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.
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, geopolitical compulsions, stringent quality specifications, crude oil and product price volatility, 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 RGLV) 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, 2717 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

While setting new milestones in unit throughputs and production, the corporation has registered the highest Gross Refining Margins amongst public sector oil marketing companies.

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%.

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

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

We believe in adopting technologies and techniques to develop and supply energy to growing populations and economies in an environmentally responsible manner. 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 275 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 413 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. Aishaya 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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10 Organisation Profile
16 Corporate Governance
22 Awards and Recognitions
27 Affiliations and Memberships
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 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.

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.

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.
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.

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

HPCL Organisation Profile

Hindustan Petroleum Corporation Limited

Strategic Business Units

Refineries

Marketing

Retail

Fundamentals

LPG

Direct Sales

Aviation

Natural Gas & Renewables

Operation & Distribution

Pipelines

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.

Supply Chain Flow Chart

Capacity of Lube refinery

Refining throughput in 2015-16

Incorporated

0

2016
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 TMTPA. 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 (HMEL) at Bathinda, Punjab, with 9 MMTPA capacity.

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 TMTPA, 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 technocommercial 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 Ghatkoper 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:

1. Proper composition of the Board of Directors, varied experience and commitment to discharge their responsibilities.
2. Well-developed internal control systems and processes, risk management and financial reporting.
3. Full adherence and compliance to laws, rules and regulations.
4. Clearly defined management performance and accountability measurement standards.
5. Timely and balanced disclosure of all material information on operational and financial matters.
6. 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. 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.

We have an Executive Council with a Chairman & Managing Director, who is also the Director - Refineries (DIN : 06627920). Shri Mukesh Kumar Surana (DIN : 05323634) has been appointed as the new Chairman & Managing Director of our Corporation.

The 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

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Directors</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Shri Mukesh Kumar Surana</td>
<td>Chairman &amp; Managing Director</td>
</tr>
<tr>
<td>2.</td>
<td>Shri Y. K. Gawali</td>
<td>Director - Marketing</td>
</tr>
<tr>
<td>3.</td>
<td>Shri J. Ramaswamy</td>
<td>Director - Finance</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Directors</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Shri Sanjeev Poddar</td>
<td>Sr. Advisor, Ministry of Petroleum &amp; Natural Gas</td>
</tr>
<tr>
<td>2.</td>
<td>Shri Sandeep Poddar</td>
<td>Jr. Secretary (Refineries), Ministry of Petroleum &amp; Natural Gas</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Directors</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Shri Ram Niwas Jain</td>
<td>Director</td>
</tr>
</tbody>
</table>

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.

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 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.

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:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Directors</th>
<th>Category</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shri Ram Niwas Jain</td>
<td>Non-Executive Independent Director</td>
<td>Chairman</td>
</tr>
<tr>
<td>2</td>
<td>Director – Human Resources</td>
<td>Whole Time Director</td>
<td>Member</td>
</tr>
<tr>
<td>3</td>
<td>Director – Refineries</td>
<td>Whole Time Director</td>
<td>Member</td>
</tr>
<tr>
<td>4</td>
<td>Director – Marketing</td>
<td>Whole Time Director</td>
<td>Member</td>
</tr>
</tbody>
</table>

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 to address sustainability requirements of the Corporation.

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.

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.

The Code has been made applicable to:

a) All Whole Time Directors.
b) All Non-Whole Time Directors including Independent Directors under the provisions of law and
c) 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.
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 vigilance 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.

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.

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

Right to Information Act

The Right to Information Act 2005 (RTI Act) which came into effect from 12th 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.

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. In order to meet the increasing legitimate expectations of our customers for faster, 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. 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://ppportal.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.
For the second time, HP Gas received ‘Consumer Superbrands India 2015’ award.

For the 10th consecutive year, HPCL bagged ‘Readers Digest Trusted Brand 2015 Gold Award’ for the Petrol Station category.

CLUB HP was conferred with ‘MASTER BRAND AWARD’ at Global Marketing Excellence Award 2015 by World Marketing Congress.

O&D Dept. conferred with Supply Chain & Logistics Excellence-2015 Award from CII.

