsibility and accountability for safety on and off their work premises.
- Program reviews and evaluation to measure progress of compliance with the policy.

## Safety

Our safety policy clearly states that "No work or service or activity is so important or urgent that safety be overlooked or compromised." It also states that the safety of the employees and public, protection of their as well as the Corporation's assets shall be paramount. It considers safety as one of the important tools to enhance productivity and reduce national losses.



Safety Training

### Safety Committees

We have dedicated safety committees at location level having equal representation of management and non-management employees. These committees are responsible for identifying and addressing OH&S issues. These committees ensure strict compliance to all regulations through consistent and stringent application of HSE services and management policies, identification of hazard factors, as well as receiving feedback and addressing the HSE training needs of employees. This helps build a robust safety culture among employees and ensures safe conduct of all our operations. The safety committees also continuously strive to build robust safety systems and continuously improve on health, safety and environment (HSE) management systems, developed in accordance with internationally recognised standards.

We have implemented various management systems across our locations and refineries.

A total of 75 locations are ISO 9001 certified, 74 locations and two refineries are ISO 14001 certified, 73 locations are OHSAS certified, 20 locations are certified with ISO 50001 and 13 marketing locations and Mumbai Refinery have ISRS rating above 'Level 5'.



Bramhakumaris addressing transport crew at our location



Fire Drill

## Our Safety Performance

### Permanent Employees

Type	Marketing		Refineries		Total	
	Male	Female	Male	Female	Male	Female
Injuries	1	0	8	0	9	0
Occupational Diseases	0	0	0	0	0	0
Man-days Lost	55	0	1	0	56	0
Fatalities	0	0	0	0	0	0

### Contractual Workforce

Type	Marketing		Refineries		Total	
	Male	Female	Male	Female	Male	Female
Injuries	8	0	27	1	35	1
Occupational Diseases	0	0	0	0	0	0
Man-days Lost	0	0	2	0	2	0
Fatalities	2	0	0	0	2	0

### Process Safety Events

Type	Marketing	Refineries	Total
Tier I	0	0	0
Tier II	5	0	5

### Significant safety achievements

We believe that true success and progress of an organisation can be measured by the difference they make to employees and the community around them by being concerned about their well-being and maintaining the highest standards of safety. We have implemented the best safety systems and continuously strive to implement the best practices across the Corporation.

Some of our unique initiatives in enhancing safety are as follows:

#### Front Level Safety Drive

With an objective of increasing safety awareness and compliance, our Visakh Refinery undertook a unique initiative, 'Front Level Safety Drive' (FLSD), under which all the front-level officers, along with their Section / Division Heads were trained on enhanced compliance to the safety systems and procedures. Workshops were conducted, which focused on safety roles and responsibilities of front-level officers, sharing of OISD-reported significant incidents in all the Indian refineries over the last 12 years, safety-related group tasks/activities, case studies/assignments, safety quiz and screening of process safety videos. A total of 380 front-level officers and 60 senior management personnel (Section & Division Heads) took part in the in-house FLSD workshops.

**We adopted an html-based security system called KAVACH. It provides users with linewalker, supervisor, sarpanch, police and entry exit points details, so that they can get to the site quickly and even catch the pilferers.**



FLSD Workshop at Visakh Refinery

#### Kavach

HPCL operates more than 3,000 Km of pipeline. These high-pressure cross-country pipelines are under constant threat from anti-social elements. Existing security systems in place provided information on when and where the emergency happened. However, a need for a profound system was felt, which could guide us on how to address these emergencies. We adopted an html-based security system called KAVACH. It provides users with linewalker, supervisor, sarpanch, police and entry exit points details, so that they can get to the site quickly and even catch the pilferers.

When a control room operator gets an alarm of a suspected third-party activity from Pipeline Intrusion Detection System (PIDS) and Leak Detection System (LDS), the chainage from where the alarm is originated is keyed in KAVACH. The control room operator informs

the emergency action team about the vulnerable point to immediately curtail the emergency and nab the pilferers. Whenever an emergency arises, the software sends emergency signal to all concerned departments.



#### Project Shrestha

LPG SBU, in collaboration with HR, has introduced 'Project Shrestha' (behavioural safety programme) for plant managers. This project enables the plant manager to create a culture of safety and operational excellence in the plant. It also helps develop the understanding of his own self, his areas of development and how better can he leverage his abilities in his role as a LPG Plant Head. This initiative has resulted in the increase of safety awareness, behavioral safety index and employee engagement quotient.



#### Sachet

HPCL believes that safety is a series of choices involving behaviours in the workplace. Implementing a behaviour based safety programme is the most comprehensive way to promote safety. 'Sachet' commenced as a joint initiative of LPG SBU and HR and was subsequently also extended to O&D Department. This program focuses on developing and strengthening the safety attitude of every individual in LPG plants and Terminals/Depot locations (workers/employees) thereby creating safe behaviour, which will lead to 'Zero Tolerance' towards unsafe acts at workplace.

Various programmes have been undertaken to promote this initiative by demonstrating skits in local language, showing animated video screenings, celebrating 'Sachet' fortnight and providing trainings through WebEx.



#### Project Sankalp

Project Sankalp focuses on developing technical and behavioural competency framework for non-management employees and ascertaining the safety quotient of location. It also includes the development of training modules for non-management employees and their reassessment. As a continuation of the project initiated by O&D SBU in coordination with HR, in 2015-16, the third phase of the project has been implemented, which includes revision of the training modules. During this revision, various tools have been incorporated such as augmented reality, story board animations, animated characters, pre-and post-training assessment, videos, ice breakers, recent advancements and training games.



#### Project Shapath

Taking forward 'Project Shapath - Our Safety Promise', an initiative started by LPG SBU in collaboration with HR (Marketing) for enhancing safety of the non-management workmen at the plants, the SBU implemented safety training module at all LPG locations, imparting training to all the non-management employees of plants and regional offices across India.



Live Fire Training

#### Other safety initiatives:

A total of 1,158 officers of the Corporation underwent 'Live Fire Training' at the Institute of Fire Safety and Disaster Management Studies (IFSDMS), Baroda. This year also witnessed the first 'all woman batch' who underwent live fire training on International Women's Day.

Mumbai Refinery implemented safety initiatives such as safety induction videos for visitors and contractors, evaluation based on safety video understanding, trade specific safety training, safety trainings at worksites and hands-on training on F&S equipment.

Off-site mock drill was conducted at Visakh LPG terminal under Chemical Industrial Disaster Management preparedness in coordination with NDMA, Government of India, PNGRB, FICCI and Government of Andhra Pradesh. A total of 188 delegates witnessed the fire drill.

Jammu LPG Plant conducted mock fire drill in the presence of ministers and senior government officials.

Rajahmundry LPG Plant conducted maiden Mock Bomb Threat-cum-Evacuation Drill in coordination with the Police Department.

All installations observed 'Road Safety Week' wherein truck crew were sensitised about the importance of road safety with briefing about TREM card (Transport Emergency card).

Retail SBU carried out electrical safety audits at 3,124 retail outlets, surpassing the MOU target of 1,600. Compliance was achieved at more than 1,700 outlets.

Retail SBU developed a comprehensive retail safety module in order to further increase the competencies of retail engineers and sales officers.

O&D SBU developed an online application to monitor mock fire drill at O&D installations.

O&D SBU felicitated transporters with best safety track record as 'Category S' transporters.

Officers from Mazgaon and Silvassa lube blending plants were trained on 'Process Safety Management' through DNVGL AS.

Safety integrity level (SIL) study was conducted at Mazgaon terminal.

Post successful implementation of Pipeline Intrusion Detection System (PIDS) at MPSPL, a similar system was commissioned in Bahadurgarh Receiving Station - SV5 section of Ramanmandi Bahadurgarh Pipeline (RBPL).

19 drivers from Aviation SBU were imparted training on 'Heavy Vehicle Safe Driving and Vehicle Systems' at Namakkal Facility of Ashok Leyland.



Road Safety Week celebration

Our efforts have resulted in high performance standards in Health and Safety, which has been recognised at various forums and we have been conferred with many awards and accolades for various safety initiatives.

Mumbai Refinery has achieved best ever safety record since inception with 15 million man hours i.e 1,725 incident-free days since 2011.

HSE Index of O&D SBU improved to 93% from 91%, an all-time high, proving robustness of the safety processes and culture.

Visakh LPG Terminal and Paharpur LPG Plant were awarded annual Greentech Safety 'Gold' and 'Silver' awards, respectively, in petroleum storage and transportation sector for their outstanding achievement in safety management.