‘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.

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).

Visakh-Vijayawada-Secunderabad Pipeline (VVSPL) was awarded Commendation Certificate at the ‘Rajiv Gandhi National Quality Awards’ by Bureau of Indian Standards (BIS).

‘Quality Excellence Award for Customer Loyalty Program’ & ‘Quality Excellence Award for Best Retail Company’ at Stars of Industries Awards 2016.
For the 5th consecutive year, MDPL won OISD Award for 'Best Overall Performance in Safety for the Year 2013-14'.


Visakh LPG terminal and Paharpur LPG Plant were winners of Annual Greentech Safety Awards in 'Gold' and 'Silver' category.

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.

Mazgaon Terminal & Silvassa Lubes blending plants have been conferred with '14th Annual Greentech Safety Award 2015'.

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.

O&D Dept. has been recognised for 'Excellence in Corrosion Management' at FICCI Chemical & Petrochemical Award, 2015.

O&D Dept. was awarded GreenTech Platinum award 2015 in 'Safety Excellence'.

Mazgaon Terminal was awarded the 'Golden Peacock Occupational Health & Safety Award'.

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.

For the third time in a row, MDPL was awarded by British Safety Council at ‘International Safety Award 2016’ under the merit category.

‘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.

MPSPL, VVSPL and MDPL bagged '14th Annual Greentech Safety Award' in Gold Category.

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VVSPL was conferred with 5th Annual Greentech CSR Award 2015 under ‘Gold’ category.

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’.

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.

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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[34].

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[35].

HPCL was awarded ‘Global HR Excellence Award’ for organisation with Best Employee Relation Practices by World HRD Congress[36].

Received ‘Asia’s Best Employer Brand Awards 2015’ in 4 categories[37]:
- 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’

‘YUVANTAGE’ was awarded 2015 STEVIES – International Business Awards in the ‘Bronze’ category[38].

‘Excellence in Training & Development’ award by Asia Pacific HRM Congress[39].

“Excellence in Practice’ award for Project Utkarsh a by Association for Talent Development, USA[40].

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[41].

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 Automotive 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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30 Stakeholder Engagement
41 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.

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

Stakeholder Engagement and Materiality Assessment

Our Key Stakeholders

Internal Stakeholders
- Employees
  - Management
  - Non-Management

External Stakeholders
- Customers
- Dealers and Distributors
- Suppliers / Vendors / Transporters / Contractors
- Dealer Men
- Contract Workmen
- Competitors
- Investors
- Local Community
- Regulatory Departments
- Shareholders

Our Engagement Framework with Various Stakeholders is Presented Below:

<table>
<thead>
<tr>
<th>Critical Areas</th>
<th>Frequency and Modes of Engagement</th>
<th>Our Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management &amp; Non-Management Employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prospects for growth</td>
<td>Annual performance reviews and appraisal</td>
<td>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. 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.</td>
</tr>
<tr>
<td>Focus on health and safety</td>
<td>Quarterly safety committee meetings</td>
<td>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. 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.</td>
</tr>
<tr>
<td>Work-life balance</td>
<td>Regular interactions, Employee connect forums</td>
<td></td>
</tr>
<tr>
<td>Critical Areas</td>
<td>Frequency and Modes of Engagement</td>
<td>Our Actions</td>
</tr>
<tr>
<td>---------------</td>
<td>----------------------------------</td>
<td>-------------</td>
</tr>
</tbody>
</table>
| Equality / Fair Compensation | • Equal Pay for Equal Work  
• Industry Determined Compensation | 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 | • Regular interactions | 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 | • Regular trainings | Training programmes on effective management of finances and awareness about medical and other benefits for the retiring employees is organised every year. |
| Shareholders | • Annual reports  
• Press releases | 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 | • Annual general meeting  
• Regular investor meets | 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 | • Annual customer meet  
• Customer satisfaction surveys | Our R&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. We have launched products which are not only safe for our customers but have also reduced the impact on the environment. |
| Suppliers | • Annual supplier meets  
• One-to-one meetings  
• Pre-bid meetings | We have various customer connect programmes such as online application and multi-language portals for seeking feedback from customers. Our complaint management system is an effective tool for managing customer grievances and providing them feedback on regular basis. |
| Increased transparency | • Need-based communications | Bills can be tracked from submission till disbursement through a bill tracking system. This has led to increased transparency in payment process. |
| Payment process | • Need based communications | We have an online tendering process to ensure transparency and trust in bidding process. |
| Contract Workers | • Annual health check-ups | Regular training programmes are organised on safety awareness to improve our safety performance. Together with all the initiatives and trainings undertaken by HPCL, we have seen a positive change in the safety performance of the contractors. Health check-up programmes are organised for contract labours to improve their health status. |
| Health and safety | • Annual health check-ups | We strictly monitor quality parameters during the manufacturing, storage and delivery stages which has ensured increased satisfaction amongst dealers. |
| Dealer and Distributors | • Regular dealer meets for awareness  
• Need-based meetings | We conduct various safety inspection audits at retail outlets. The dealers are regularly trained on safe handling of the products. |
| Product quality | • Training programmes on safety  
• Regular inspections and safety audits | We continue to give emphasis on the training of dealers with special focus on behavioural and business skills. We have an online dealer portal for monitoring indents, supplies and account receivables, which lead to real-time tracking of transactions, ensuring transparency. |
| Safety | • One-to-one meetings  
• Need based trainings | We regularly ensure that we take feedback from dealers for improving our process further. We also provide loans to dealers for installing solar power systems at their outlets. |
| Business challenges | • Formal feedback | We have an online dealer portal for monitoring indents, supplies and account receivables, which lead to real-time tracking of transactions, ensuring transparency. |
| Satisfaction levels | | We have an online tendering process to ensure transparency and trust in bidding process. |
| Suppliers | • Annual supplier meets  
• One-to-one meetings  
• Pre-bid meetings | We have an online tendering process to ensure transparency and trust in bidding process. |
| Increased transparency | • Need-based communications | Bills can be tracked from submission till disbursement through a bill tracking system. This has led to increased transparency in payment process. |
**Critical Areas**

**Frequency and Modes of Engagement**

**Our Actions**

**Transporters and Transporters’ Crew**

- **Health and safety**
  - Regular meetings
  - Training sessions
  - Regular health check-ups

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. We conduct regular health check-up programmes for the transporters’ crew.

**Stakeholder Meeting in Progress**

**Dealer men**

- **Trainings**
  - Regular interactions
  - Training sessions on customer service and safety

Dealer men are given regular trainings on the safe use and handling of products. Trainings on behavioural aspects are also organised on regular basis.

**Community**

- **Community development**
  - Regular interaction with the community through our CSR initiatives

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. In the current year, we invested ₹ 71.76 crores for CSR initiatives.

- **Disaster management**
  - Awareness campaigns on health and environment
  - Mutual aid meetings
  - Meetings with Local Authorities
  - Mock drills

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**

**On time payments**

- **Email communications**
- **One-to-one meetings**

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.

**Regular payments**

- **Regular interactions**
- **Need based communications**

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.

**Stakeholder Meeting in Progress**

**Critical Areas**

**Frequency and Modes of Engagement**

**Our Actions**

- **Training**
  - Training on health and safety

We conduct regular training programmes on operational safety and emergency preparedness.

**Regular payments**

- **Regular interactions**
- **Need based communications**

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.

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.

**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. We also maintained regular interactions with the local authorities on all the compliance-related matters.

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:

- **Identifying key stakeholders**
- **Designing of the presentation and questionnaire**
- **Conducting stakeholder group wise engagement at each location**
- **Collection and analysis of the feedback questionnaire form**

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.

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**

   - **Brand Name**: 63%
   - **Employee Friendly Policies**: 60%
   - **Remuneration**: 52%
   - **Other**: 17%

2. **Strengths of HPCL with respect to workforce management**

   - 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 (%)
The aim of this exercise was also to define the report content in consultation with our stakeholder groups.