Usar LPG Plant received an award for 'Lowest Average Accident Frequency Rate' and 'Longest Accident Free Period' under the category of Storage, Handling and Distribution of Petroleum Products by National Safety Council.

MDPL Group of Pipelines has become the first in our country and in Oil & Gas industry to achieve the highest Five Green Triangle Rating by National Safety Council of India. MDPL has been declared winner under merit category by British Safety Council of India.

MDPL has been declared winner under merit category by British Safety Council International Safety Award 2016.

Enhanced safety processes at POL installations has been recognised by OISD by conferring 4 safety awards.

## Disaster Management

Disasters and disruptions can occur without a warning and the results could be unpredictable. It is important to build a level of resilience in the business operations in order to minimise the effects of such disruptions. We have taken several measures to effectively meet contingencies and ensure business continuity through crisis management plans. We have identified threats, determined vulnerabilities and ensured required resources are available to be able to respond effectively to an emergency. Our Emergency Response and Disaster Management Plan is complying to Petroleum & Natural Gas Regulatory Board's (PNGRB) Emergency Response Disaster Management Plan (ERDMP) Regulations, 2010. The emergency response plan is designed on the basis Quantitative Risk Assessments (QRA) and it also clearly defines the roles and responsibilities of all employees. The apex level management is involved in the development of crisis management plan so as to ensure quick response for any crisis arising out of natural calamities and onsite emergencies.

We have installed state-of-the-art Safety Instrumented Systems at operating locations to prevent onsite emergencies. In an effort to ensure a systematic, safe and orderly evacuation, we periodically conduct level I & II emergency response drills to assess the effectiveness of response mechanism, identify gaps and initiate corrective measures. Mutual Aid Response Groups (MARG) have been established for effective handling of Level II & III emergencies. We conduct stakeholder meetings to build the trust and keep the communication channels alive for responding to onsite and offsite emergencies. In order to carry out a systematic, critical appraisal of all potential hazards and achieve assurance on the operating discipline of our locations, we periodically carry out internal and external audits.

**In an effort to ensure a systematic, safe and orderly evacuation, we periodically conduct level I & II emergency response drills to assess the effectiveness of response mechanism, identify gaps and initiate corrective measures.**



Emergency Response Drill with External Agencies



## HP Nagar Housing Complex - In Harmony with Nature

One of our residential complexes in Mumbai, HP Nagar (East) dates back to 1954 from the ESSO era. It is spread over an area of approx. 40 acres with almost 70% area covered with lush green gardens. A living paradise for its residents, HP Nagar (East) is home to around 380 families.

The spic and span colony is dotted by well-maintained abodes, which are connected by a network of smooth roads. The ever vigilant security force of the colony provides a safe and secure living environment for the residents. Apart from relishing the lush greenery in the colony, residents have an array of options to indulge in, like various outdoor games on well-maintained pitches and courts: cricket, tennis, basketball, badminton or indoor games like table tennis and carom, among others. Residents can also practice yoga and meditation at a specially developed area under a large banyan tree. The colony has a fully equipped gymnasium with latest equipment and facilities and a well maintained swimming pool. It also has separate well maintained play areas for children and retreat area for the golden aged. Interesting movies screened every weekend at the open air amphitheatre rejuvenate the residents. The colony provides school bus service for residents'

children. The colony also has a well-equipped facility hub, which has Doctor's Clinic, Salon and ATM, among others; it takes care of residents' needs in the colony itself. With an aim to burn carbohydrates and not hydrocarbons, sports bicycles have been put into use in the colony premises for benefiting the health and well-being of residents. For further abating carbon footprint, HPNE offers bus service to its residents to major markets, thereby reducing travel by individual vehicles.

Apart from providing the best of facilities to its residents, HP Nagar (East) has undertaken numerous initiatives on the sustainability front.

### 1. Harnessing the Sun

A 33 kWp Grid-Interactive Solar PV Captive Plant has been commissioned on selected buildings. This system has adopted advanced photovoltaic technology wherein the modules have the least temperature coefficient, resulting in higher efficiency, thereby occupying less space. This renewable source of energy is generating approx. 44,000 kWh of electricity, which is directly fed to HPNE grid, thereby reducing carbon footprint and saving on cost.

The colony also has a number of rooftop solar water heater installations, which reduce the electrical load for heating water.

### 2. Replacement of Conventional Street Lights with Led Street Lights

Earlier, the street lights inside HPNE Colony were a combination of 150-watt metal halides and 70 watt CFL lamps. These conventional street lights have been replaced with modern 70 watt LED light system, which has reduced electrical energy consumption by 16,000 units per annum.



33 kWp Solar PV Installation

### 3. Water Meter Fixing and Mass Awareness

Following the principle of 'Measure - Monitor - Conserve', all waterlines to the buildings have been provided with water meters to monitor consumption patterns. Basis the readings, a circular is released on monthly basis depicting water consumption profile of different buildings so as to make residents aware and contribute towards water conservation. A healthy competition is created within the campus to save water.

Awareness programmes on water conservation are conducted for resident homemakers who are a major stakeholder in water consumption within the colony. These water conservation practices have helped in achieving a saving of 17.3% in water consumption in 2015-16 as compared to 2014-15.

In addition to sensitising residents about water usage, HPNE has also installed a 'Water Care Therapy System' for taking care of the hygienic condition of storage tanks, improving water quality in storage tanks and maintaining the same up to kitchen tap of each residence. Various water tests like Free Chlorine Dioxide Test, Microbiological Test and Pseudomonas Bacteria Tests are conducted on weekly basis to ensure clean and hygienic water is available to all.

### 4. Rain Water Harvesting

Rain Water Harvesting (RWH), using surface run-off at several natural stretches, is adopted inside the colony for ground water recharging. This helps in improving ground water table. The RWH structures are installed at six locations. The harvesting technique has been extended in the form of check dam, placed across the main nullah, which apart from harvesting rain water also enhances the aesthetic view.

The combined annual harvesting yield of the RWH system is 18,000 CuM.



Rain Water Harvesting Check Dam

### 5. Drip Irrigation System

At HPNE, drip irrigation method with timer facility has been adopted to conserve water and energy, improve plant health and enhance design flexibility to irrigate irregular shaped land layout.

### 6. Waste Management

HPNE has a well-defined waste management system for recycling and safe dumping of solid waste (wet waste and dry waste), e-waste and medical waste.



Organic Waste Converter

### Solid Waste Management - Wet Waste

The colony has a daily generation of approx. 300 kg of organic waste. An in-vessel composting machine viz., Organic Waste Converter (OWC) has been deployed for converting organic waste to high-quality compost, which is used in HPNE gardens. Waste to compost conversion time is 24 hours. The following process flow is implemented meticulously for managing the wet waste:

- Segregation of waste in individual households
- Collecting segregated waste from houses and storing in building-wise manner
- Transporting building-wise waste to OWC
- Further segregation of organic waste inside OWC shed
- Collecting compost from OWC machine after 24 hours
- Using output compost for gardening



Well maintained Flora



Lush Green Gardens

The dry solid waste and e-waste generated at HPNE is sent out for recycling. A contract is in place with a Municipal Corporation approved organisation for collecting, removing and disposing the medical waste.

HPNE has created beautiful sculptures out of scrap metal and wooden objects which has added to the aesthetic value of the colony. This reinforces our belief that even waste has value.

### 7. Conserving Biodiversity, Enhancing Flora at HPNHC

Other than buildings and roads, the rest of the colony is covered with gardens and lawns. With focused attention, harmony has been maintained amongst its residents and surrounding flora and fauna. This has helped HP Nagar (East) Colony bag 17 prizes from Brihan Mumbai Mahanagar Palika (BMC) and The National Society of the Friends of the Trees (FOT)

during 2015-16; it includes eight first prizes, in spite of stiff competition from public and private companies. HPNE has also bagged Rolling Trophies under various categories in a competition organised by 'The National Society of the Friends of the Trees'. Brihan Mumbai Municipal Corporation has awarded first prize under afforestation category to the unique initiative of 'Vruksh Vatika' under which HPNE has converted a barren piece of land in the colony to a tree hub. The award presenting institutions have addressed HPNE Colony as one of the best maintained colonies of Mumbai.

To further the message of sustainability and to add to the beauty of existing flora, HPNE regularly undertakes plantation drives involving resident families and neighbouring community. Important days such as World Environment Day and World Biofuels Day are also celebrated with plantation of trees, involving all stakeholders.