**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.

**Materiality Assessment Approach**

1. **Identification**
   - Comprehensive list of issues was made based on peer analysis, recent trends, upcoming regulations and historical data

2. **Assessment**
   - Shortlisting of issues considering impact on business operations and impact on the key stakeholder groups

3. **Confirmation**
   - Top material issues emerging, which were important to management and stakeholders, were further evaluated and ranked

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

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Excellent</th>
<th>Satisfactory</th>
<th>Poor</th>
<th>No Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Ability</td>
<td>74</td>
<td></td>
<td>25</td>
<td>0</td>
</tr>
<tr>
<td>Environment Performance</td>
<td>60</td>
<td></td>
<td>19</td>
<td>1</td>
</tr>
<tr>
<td>Pricing</td>
<td>39</td>
<td></td>
<td>17</td>
<td>4</td>
</tr>
<tr>
<td>Employee Welfare</td>
<td>24</td>
<td></td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Others</td>
<td>11</td>
<td></td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>No Response</td>
<td>0</td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**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 (%)**

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Very Responsive</th>
<th>Moderately Responsive</th>
<th>No Response</th>
<th>Not Responsive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Ability</td>
<td>40</td>
<td>24</td>
<td>4</td>
<td>19</td>
</tr>
<tr>
<td>Environment Performance</td>
<td>60</td>
<td>19</td>
<td>19</td>
<td>11</td>
</tr>
<tr>
<td>Pricing</td>
<td>39</td>
<td>17</td>
<td>17</td>
<td>11</td>
</tr>
<tr>
<td>Employee Welfare</td>
<td>11</td>
<td>4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Others</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>No Response</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**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
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:

### 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.

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

### Materiality Matrix
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:
Economic Performance

44-53

46 Growth for all Stakeholders
47 Our Shareholding Pattern
47 Refinery Performance
49 Marketing Performance
52 Central Procurement Organisation
52 Integrated Margin Management
52 Strategy Management & Implementation Office
52 Customer Data Privacy
53 Delivering Value to Our Communities
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.

Automated Product Filling

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.

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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.

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.

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Financial Performance

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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.

<table>
<thead>
<tr>
<th>SBU wise Sales in 2015-16</th>
<th>Sales Volume (in MMT)</th>
</tr>
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<tbody>
<tr>
<td><strong>SBU</strong></td>
<td><strong>2015-16</strong></td>
</tr>
<tr>
<td>Retail</td>
<td>22.8</td>
</tr>
<tr>
<td>LPG</td>
<td>5.07</td>
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<tr>
<td>I&amp;G</td>
<td>4.87</td>
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<tr>
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<td>0.59</td>
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</tbody>
</table>

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 2nd position in Auto LPG in Industry with record sales of 41.9 TMT.
  - Turnover of 7.786 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, 2,177 lacs HP Gas customers gave up LPG subsidy which benefited 1.33 lacs of BPL families.
  - 50.66 lacs new connections issued which is an all-time high.
  - 339 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”.

Lube Oil Up Gradation unit at our Mumbai Refinery
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.

Aviation Sales

0.61 MMT

- Only company to gain market share in PSU Industry.
- Achieved an annual 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.

"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 2717 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".

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 1245 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.

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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 (113 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 (VVSPPL) 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 Andhna 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.
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)

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 SBUs 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.
- 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 efficiencies. 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

54-75

57 Material Management
59 Energy Performance
63 Managing Our Footprint
66 Commitment towards Green Energy
68 Water Management
71 Waste Management
74 Greenco Implementation at HPCL
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.

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.

Material Usage in Refineries

<table>
<thead>
<tr>
<th>Raw materials consumed in 2015-16</th>
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</thead>
<tbody>
<tr>
<td><strong>CRUDE OIL PROCESSED</strong></td>
</tr>
<tr>
<td>Refinery</td>
</tr>
<tr>
<td>Mumbai Refinery</td>
</tr>
<tr>
<td>Visakh Refinery</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td><strong>SEMI-MANUFACTURED MATERIALS CONSUMED IN 2015-16 (IN MT)</strong></td>
</tr>
<tr>
<td>Additives, Chemicals and Catalysts</td>
</tr>
<tr>
<td>RLNG</td>
</tr>
<tr>
<td><strong>ASSOCIATED MATERIALS CONSUMED IN 2015-16</strong></td>
</tr>
<tr>
<td>Lube Oil &amp; Grease (KL/MT)</td>
</tr>
<tr>
<td>R-22 (KG)</td>
</tr>
<tr>
<td><strong>MATERIALS RECYCLED IN 2015-16 (IN MT)</strong></td>
</tr>
<tr>
<td>Slop</td>
</tr>
<tr>
<td>Catalyst</td>
</tr>
</tbody>
</table>

Cost-effective formulations and processes developed for online cleaning of furnace tubes.
Material Usage in Marketing Locations

<table>
<thead>
<tr>
<th>Semi-manufactured materials consumed in 2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>381,857 Base Oils (MT)</td>
</tr>
<tr>
<td>21,727 Additives and Chemicals (MT)</td>
</tr>
<tr>
<td>3,948 HFH5D (MT)</td>
</tr>
<tr>
<td>492 MTO (MT)</td>
</tr>
<tr>
<td>270,595 Ethanol and Bio-diesel (KL)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Associated materials consumed in 2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>205 Corrosion Inhibitors (KL)</td>
</tr>
<tr>
<td>23,267 Bottling Cylinders (MT)</td>
</tr>
<tr>
<td>5,009,311 Dry Chemical Powder (Kg)</td>
</tr>
<tr>
<td>1,520 Pressure Regulators (MT)</td>
</tr>
<tr>
<td>64,832 Foam (KL)</td>
</tr>
<tr>
<td>2,006 Filters (Nos.)</td>
</tr>
<tr>
<td>2,756 Plastic Caps (MT)</td>
</tr>
<tr>
<td>57,613 Brass Valves (MT)</td>
</tr>
<tr>
<td>136 Lube Oils and Greases (MT)</td>
</tr>
<tr>
<td>135 Rubber Hoses (Nos.)</td>
</tr>
<tr>
<td>352 Corkite (MT)</td>
</tr>
<tr>
<td>607 Paint and Primer (KL)</td>
</tr>
<tr>
<td>2,171 Wooden Pallets (Nos.)</td>
</tr>
<tr>
<td>238 O-rings (MT)</td>
</tr>
<tr>
<td>21,727 Bottling Cylinders (MT)</td>
</tr>
<tr>
<td>3,948 Bottling Cylinders (MT)</td>
</tr>
<tr>
<td>2,756 Plastic Caps (MT)</td>
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<table>
<thead>
<tr>
<th>Materials recycled in 2015-16</th>
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<tbody>
<tr>
<td>366,508 Metal Containers (Nos.)</td>
</tr>
<tr>
<td>733 Bottles (Nos.)</td>
</tr>
<tr>
<td>1,616 Wooden Pallets (Nos.)</td>
</tr>
<tr>
<td>224 O-rings (MT)</td>
</tr>
<tr>
<td>56,842 Brass Valves (MT)</td>
</tr>
<tr>
<td>4,864,004 Bottling Cylinders (MT)</td>
</tr>
</tbody>
</table>

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

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.

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.
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 SO₂ 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.

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.

Energy Conservation Initiatives at Marketing
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.

Diesel Isotherming Unit at Mumbai Refinery

<table>
<thead>
<tr>
<th>Refinery</th>
<th>Saving due to energy conservation measures (SRFT/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mumbai</td>
<td>11,288</td>
</tr>
<tr>
<td>Visakh</td>
<td>7,862</td>
</tr>
<tr>
<td>Total</td>
<td>19,170</td>
</tr>
</tbody>
</table>
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.

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)

<table>
<thead>
<tr>
<th>Year</th>
<th>Mumbai Refinery</th>
<th>Visakh Refinery</th>
<th>Marketing Locations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-16</td>
<td>0.016</td>
<td>0.16*</td>
<td>0.016</td>
<td>0.34</td>
</tr>
<tr>
<td>2014-15</td>
<td>0.016</td>
<td>0.016</td>
<td>0.016</td>
<td>0.16</td>
</tr>
<tr>
<td>2013-14</td>
<td>0.016</td>
<td>1.29</td>
<td>1.55</td>
<td>2.86</td>
</tr>
</tbody>
</table>

* Includes CO, CH, and N

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 SO2 emissions.