### 8. Art Project for Enhancing Aesthetic Environment

In collaboration with Sir JJ School of Art, Mumbai, HPNE has undertaken an art project for infusing an artistic and aesthetic touch to the lush green colony. Expert artists have reproduced the beautiful landscapes of HPNE on canvas and decorated specified areas in the colony with attractive graffiti images.

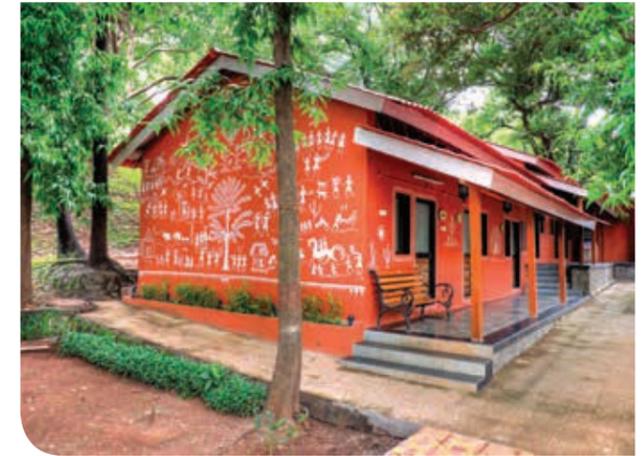
### 9. CSR Initiatives

Following the theme 'Touching Lives-Bringing Smiles', HPNE team in co-ordination with the CSR department organises various activities such as drives for donating relief material for flood victims and distributing food packets to needy. The residents voluntarily contribute to these causes and also help in conducting such noble initiatives in the colony. Awareness towards CSR activities is also enhanced through essay, poem, drawing & selfie competitions and CSR Mela. Health camps are organised in the colony for the contract workmen providing services at HPNE.

As a further extension of the CSR activities, HPNE, under the solicitous call of Swachh Bharat Abhiyan, has constructed a large toilet block in the vicinity of the colony for ensuring quality sanitation services to the communities around.

### 10. Events and Trainings

HPNE regularly organises events such as International Yoga Day celebrations, LPG safety clinics for residents, trainings on first aid for snake bites and science robotics classes for kids, among others, which are attended by majority of the colony stakeholders.



Graffiti on facility hub



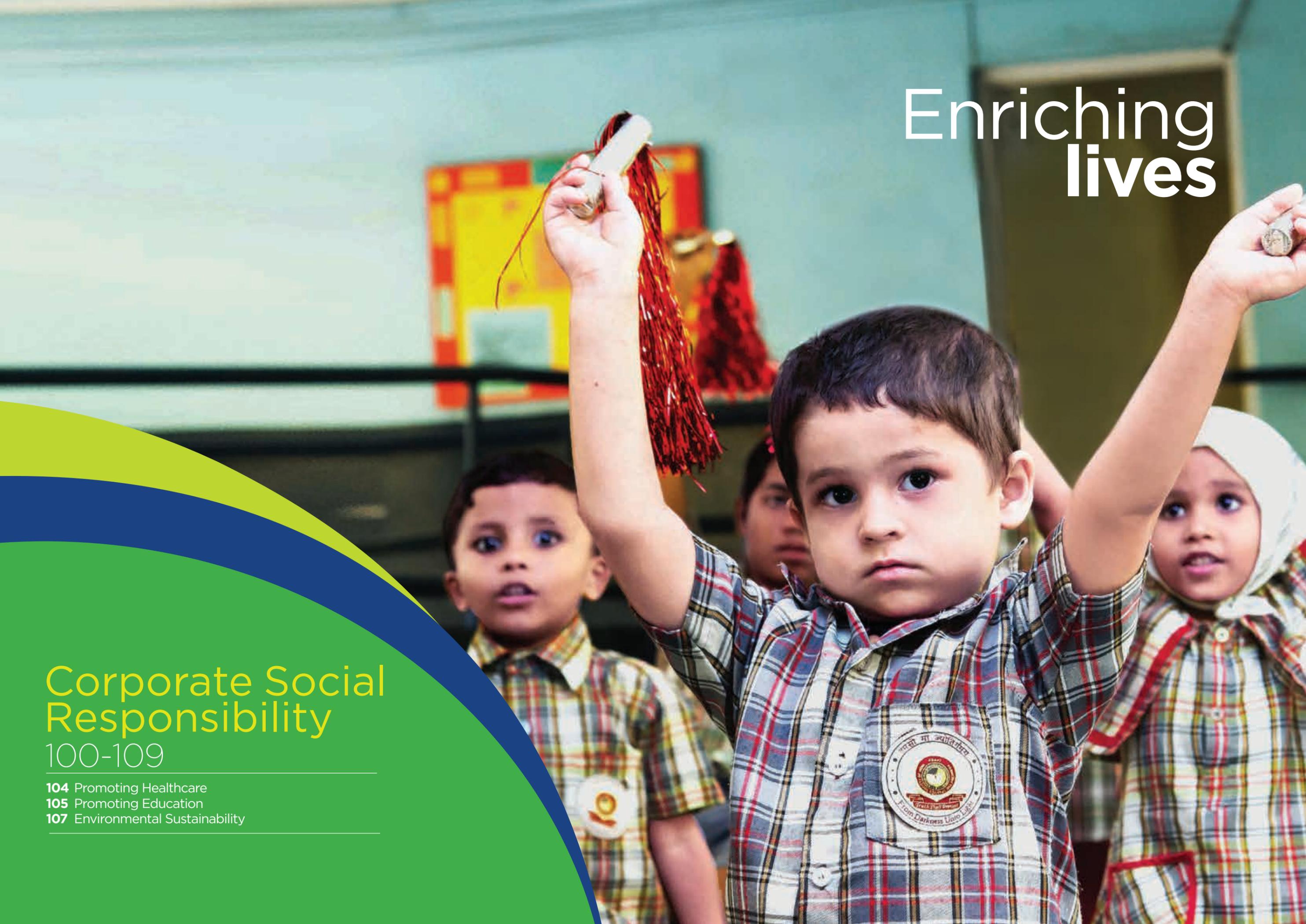
Sculpture from scrap



As a recognition of the efforts made by us towards enhancing the living experience of the residents, improving the environment by reducing carbon footprint and making the colony an example of sustainable living, HP Nagar (East) has been awarded 'Platinum' rating by Indian Green Building Council (IGBC).



Robotics classes for resident children

A photograph of young children in a classroom. In the foreground, a boy in a plaid shirt holds up a red tassel and a coin. Other children are visible in the background, some also holding up items. The scene is brightly lit, suggesting a positive educational environment.

# Enriching lives

## Corporate Social Responsibility

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## Introduction

At HPCL, we firmly believe in actively contributing to the social and economic development of the communities in which we operate. We strive to build a better and sustainable way of life for the marginalised sections. This helps strengthen local communities, which in turn fosters social stability and intensifies our relationships with our stakeholders.

Our comprehensive Corporate Social Responsibility (CSR) policy outlines our strategy, which addresses the major challenges faced by people around our operations. To help achieve the targets we have set for the equitable development of communities, we work with like-minded not-for-profit and non-governmental organisations. We also have a sustainable development policy which further demonstrates our commitment towards positively impacting the quality of life of the communities we serve.

Our actions have been recognised for effectively bringing about a visible change and it is because of this that we have received many laurels and awards for our CSR projects.

Our comprehensive Corporate Social Responsibility (CSR) policy outlines our strategy, which addresses the major challenges faced by people around our operations.

## Management Approach

We have taken various initiatives in multiple areas, which is testimony to our commitment towards the prosperity of the disadvantaged sections of society and create value for them. Keeping in mind the areas of importance specific to India, we have targeted our activities in the areas of child care, education, healthcare, skill development, sports, environment, community development and sanitation. These areas form an integral part for the development of any society owing to their inter-related nature.

₹ 72 crores

CSR expenditure for 2015-16.

The depth of our CSR policy and strategy is further cemented by our employees, who actively participate in these activities, recognising the need to give back to society and foster a sense of equitable development.



Celebrating CSR month



Mumbai Marathon with CWSN

The Government of India (GoI) has mandated a CSR spend, which is 2% of the profits earned during the preceding three years, on certain identified activities, through the Companies Act 2013. Even before the inception of this mandate, we were actively involved in community programmes to ensure the stability and prosperity of the communities and improve the quality of life of people where we operate. The expenditure incurred in 2015-16 for CSR activities amounted to ₹ 72 crores.