Scope 2 Emissions
(GHG emissions from the generation of purchased electricity)

<table>
<thead>
<tr>
<th>Year</th>
<th>Mumbai Refinery</th>
<th>Visakh Refinery</th>
<th>Marketing Locations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-16</td>
<td>0.06</td>
<td>0.17</td>
<td>0.03</td>
<td>0.37</td>
</tr>
<tr>
<td>2014-15</td>
<td>0.03</td>
<td>0.16*</td>
<td>0.044</td>
<td>0.60</td>
</tr>
<tr>
<td>2013-14</td>
<td>0.009</td>
<td>0.13</td>
<td>0.41</td>
<td>0.55</td>
</tr>
</tbody>
</table>

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 (tCO₂e/MT)*

<table>
<thead>
<tr>
<th></th>
<th>2015-16</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mumbai Refinery</td>
<td>0.244</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Visakh Refinery</td>
<td>0.202</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing Locations</td>
<td>0.003</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* 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 tCO₂e.

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.

<table>
<thead>
<tr>
<th>SOx (MT)</th>
<th>2015-16</th>
<th>2014-15</th>
<th>2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mumbai Refinery</td>
<td>2,125</td>
<td>3,079</td>
<td>2,554</td>
</tr>
<tr>
<td>Visakh Refinery</td>
<td>3,352</td>
<td>5,410</td>
<td>3,419</td>
</tr>
<tr>
<td>Total</td>
<td>5,477</td>
<td>6,489</td>
<td>5,973</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NOx (MT)</th>
<th>2015-16</th>
<th>2014-15</th>
<th>2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mumbai Refinery</td>
<td>850</td>
<td>773</td>
<td>1,390</td>
</tr>
<tr>
<td>Visakh Refinery</td>
<td>1,230</td>
<td>1,390</td>
<td>1,798</td>
</tr>
<tr>
<td>Total</td>
<td>2,080</td>
<td>2,163</td>
<td>3,323</td>
</tr>
</tbody>
</table>

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.
- 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 Desulphuration 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.
- 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.

Emission Reduction Initiatives at Marketing Locations

- 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.

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.

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

Wind Energy

Currently, we have 50.5 MW installed capacity; it generated approx. 4,700 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.

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:

258 kWp Solar PV Power Plant at Ennore Terminal
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 amounts 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.

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.
- Artifical 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, we have implemented rainwater harvesting at both the refineries and 94 marketing locations.

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

**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.

**Waste Management in Refineries**

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

<table>
<thead>
<tr>
<th>Hazardous waste generated in 2015-16</th>
<th>Non-Hazardous waste generated in 2015-16</th>
<th>Hydrocarbons vented in 2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>10,040</strong></td>
<td><strong>10,395</strong></td>
<td><strong>30,274</strong></td>
</tr>
<tr>
<td>Oily Sludge (MT)</td>
<td>Metal Scrap (MT)</td>
<td>Mumbai Refinery (MT)</td>
</tr>
<tr>
<td><strong>35</strong></td>
<td><strong>137</strong></td>
<td><strong>32,011</strong></td>
</tr>
<tr>
<td>Spent Charcoal (MT)</td>
<td>Wooden Scrap (MT)</td>
<td>Visakh Refinery (MT)</td>
</tr>
<tr>
<td><strong>2,322</strong></td>
<td><strong>2,921</strong></td>
<td></td>
</tr>
<tr>
<td>Spent Catalyst (MT)</td>
<td>Metal Containers (Nos.)</td>
<td></td>
</tr>
<tr>
<td><strong>4,200</strong></td>
<td><strong>5,459</strong></td>
<td></td>
</tr>
<tr>
<td>Chemical Containers (Nos.)</td>
<td>Plastic Containers (Nos.)</td>
<td></td>
</tr>
<tr>
<td><strong>211</strong></td>
<td><strong>18</strong></td>
<td></td>
</tr>
<tr>
<td>Insulation wool waste (MT)</td>
<td>Plastic Waste (MT)</td>
<td></td>
</tr>
<tr>
<td><strong>1,092</strong></td>
<td><strong>21</strong></td>
<td></td>
</tr>
<tr>
<td>Scrap Batteries (Nos.)</td>
<td>Scrap Equipment (Nos.)</td>
<td></td>
</tr>
</tbody>
</table>

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:

---

Waste Management Initiatives at Marketing locations:

**Phytoremediation**
In addition to being 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.

- 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.