Our CSR initiatives are targeted towards marginalised and under-privileged sections of society. It is these sections of society who have the maximum need of such

activities. Recognising this, we keep them in focus while designing and implementing our CSR initiatives. We ensure that they reap the maximum benefits of our CSR programmes. Our CSR policy is aligned to the regulatory requirement as mandated by the Government. The depth of our CSR policy and strategy is further cemented by our employees, who actively participate in these activities, recognising the need to give back to society and foster a sense of equitable development. The positive results of our activities constantly serve as a motivator for us to contribute in even more effective ways. Our actions have also been recognised for effectively bringing about a visible change and it is because of this that we have received many laurels and awards for our CSR projects.

We have undertaken various initiatives in the following thematic areas:



**Focus Area:  
Promoting Healthcare**

Healthcare is a major focus area of CSR activities at HPCL and we give utmost importance to the health of local communities as well as communities living in most backward and remote areas of the country. Understanding the importance of this field, we have implemented various CSR initiatives in this area. Some of our initiatives in this field are as follows:



**Project Dhanwantari**

The financial burden of health services and lack of adequate facilities have become a serious issue, especially affecting poor people and people living in rural areas. Healthcare facilities are the basic need of a society and many parts of the country are still deprived of it. There is a lack of adequate primary health facilities for poor people in rural areas.

Under Project Dhanwantari, we have started mobile medical units at Baytoo (Barmer, Rajasthan), Paradeep (Jagatsinghapur, Odisha), Bihta (Patna, Bihar), Bokaro (Jharkhand), Chembur (Maharashtra), Visakhapatnam (Andhra Pradesh) and Jammu (Jammu & Kashmir) to provide free medical services and medicines to the underprivileged people who cannot otherwise afford these services. This project has also been recommended by the National Rural Health Mission.



**Project Suraksha**

In India, HIV/ AIDS epidemic has emerged as a very serious problem. The truck drivers, due to migratory nature of work and being away from their home for long durations, constitute a high risk group of population in terms of their susceptibility to HIV/AIDS. Understanding the gravity of the problem, we initiated Project Suraksha for the well-being of the truck drivers. The project focuses on good health and safe sexual practices, for which we have established 'Khushi Clinics' at seven outlets across the country for combating HIV /AIDS and STI among the long distance trucker (LDT) community.

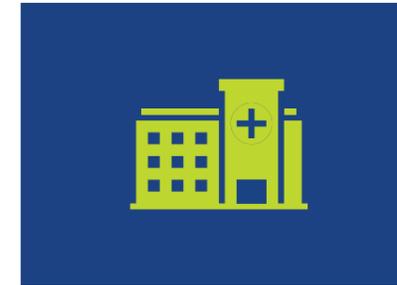
We have taken various initiatives under this project, comprising dialogue with truckers, Interpersonal Communication (IPC) and Behaviour Change Communication (BCC) strategy. To further strengthen this programme, we have also distributed condoms and had a comprehensive communication on STI/HIV/AIDS among truckers/helpers. The myths and misconceptions associated with STI/AIDS are also explained in these clinics.



**Dil without Bill**

Healthcare system constantly faces the challenges of rising costs and uneven quality. The rise in medical costs, especially those related to cardiac ailments and their treatments, remains far from the reach of those who are from economically backward sections. The access to such treatments and surgery remains a dream for most of them.

With this in mind, our project 'Dil without Bill' helps cardiac patients hailing from socio economic poor background. Under this project, we focus on funding the cardiac surgery cases of child patients from socio-economic poor background. We also conduct various awareness and follow up camps at different cities and towns of India to reach out to as many needy cardiac patients as possible.



**Sushrut Hospital**

Sushrut Hospital is a multi-specialty hospital, governed by Chembur Hospital Project Trust (CHPT), Mumbai; and is being supported by HPCL for many years. Sushrut Hospital and Research Centre endeavours to provide medical treatment that is safe, ethical and affordable for all. It offers comprehensive medical and surgical care by renowned doctors and experienced staff using state-of-the-art technology.



**Focus Area:**

**Promoting education, including special education and employment, enhancing vocation skills, especially among children, women and the differently abled and livelihood enhancement projects**

A major portion of our CSR budget is spent on education as we recognise it to be an important area. We try to tackle the problems of lack of educational development at the grass-root level and our activities are based on this approach. Some of the activities we have undertaken in this area are as follows:



**Project Nanhi Kali**

Women are at the heart of most societies. Educating girls is one of the most important investments that any country can make for its own future. We are continuously working towards promoting girl child education and bringing gender equality through our CSR intervention. Our project, Nanhi Kali, helps the underprivileged girls from educationally and economically backward communities. In this programme, we aim to provide quality education and reduce the dropout rate by providing them with study materials and social support. Social barriers of education are removed through constant engagement at family and village level and a support network is created for the girl child which enables her to start and continue her education. Through this planned intervention, we have been able to reduce the dropouts of girls, prevent child marriages and promote higher education for girls. This programme has been carried out in some of the most backward areas such as Sheopur, Araku valley, Ananthagiri, Dumbriguda, Hukumpeta, Paderu, Pedabayalu, Munchingputtu and Gavanpada.



**Project Akshaya Patra**

We always strive to create a world where educational and nutritional opportunities reach the hungry, especially in schools. School is a place where we lay the foundation for future generations to grow and thrive. 'Akshaya Patra' is an initiative taken to provide hygienic and nutritious food to marginalised students in government schools. We believe that this helps increase school enrolment and attendance, decrease drop-out rates and improve cognitive abilities. This has also converted education into quality education by bringing smiles to little faces and contributed to overall results of such schools.

The main objectives of this project are as follows:

- To provide nutritional mid-day meals to children from the government schools with the aim of retaining more children in schools, driving up attendance and reducing drop-out rates. Nutritional meals are provided to tackle malnutrition, which is prevalent among children of economically backward societies
- To foster a spirit of brotherhood and oneness among the children from different castes, colour and creeds, which will help the society and eventually the country as a whole



### Project ADAPT

Children with Special Needs (CWSN) need to be reminded from a very young age that they too deserve equal opportunities. This will help them become mentally strong and be active contributors to society as they mature. Our Project ADAPT endeavours to bring CWSN into mainstream schools and give them equal opportunities for education and growth. This project especially focuses on students with disabilities, socially disadvantaged students and the girl children. We aim to enhance the potential of differently-abled children and make them independent so that they can compete equally with other children. To achieve this, we provide them with various trainings, education and proper therapeutic treatment to make them independent.



### Project Unnati

In today's world of technology, it is an imperative for students to become exposed to computer technology at a young age. With an aim to contribute to digital India initiatives of Gol, we have undertaken Project Unnati, in association with NIIT to impart basic computer education to students from underprivileged and marginal families in semi-urban and rural area schools. This project caters to poor and marginalised children, which helps them understand the basics of computer education and introduce them to the essential computer applications like MS Office, LAN and Internet.

We conduct a training of 40 hours and provide them with books. To assess the performance of students, we conduct two tests and certificates are provided on successful completion of the programme. We also train teachers from different schools so that this initiative does not cease in absence of professional teachers; it ensures the long-term sustainability of the project.

Since the implementation of this project, we have trained 41,350 students in basics of computer applications in semi-urban and rural schools, thus catering to the 'Digital India' initiative of the Gol.



### Project Swavalamban

Today's youth are the economic drivers of tomorrow and it becomes necessary that they are equipped with the right skillsets to be ready to join the workforce of a growing nation. We at HPCL, believe that skills and knowledge are the motivating force for the financial growth and community development of our country. We view it as an instrument to improve the effectiveness and contribution of labour to the overall production; and it can help take the growth rate of the economy to a higher trajectory.

We have undertaken Project 'Swavalamban' to provide an impetus to the capability of youths from underprivileged sections of society and enable them to be self-reliant. It is a vocational training provided to them. By understanding the market-driven demand for skills, various courses such as electrical, welding, hospitality, driving, tailoring and beautician have been provided to different underprivileged youth according to their interest and skillset.



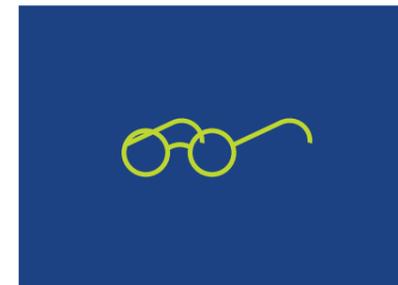
### Focus Area:

**Ensuring environmental sustainability, ecological balance and conservation of natural resources**

Environment, development and sustainability is basically concerned with the complex interactions between development and environment and its purpose is to seek ways and means for achieving sustainability in all human activities aimed at such development. For a sustainable tomorrow, we need to monitor the current scenario of the environment and more importantly, scientific work needs to extend beyond laboratory and become more community centred. Therefore, we have undertaken specific programmes so that the community understands local issues and takes necessary initiatives to improve their local environmental conditions.

As a responsible corporate citizen, we strive for the progress of our communities and believe in empowering and assisting our communities in their road to development. We strive to foster goodwill and collaboration by developing strong relationships with people and organisations where we operate.

We undertake various community initiatives like supporting healthcare, providing clean drinking water, providing sanitation infrastructure and many more which focus towards the sustainable growth of underprivileged communities. Our community initiatives are also channelised towards an all-round development of SC, ST and OBC communities. We have conducted various field activities and projects to provide basic amenities in the areas with high concentration of people from SC, ST and OBC communities.



### Swachh Bharat Abhiyan

Swachh Bharat Abhiyan or Clean India Mission is a national-level campaign run by the Gol that has scaled massive heights. HPCL is proud to have participated in this mission to promote cleanliness and sanitation throughout the country. This campaign involves constructing toilets and urinals, promoting sanitation programmes in the rural areas, cleaning streets and roads and changing the country's infrastructure to lead it ahead on a cleaner path.

We have actively participated in this campaign and we encourage all our employees across our business locations to participate on a regular basis in various activities, promoting the objectives of Swachh Bharat Abhiyan. We have raised awareness in collaboration with NGOs, local governments and specialised agencies through various initiatives such as Walkathons, awareness campaigns, competitions, school-based activities involving students and teachers and street plays, among others at offices and communities.



Swachh Bharat Abhiyaan by our Employees

# Instilling A Sense Of Social Responsibility

The spirit and efforts of our employees enables us to execute our CSR projects effectively. They take the responsibility as project leaders and assistant project leaders and push themselves to ensure the activities are carried out in the best way possible through regular evaluation and monitoring of the activities. Field officers have done a great job in being able to address the issues faced by communities who live close to business locations. In order to drive awareness and more participation from the employees, we organised a CSR month to encourage them to get involved in CSR activities. This has contributed to the welfare of various socially and economically weaker groups.



Project ADAPT-Spreading smiles

An overview of the activities carried out and the number of beneficiaries covered through our initiatives in 2015-16 is as below:



## Dhanwantari

Doorstep medical help and free medicine to

**400 Villages**

Mobile Medical Units



## Nanhi Kali

Material and social support to

**11,000**

Girl Children

of backward areas



## Akshaya Patra

Provided Mid-Day-Meal to

**12,000**

Children

in Visakhapatnam



## Adapt

Therapeutic and educational support to

**300**

differently-abled children



## Dil Without Bill

Free Heart Surgery for

**800 Patients**

hailing from economically weaker sections of society



## Unnati

Basic Computer Training to

**5,000**

semi-urban/rural students



## Swavalamban

Skill training to

**3,737**

school dropouts



## Suraksha

HIV and Aids prevention through

**7 Khushi Clinics**

at highway outlets



## Swachh Bharat Abhiyan

Constructed more than 1,245 Toilets with 2,550 Urinals (707 toilets with 1,450 urinals for boys and 538 toilets with 1,100 urinals for girls) in Government schools across various backward districts of India.

This initiative has benefited more than 130,000 Government School Students

## Other Highlights

- CSR month was observed for the first time with full enthusiasm, involving stakeholders, employees and family members across the country
- Provided about 6,300 scholarships to SC /ST/OBC/ PWD students
- Focused on infrastructure and welfare for differently-abled people
- Thrust on renewable energy: provision of solar lamps in community
- Provided infrastructure in government schools in and around host community
- Skill development institute being set up in Bhubaneswar/ Visakhapatnam



Evolving  
Aspirations.  
**Broadening**  
Offerings.

## Product Stewardship

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- 114** Our New Products and Systems
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## Management Approach

Our longstanding commitment to sustainability in our business, community partnerships and environmental stewardship is at the core of our operations and our plans for the future.

Our vision and mission articulate our unwavering commitment towards delivering the highest-quality products and meeting our customer requirements. We consider sustainability factors throughout the lifecycle of our products. This begins right from the stage of procurement of raw materials and components, research and development (R&D), manufacturing, distribution, till the end use by the customer.

Being one of the major oil and gas companies in India, there is a ceaseless demand for our products in the commercial, industrial and domestic sectors. We believe that our customers are at the centre of our business and we continuously strive to provide highest quality of products and services to enhance customer satisfaction. To achieve this, we have incorporated our customer-focused principles into our overall mission, vision and business strategy. We have undertaken many customer-centric initiatives, which help us in achieving long-term success in the business. We make concerted efforts to identify, manage and minimise the health, safety and environmental risks of our products. Our commitment towards our customers is further championed by our R&D team, which provides support to refineries and marketing locations for implementing new technologies and improving the product quality.

**We consider sustainability factors throughout the lifecycle of our products.**

**We believe that our customers are at the centre of our business and we continuously strive to provide highest quality of products and services to enhance customer satisfaction.**



Launch of HP Gas Razor Pro

## Research and Development

R&D plays an important role in the success of our business as it helps us attain a competitive edge in the market through our new products and technologies. To further encourage and provide impetus to our research capabilities, we have set up a green R&D Centre, which is a state-of-the-art facility.

The main objective of this R&D Centre is to provide technical support to refineries and marketing SBUs for operational improvement, absorbing new technologies, developing innovative and path-breaking technologies and become a knowledge hub.

**To further encourage and provide impetus to our research capabilities, we have set up a green R&D Centre, which is a state-of-the-art facility.**

We are participating as an industrial partner in the INDO-US Joint Clean Energy Research and Development Center (JCERDC) consortia, which is working on the development of second-generation biofuels. Once the techno-economic process is developed by the consortia, HPCL will set up a pilot plant facility for the generation of bio-fuels, using this technology. We are also associated with Solar Energy Research Institute for India and the United States (SERIUS) in the project on 'Developing High-impact, Disruptive -Technology, R&D Photovoltaic (PV) and Concentrated Solar Power (CSP)'. In this project, the HPCL R&D Centre is actively involved in developing novel medium and high-temperature thermic fluids for CSP applications. We also undertake various projects in collaboration with IITs, national and international research organisations and universities in the areas of nano-based lubricating oils, bioenergy, catalyst development for hydrogen production, storage of hydrogen in special adsorbent materials, development of catalyst for CO<sub>2</sub> conversions and refinery process modelling, among others.

We have plans to expand our R&D Centre by setting up additional laboratories in the areas of petro chemicals and polymers, lubricants and additives.

During the current year, the marketing R&D group continued its activities on the development of new products for Government and private sector customers. Close interaction with our customers helped us develop new products and obtain approvals from important customers like Indian Railways, Defence, Gabriel, SAIL and Bajaj Auto, among others.

### R&D Centre Objectives

- Technical support to refineries and marketing SBUs for operational improvement
- Absorbing new technologies
- Developing innovative and path-breaking technologies
- Become a knowledge hub

# Our New Products and Systems

We encourage innovation and implementation of new technologies at all levels to help us deliver the best performance at all times.

## Energy-efficient Oil and Greases

Owing to the significant advancement in the Indian automotive sector, both in commercial and passenger car segment, the development of high performance long drain energy efficient engine oil is a requisite. We have undertaken an initiative, which will not only help in fuel economy and longer time interval between two oil changes, but also help in environment protection due to lesser waste-oil disposal, resulting in reduced greenhouse gas emissions.

### Following are the initiatives undertaken in the reporting year:

- Developed fuel-efficient engine oil OW20 with friction modifiers, which resulted in 2.7% savings in fuel consumption.
- Introduced long-life gear oil 80W90, which resulted in 1.9% increase in energy efficiency.
- Developed engine oil 15W40 meeting API CJ4, for new-generation BS VI compliant diesel engines.
- Developed low viscosity synthetic base engine oil OW 30 for new-generation BS VI compliant passenger car diesel engines.
- Introduced HP NeoSynth 5W30 for modern passenger cars.
- Introduced HP Racer 4 synth 10W30 for high-performance motorcycles.

**Introduced long-life gear oil 80W90, which resulted in 1.9% increase in energy efficiency.**



Launch of HP Racer 4 Synth 10W-30 Engine Oil

**We have also launched various new products for the commercial use of LPG**

'HP Gas Razor Pro' for industries in metal cutting applications

'HP Gas Powerlift' for industries having forklift applications

Product portfolio was expanded by commencing sales of propane



Powerlift LPG Cylinders-Fuel for Forklifts

## Winter Grade Diesel

We commenced the supply of winter grade diesel, which has been developed specifically for meeting requirements of the Indian Army, building strategic partnership with them. This year, we achieved a volume of 4 TMT.