**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 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.

Reduction in Specific Energy Consumption by 38% and GHG emissions by 32% during last three years

Reduction in Specific Water Consumption by 32% during last four years

Reduction in Specific Water Consumption by 45% during last three years

Reduction in Specific Energy Consumption by 3.8% and GHG emissions by 7.9% during last four years

Reduction in Specific Energy Consumption by 7.8% and GHG emissions by 7.9% during last four years

Reduction in Specific Water Consumption by 34.8% during last three years

Reduction in Specific Water Consumption by 7.8% and GHG emissions by 7.9% during last four years

Green Initiatives of Visakh White Oil Terminal

100 kWp Solar Power Plant across VVSPL locations

100 kWp Solar Power Plant across VVSPL locations

Green initiatives of Visakh Vijaywada Secunderabad Pipeline

Green Initiatives of Visakh Vijaywada Secunderabad Pipeline

Green Initiatives of Visakh White Oil Terminal

Green Initiatives of Visakh White Oil Terminal

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Green Initiatives of Visakh White Oil Terminal

Our Achievements in Greenco
People Performance
76-99

78 People Management
80 Building Capabilities
83 Career Development
83 Recognising Outstanding Performance
84 Talent Acquisition
86 Employee Engagement
86 Employee Benefits
87 Human Rights
89 Health and Safety
96 HP Nagar Housing Complex - In 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 the 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 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.

Total Number of Employees by Category and Gender

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sr.</td>
<td>198</td>
</tr>
<tr>
<td>Mid.</td>
<td>1,831</td>
</tr>
<tr>
<td>Jr.</td>
<td>2,995</td>
</tr>
<tr>
<td>NM.</td>
<td>4,637</td>
</tr>
</tbody>
</table>

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

Total Employee Turnover by Category and Gender

<table>
<thead>
<tr>
<th>Category</th>
<th>Current</th>
<th>Turnover</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sr.</td>
<td>214</td>
<td>272</td>
<td>640</td>
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<tr>
<td>Mid.</td>
<td>13</td>
<td>84</td>
<td>646</td>
</tr>
<tr>
<td>Jr.</td>
<td>25</td>
<td>11</td>
<td>36</td>
</tr>
<tr>
<td>NM.</td>
<td>20</td>
<td>11</td>
<td>31</td>
</tr>
</tbody>
</table>

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

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.
Male 511 60,629 29 30 – 50 years 1,233
Female 14 3,172 14,811 56
Total 50 35 34 14
596

New Employee Hired Age-group Wise

<30 years 30 – 50 years >50 Years Total
Senior Management 0 14 14 14
Middle Management 0 15 33 48
Junior Management 190 34 239 258
Non-Management 191 11 280 340
Total 1,151 90 596 200

Training Record

Training Mandays

<table>
<thead>
<tr>
<th>Employee Category</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>30,274</td>
<td>3,172</td>
</tr>
<tr>
<td>Non-Management</td>
<td>14,811</td>
<td>113</td>
</tr>
<tr>
<td>Contract Workmen</td>
<td>60,629</td>
<td>1,233</td>
</tr>
<tr>
<td>Transporter Workmen</td>
<td>61,387</td>
<td>12</td>
</tr>
</tbody>
</table>

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 influence, among others.

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.

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.

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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.

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 ‘UTTHAN’ is an initiative undertaken by the HR team for the non-management employees who have been promoted from labour cadre to clerical cadres. 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 1,137 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.

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).

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 appraisals with a view to identify exceptional, good, average and poor performance. All our eligible employees (100%) receive a regular performance 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.

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, SBM 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.

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
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.

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.

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.

Integrating new officers to mainstream

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 instil 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.