## PACKTREK

'PACKTREK' is an innovative business-to-business and peer-to-peer content management portal. It is an electronic platform for 'Secured' and 'Systematic' compilation and sharing of lubes packaging artefacts and documents between various internal (HPCL packaging team, HPCL procurement team, plant packaging officers) and external users (artwork designers, creative agencies, printing vendors, artwork-creative agencies). It serves as a unique and secure repository of all designs and documents related to lubes packaging.

### Some features of PACKTREK portal are as follows:

- It allows different users to perform different actions.
- It serves as a repository and maintains an archive of the specification documents.
- It provides a user-friendly interface for viewing all packaging artefacts.

**It serves as a unique and secure repository of all designs and documents related to lubes packaging.**

# Enhancing Customer Experience

The growth and success of an organisation should be measured in terms of customer satisfaction.

Our vision and mission clearly demonstrate our commitment towards enhanced customer satisfaction, as we continuously strive to improve our services by understanding the customer expectations; and providing them with best-in-class products and services.

## Customer Health and Safety

We consider that the health and safety of our customers is non-negotiable. Our approach towards product stewardship encompasses safety, security, health and environment aspects throughout the product lifecycle. We strive to integrate safety impacts at the product design stage itself and use the best manufacturing techniques to ensure highest health and safety standards. Booklets and guidelines on product handling procedure and risks, including Material Safety Data Sheets (MSDS), are distributed to all personnel involved in product handling and usage, for effective communication of our products. All our operations related to manufacturing, storage and marketing are periodically assessed by qualified auditors for health, safety and environment-related risks and suitable remedial steps, as recommended, are implemented.

Our products are marketed only after strict quality control checks at HPCL. We have set up Quality Assurance Cell for marketing and refineries in order to ensure that the highest-quality products are delivered to our customers. It carries out surprise audits and inspections of retail outlets, SKO agencies, LPG distributors, depots and terminals. During the reporting year, we commissioned new quality control labs at Kanpur, Kandla and Vasco terminals; and for defence at ASC, Bengaluru.

All our products are developed following BIS specifications, internationally accepted standards or customer-specific needs. We ensure that all our products are appropriately labelled and are in compliance with product labelling regulatory codes. During the reporting year, there was no incidence of non-compliance pertaining to product labelling and information regulations. We do not sell or market any product that is banned or disputed. In the reporting year, there were no fines for any non-compliance of laws and regulations concerning the use of products and services.

**We strive to integrate safety impacts at the product design stage itself and use the best manufacturing techniques to ensure highest health and safety standards.**

**We have set up Quality Assurance Cell for marketing and refineries in order to ensure that the highest-quality products are delivered to our customers.**



QC campaign for Customers

## Mobile App: Customer Safety

It is mandatory for LPG distributors to inspect the LPG connection in consumer premises once in two years. This is a manual process in which the LPG distributor has to store hardcopies of the inspection reports in his records. In order to digitalise the process, we have developed a mobile application, which maintains records of these inspections. This application also captures all the relevant data like condition of the equipment, type and age of equipment, usage of spurious/unauthorised equipment and any other unsafe practice, in pictorial form.

This project is a unique initiative taken up by HPCL, which ensures the quality of mandatory inspections. Proof of mandatory inspection is readily available and can be retrieved easily through the mobile application. Reports are generated for each parameter, which helps in rectifying the unsafe practices at consumer premises. This application also helps in increasing awareness amongst customers on the appropriate usage of product and equipment.

**This application also captures all the relevant data like condition of the equipment, type and age of equipment, usage of spurious/unauthorised equipment and any other unsafe practice, in pictorial form.**

## Ensuring Customer Satisfaction

An ongoing dialogue with customers is maintained through regular feedback surveys, which has helped us improve the quality of products and services we offer to our customers.

We carry out an annual survey to evaluate the satisfaction levels of LPG customers across the country. The survey focuses on the effectiveness with respect to time and safety of LPG cylinders delivery, complaint handling mechanism and the response time for the same. Through this survey, we are able to identify and understand the customer requirements and benchmark our services as well as facilities with our peers. This year, the survey covered 98,699 LPG customers across the country. The overall Customer Satisfaction Index was 81.3 (Rated as Good- as per CSI Benchmarking of Nielsen India Pvt. Ltd), compared to the rating of 76.4 in 2013-14.

**The overall Customer Satisfaction Index was 81.3 (Rated as Good- as per CSI Benchmarking of Nielsen India Pvt. Ltd), compared to the rating of 76.4 in 2013-14.**

## Ji-Haan Samarth & Samvad

These initiatives "Ji-Haan Samarth" and "Samvad" were continued from the last year. The main objective of these programmes is to give HP Gas customers a unique and differentiated customer experience. The programme 'Ji-Haan Samarth' aims to enhance the skills, knowledge and attitude of the LPG delivery men, enabling them to perform their jobs effectively and ensuring customer satisfaction. The objective of 'Samvad' programme is to sensitise the customer service cell staff of LPG distributors on customer requirements and equip them with skills to handle grievances in an effective manner. During the year, 84 Ji-haan Samarth and 38 Samvad programmes were conducted, which covered 3,035 LPG delivery men and 1,590 customer service cell staff of LPG distributors, respectively. These programs have been conducted by In-house faculty drawn from the HR team.

Ji Haan Samarth and Samvad programs have been bestowed with Leadership Excellence Award LEAD 2016 by HR.Com in the category 'Best 3rd Party Channel Partner/Customer Training Programme' at Leadership Excellence Awards 2016 function at Nashville, USA.



LEAD 2016 Award



SAKL Program for Retail Outlet FSMs

### Sada aap ke liye

'Sada aap ke liye' is a joint initiative undertaken by our HR group and Retail SBU, with an objective of developing Forecourt Sales Men (FSMs) at the retail outlets (petrol pumps) into individuals who are aware of their commitment and responsibilities towards the customers and organisation. This programme focuses on upgrading their existing skills and knowledge and helps them to understand the significance of customer satisfaction. During 2015-16, 240 SAKL programmes were conducted, covering a total of 7,232 participants. All programs have been conducted by In-house faculty drawn from the HR team.

### Snehak Shivir

Snehak Shivir is an initiative undertaken by our HR team in collaboration with Direct Sales SBU, which focuses on enhancing technical, sales and behavioural skills of the staff engaged by lube distributors. It also focuses on improving their soft skills and domain knowledge, which helps them to effectively deliver their roles. After this initiative's pilot success for sales representatives of lube distributor at Bengaluru, the programme was rolled out at all our direct sales regional offices. During the year, a total of 346 participants have been covered in 19 programmes of Snehak Shivir.

### Saksham

Saksham is a training programme, tailor-made for the complete development of LPG distributors. Eight training programmes were organised during the year, covering 250 distributors from all the zones.

### PAHAL

The PAHAL DBTL (Direct Benefit Transfer of LPG) scheme has been rolled out by the Government of India with an objective of giving cash subsidy on cooking gas, covering all the districts of the country. Under this scheme, the customer can avail the subsidy by linking their Aadhar numbers to bank accounts or by linking their bank account with the LPG connection ID. To take forward the Government initiative, we actively promoted this scheme and encouraged our customers to join the initiative. As of March 31, 2016, 4.02 crores (90.78%) of active customers joined PAHAL. A total of ₹ 7,643.52 crores of subsidy has been transferred to customers through DBTL.

HPCL was at the forefront and led the oil industry in developing several applications to facilitate smooth roll out of the PAHAL initiative. Significant amongst these are as follows:

- An application enabling LPG consumers to get answers to various queries related to DBTL status, payments and LPG ID, among others through SMS, without any manual intervention
- Interface with the banks and National Payments Corporation of India (NPCI)
- Large number of reports, dashboards and e-mail alerts to facilitate various stakeholders to closely monitor the implementation of PAHAL

### Customer-centric E-initiatives

During the year, the following IT based customer-centric initiatives were launched for LPG consumers to enhance customer experience:

- Ezy Gas Card was launched to track the refill delivery to genuine customers by making delivery on the basis of Delivery Authentication Code
- Online payment facility for LPG refill has been provided to customers through their registered web login
- **Sahaj**  
We believe in exceeding customer expectations and bringing our services to their doorsteps, thus saving their time and effort. With this objective, we have undertaken an initiative 'Sahaj' through which customers can avail new connection online (eSV) and make an online payment as well. In 2015-16, we released eSVs for 97,879 customers.
- **LPG Emergency Helpline**  
Interactive Voice Response System (IVRS) is used by more than 95% of LPG customers for booking of refills. In order to facilitate the handling of customer complaints regarding leakages, an IVRS has been launched jointly with other oil companies. In this system, customers can lodge their complaints through a single toll free number '1906', which is common number across all companies.
- **Touch Screen Kiosk**  
A touch screen kiosk has been launched, wherein LPG customers can avail various services such as refill booking, complaint and online payment, among others at one place.

### MYHPCL Mobile Retail App

We believe that mobile devices are fixtures in the lives of hundreds of millions of people across the country. We are set to change the conduct of business through intelligent use of new mobile applications. We have always been at the forefront in adopting new technologies for the ease of our customers. We have launched a new application 'MY HPCL', which provides our retail outlet customers information on our retail outlets and services available. It provides information on nearest HPCL outlets for selected facilities/services, prices of fuel at retail outlets and customer feedback. It also provides value-added services to our customers like insurance renewal, links to HP Gas and DT Plus mobile apps, service history/reminder for oil change, PUC and recommendations on HP lubricants, among others. This application has won the award for 'Best Technology Initiative/Implementation' at Business Excellence Awards, 2016.

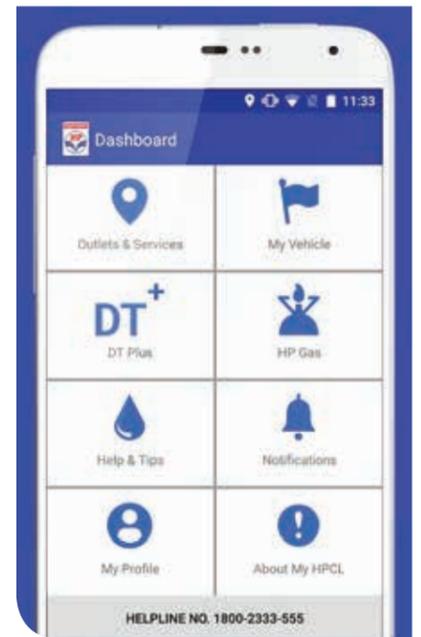
### Other Significant Initiatives For Customers

- We have developed tamper-evident seals for LPG cylinders to curb pilferage of LPG from cylinders
- Our network of ATMs has been extended by 168 new ones, taking our total network to 1,700 numbers
- We have collaborated with new allied retail business partners for providing additional services at our retail outlets:
  - Future Generali India Insurance Company Limited
  - JK Tyre Industries Limited
  - Domino Pizza
- Acceleration/Decelerations lanes have been provided at 140 retail outlets on national highways
- We have implemented standard operating procedures at 656 outlets during the year, taking our total SOP network to 6,368 outlets
- Our Vehicle Tracking System (VTS) was redesigned during 2015-16 in line with the changing market needs. 93% of our trucks have been covered under VTS

In 2015-16, we released eSVs for 97,879 customers.



Ezy Gas Card



My HPCL Mobile Retail App

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#### Material Aspect: Employment

G4-DMA	General disclosure on Management Approach	78		Assured
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	78 - 80		Assured
G4-LA3	Return to work and retention rates after parental leave, by gender	86		Assured

#### Material Aspect: Labour/Management Relations

G4-DMA	General disclosure on Management Approach	87		Assured
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	88		Assured

#### Material Aspect: Occupational Health and Safety

G4-DMA	General disclosure on Management Approach	89		Assured
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Standard Disclosures	Description of the Indicator	Page No.	Reason for Omission	External Assurance
G4-LA5	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	91		Assured
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, absenteeism and total number of work related fatalities	92		Assured
G4-LA8	Health and safety topics covered in formal agreements with trade unions	88		Assured
OG-13	Number of process safety events, by business activity	92		Assured

#### Material Aspect: Training and Education

G4-DMA	General disclosure on Management Approach	80		Assured
G4-LA9	Average hours of training per year per employee by gender and by employee category	81		
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	82		Assured
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	83		Assured

##### Sub-Category: Human Rights

#### Material Aspect: Non-Discrimination

G4-DMA	General disclosure on Management Approach	87		
G4-HR3	Total number of incidents of discrimination and corrective actions taken	87		Assured

#### Material Aspect: Freedom of Association and Bargaining

G4-DMA	General disclosure on Management Approach	88		
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk and measures taken to support these rights	88		

#### Material Aspect: Child Labour

G4-DMA	General disclosure on Management Approach	87		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour and measures taken to contribute to the effective abolition of child labour	87		

#### Material Aspect: Forced or Compulsory Labour

G4-DMA	General disclosure on Management Approach	87		
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# UNGC Index

Standard Disclosures	Description of the Indicator	Page No.	Reason for Omission	External Assurance
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour and measures to contribute to the elimination of all forms of forced or compulsory labour	87		
<b>Sub-Category: Society</b>				
<b>Material Aspect: Local Communities</b>				
G4-DMA	General disclosure on Management Approach	103		Assured
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs	104 - 109		Assured
<b>Sub-Category: Product Category</b>				
<b>Material Aspect: Customer Health and Safety</b>				
G4-DMA	General disclosure on Management Approach	116		Assured
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	116		Assured
<b>Material Aspect: Product And Service Labeling</b>				
G4-DMA	General disclosure on Management Approach	112		Assured
G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labeling and percentage of significant product and service categories subject to such information requirements	116		Assured
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	116		Assured
G4-PR5	Results of surveys measuring customer satisfaction	117		Assured
G4-PR6	Sale of banned or disputed products	116		
<b>Material Aspect: Customer Privacy</b>				
G4-DMA	General disclosure on Management Approach	52, 112		Assured
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	52, 53		Assured
<b>Material Aspect: Compliance</b>				
G4-DMA	General disclosure on Management Approach	116		Assured
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	116		Assured

UNGC Principle	Category	Description	Reference
Principle 1	Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	Human Rights: Page 87, 88
Principle 2	Human Rights	Businesses should make sure that they are not complicit in human rights abuses	Human Rights: Page 87
Principle 3	Labour	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Human Rights-Freedom of association and collective bargaining: Page 88
Principle 4	Labour	Businesses should uphold the elimination of all forms of forced and compulsory labour	Human Rights: Page 87
Principle 5	Labour	Businesses should uphold the effective abolition of child labour	Human Rights: Page 87
Principle 6	Labour	Businesses should uphold the elimination of discrimination in respect of employment and occupation	Human Rights: Page 87
Principle 7	Environment	Businesses should support a precautionary approach to environmental challenges	Our Strategy: Page 9, 18 Stakeholder engagement and materiality: Page 43
Principle 8	Environment	Businesses should undertake initiatives to promote greater environmental responsibility	Environmental Performance: Page 56-75
Principle 9	Environment	Businesses should encourage the development and diffusion of environmentally friendly technologies	Environmental Performance: Page 59-62, 64-67, 69, 70, 72-75 Product Stewardship: Page 114, 115
Principle 10	Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery	Corporate Governance: Page 16-21

## INDEPENDENT ASSURANCE STATEMENT



### Introduction and objectives of work

BUREAU VERITAS has been engaged by Hindustan Petroleum Corporation Ltd. (HPCL) to conduct an independent assurance of its Sustainability Report for the year 2015-16. This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the Sustainability Report 2015-16 are the sole responsibility of the management of HPCL. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

### Scope of work

The assurance process was conducted in line with the requirements of the Assurance Standard AA1000AS (2008) Type 1 assurance. The scope of work included:

- Data and information included in Sustainability Report 2015-16 for the reporting period 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016;
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported;
- Evaluation of the Report against the main principles of the AA1000 Assurance Standard (2008)<sup>1</sup>
  - Inclusivity
  - Materiality
  - Responsiveness
- Evaluation of the Report against the principles of Accuracy, Accessibility, Balance, Clarity, Comparability, Reliability, Timeliness and Stakeholder Inclusiveness, as defined in the GRI Sustainability Reporting Guidelines G4 "In accordance-Core";

The level of assurance has been applied as "Moderate" for all sections of the report.

### Methodology

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

We visited selected locations of HPCL and interviewed relevant personnel of HPCL.

- Corporate Office
- Retail outlet- Bandra-Kurla Complex
- Pipeline- MPSP Loni
- Loni Terminal
- Mumbai Refinery
- Chennai ASF
- Silvassa Lubes Blending Plant
- LPG Bottling Plant, Mumbai

We interviewed Plant Operations & Maintenance, Health, Safety & Environment managers, lube and bottling plant personnel and also the Sustainability team of HPCL:

HPCL had submitted performance data on reported GRI indicators. The data pertaining to each location visited was audited by Bureau Veritas.

The data was audited on a sampling basis. Data on various GRI sustainability indicators was verified for the locations that were visited. Later, it was confirmed that the same verified data went into preparation of the final data within the sustainability report.

Bureau Veritas reviewed stakeholder engagement activities that had been undertaken by HPCL prior to the preparation of the Sustainability Report. The Stakeholder Engagement process was reviewed. HPCL had appointed M/s. KPMG to conduct this process. Various records of the stakeholder engagement activities were reviewed to confirm how aspects material to HPCL's stakeholders had been determined.

<sup>1</sup> Published by AccountAbility: The Institute of Social and Ethical Accountability  
<http://www.accountability.org.uk>

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance. The work was planned and carried out to provide a "moderate" level of assurance and we believe it provides an appropriate basis for our conclusions.

### Our findings

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

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

### Alignment with the principles of AA1000AS (2008)

#### Inclusivity

HPCL has processes in place for engaging with a range of key stakeholders including socially responsible investors, Government officials, local community representatives and has undertaken a number of stakeholder engagement activities in 2015-16 covering a range of topics such as Customer satisfaction, Employee welfare, Supply Chain, Community Welfare and Environment.

#### Materiality

The Report addresses the range of environmental, social and economic issues of concern that HPCL and its stakeholders have identified as being of highest material importance. The identification of material issues has considered both internal assessments of risks and opportunities to the business, as well as stakeholders' views and concerns. The material issues were identified by a process of stakeholder engagement and interaction and the entire process was conducted in the presence of KPMG who were engaged by HPCL for that purpose.

#### Responsiveness

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

### Evaluation against Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines

Bureau Veritas undertook an evaluation of HPCL Sustainability Report 2015-16 against the G4 Sustainability Reporting Guidelines. This included cross checking the GRI index table against all the reference documents to provide an opinion on the self-declared GRI reporting option.

Based on our work, it is our opinion that the Sustainability Report 2015-16 has been prepared in accordance with the GRI Reporting Framework including appropriate consideration of the Reporting Principles and necessary indicators to meet the requirements of GRI G4 Reporting Option "In accordance- Core".

### Best practice and observations

- The process of stakeholder consultation for the determination of material aspects was comprehensively executed.
- Emphasis was noted on the identification of business risks and the development of mitigation strategies to counter those risks by a precautionary approach reflected in *inter alia*, emergency response and disaster management plans in the event of fire or natural disaster. The emergency preparedness was assessed through mock drill exercises carried out by a third party with reference to the Petroleum & Natural Gas Regulatory Board (PNGRB) guidelines.
- The Visakh-Vijaywada-Secunderabad pipeline and the Visakh white oil terminal have received platinum and gold rating awards respectively under the CII-Greenco Rating System. HPCL has also received several laurels related to business, Safety, Environment, HR, Official language etc.

- Sizeable number of materials in operations was recycled, such as metal and plastic containers.
- A large number of energy conservation initiatives were taken at the refineries and marketing locations during the reporting year. While the energy consumption within the organisation has been well documented, HPCL may like to consider assessing and quantifying the impact, in energy terms, of its products outside its boundary also, as this is expected to be significant.
- The GHG emissions in Direct and Indirect categories have been systematically computed and presented in the report. HPCL could consider taking up targets for GHG reduction or green energy capacity installations along with time frames to achieve the same. However, many actions were taken in 2015-16 at the two refineries and at marketing locations to reduce the quantity of emissions.
- Career development programmes and leadership programmes were run to enhance employee career skills and capabilities.

#### Limitations and Exclusions

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

- Activities outside the defined assurance period stated hereinabove;
- Positional statements (expressions of opinion, belief, aim or future intention) by HPCL and statements of future commitment;
- Our assurance does not extend to the activities and operations of HPCL outside of the scope and geographical boundaries as well as the operations undertaken by any subsidiaries or joint ventures of the Company.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

#### Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with almost 180 years history in providing independent assurance services, and an annual turnover in 2015 in excess of € 4.60 billion.

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

No member of the assurance team has a business relationship with HPCL, its Directors or Managers beyond that required of this assignment. We have conducted this verification independently, and there has been no conflict of interest.

The assurance team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes and has over 5 years combined experience in this field and an excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.

#### Bureau Veritas

6<sup>th</sup> Floor, Marwah Centre, K. Marwah Lane, Off. Saki-Vihar Road, Saki Naka, Andheri (East) Mumbai-400072 India.



**Sanjay Patankar**  
Lead Assurer  
Product Manager-Sustainability & Climate Change Services

Mumbai, India  
04-Oct-2016



BUREAU VERITAS



**Rupam Baruah**  
Technical Reviewer  
General Manager (East)

## Abbreviations

AIPSSPB	All India Public Sector Sports Promotion Board	ESI	Employees' State Insurance
AMP	Advance Management Programme	ESIC	Employee's State Insurance Corporation
APS	Atmospheric Pipe Still	ETP	Effluent Treatment Plant
ATF	Aviation Turbine Fuel	FCCU	Fluid Catalytic Cracking Unit
ARB	Allied Retail Business	FGD	Flue Gas Desulphurization
API	American Petroleum Institute	FGSU	Flue Gas Scrubber Unit
BCC	Behaviour Change Communication	FICCI	Federation of Indian Chambers of Commerce & Industry
BCF	Behavioral Competency Framework	FLSD	Front Level Safety Drive
BIS	Bureau of Indian Standards	FOT	Friends of the Trees
BMC	Brihan Mumbai Municipal Corporation	FRE	Fuel Refinery Expansion
BPL	Below Poverty Line	FSMs	Forecourt Sales Men
BS	Bharat Stage	GHG	Green House Gas
BSE	Bombay Stock Exchange	GJ	Giga Joule
C&MD	Chairman & Managing Director	GoI	Government of India
CCI	Competition Commission of India	GRI	Global Reporting Initiative
CCR	Continuous Catalytic Regeneration	HFHSD	High Flash High Speed Diesel
CDA	Conduct, Discipline & Appeal	HGU	Hydrogen Generation Unit
CDU	Crude oil Distillation Unit	HMEL	HPCL Mittal Energy Limited
CHPT	Chembur Hospital Project Trust	HPCK	Hindustan Petroleum Pipeline Complied Kerosene
CHT	Centre for High Technology	HRD	Human Resource Development
CHWTSDF	Common Hazardous Waste Treatment Storage and Disposal facility	HRM	Human Resource Management
CII	Confederation of Indian Industry	HSD	High Speed Diesel
CMS	Complaint Management System	HSE	Health, Safety and Environment
CNG	Compressed Natural Gas	HVGO	Heavy Vacuum Gas Oil
CPCB	Central Pollution Control Board	I&C	Industrial and Commercial
CPMP	Certified Petroleum Manager Program	IATA	International Air Transport Association
CPO	Central Procurement Organisation	IETP	Integrated Effluent Treatment Plant
CPSEs	Central Public Sector Enterprises	IGBC	Indian Green Building Council
CRM	Certified Refinery Manager	IFSDMS	Institute of Fire Safety & Disaster Management Studies
CSP	Concentrated Solar Power	IIM	Indian Institute of Management
CSR	Corporate Social Responsibility	IMM	Integrated Margin Management
CWSN	Children with Special Needs	IPC	Interpersonal Communication
DBBV	Double Block and Bleed Valve	IPCC	Intergovernmental Panel on Climate Change
DBTL	Direct Benefits Transfer for LPG	ISO	International Organisation for Standardisation
DHDS	Diesel Hydro Desulphurization	ISPE	Indian School of Petroleum and Energy
DHT	Diesel Hydro Treater	ISRS	International Sustainability Rating System
DRA	Drag Reducing Agent	IVRS	Interactive Voice Response System
DSRO	Direct Sales Regional Offices	JCERDC	Joint Clean Energy Research and Development Center
E&P	Exploration and Production	kWp	Kilo Watt Peak
EFI	Employers' Federation of India	LDS	Leak Detection System
EIA	Environmental Impact Assessment	LDT	Long Distance Trucker
EII	Energy Intensity Index	LED	Light Emitting Diode
ERDMP	Emergency Response Disaster Management Plan	LEP	Light Emitting Plasma
ERP	Enterprise Resource Planning		