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
of maternity leave has been enhanced from 135 days provided to our female employees (including Officer Maternity leave is a fully-paid leave, which is

**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**
An 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 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.

**Diversity**
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,
nepatriation, 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 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 ज़ेलेले हर सार्व सार्व (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.

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 HGO level (Corporation & 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.
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 26th, 2015 as ‘World Anti Drugs Day 2015’, wherein awareness programmes were conducted about its 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 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 OHS 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’.
Our Safety Performance

Permanent Employees

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Contractual Workforce

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Process Safety Events

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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.

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.

Various programmes have been undertaken to promote this initiative by demonstrating skills in local language, showing animated video screenings, celebrating 'Sachet' fortight 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 workers 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.

Other safety initiatives:

A total of 1358 officers of the Corporation underwent ‘Live Fire Training’ at the Institute of Fire Safety and Disaster Management Studies (IFSDMS), Barela. 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 - SVS 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.

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 (GRA) 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.
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 like table tennis and carom, among others.

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.

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.

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.

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 being implemented meticulously for managing the wet waste:
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 workers 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.
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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.

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.

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.
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), Bhiita (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 Surakhsa**
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.

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

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.

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**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.

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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 morally 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 GoI, we have undertaken Project Unnati, in association with NIT 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 GoI.

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 GoI 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
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

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.

**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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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.

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.

We are participating as an industrial partner in the INDO-US Joint Clean Energy Research and Development Center (JCRERDC) 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 (SERIIUS) 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 CO2 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.

Launch of HP Gas Razor Pro
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 0W20 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 0W 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.

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

Energy-efficient Oil and Greases

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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.

Launch of HP Racer 4 Synth 10W-30 Engine Oil
**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. We carry 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.

**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 facilitate a comparison 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.

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 Samvod 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 Samvod 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.

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.

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The overall Customer Satisfaction Index was 81.3 (Rated as Good- per CSI Benchmarking of Nielsen India Pvt. Ltd.), compared to the rating of 76.4 in 2013-14.
Eight training programmes were organised during the complete development of LPG distributors. Saksham is a training programme, tailor-made for 240 Saksham 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 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 Saksham programmes were conducted, covering a total of 7,232 participants. All programs have been conducted by In-house faculty drawn from the HR team.

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 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 HP 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.

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 6,856 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
## GRI G4 Content Index

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### Category: Economic

#### Material Aspect: Economic

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### Category: Energy

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**Material Aspect: Water**

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| G4-EN7               | Total water withdrawal by source          | 58      | Assured            |                  |
| G4-EN10              | Percentage and total volume of water recycled and reused | 58      | Assured            |                  |

| G4-DMA               | General disclosure on Management Approach | 63      | Assured            |                  |
| G4-EN15              | Direct greenhouse gas (GHG) emissions (Scope 1) | 63      | Assured            |                  |
| G4-EN16              | Energy indirect greenhouse gas (GHG) emissions (Scope 2) | 64      | Assured            |                  |
| G4-EN17              | Other indirect greenhouse gas (GHG) emissions (Scope 3) | 64      | Assured            |                  |
| G4-EN18              | Greenhouse gas (GHG) emissions intensity | 64      | Assured            |                  |
| G4-EN19              | Reduction of greenhouse gas (GHG) emissions | 64, 65  | Assured            |                  |
| G4-EN20              | NOx, SO2, and other significant air emissions | 64      | Assured            |                  |

**Material Aspect: Emissions**

| G4-DMA               | General disclosure on Management Approach | 71      | Assured            |                  |
| G4-EN21              | Total weight of waste by type and disposal method | 71 - 73 | Assured            |                  |
| OG-6                 | Volume of flared and vented hydrocarbon | 71      |                    |                  |

**Material Aspect: Effluents and Waste**

| G4-DMA               | General disclosure on Management Approach | 73      | Assured            |                  |
| G4-EN28              | Monetary value of significant fines and total number of non-monetary sanctions for non compliance with environmental laws and regulations | 73      | Assured            |                  |

**Category: Social**

**Sub-Category: Labour Practices and Decent Work**

| 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            |                  |

| 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            |                  |

| 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-LA7               | 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-LA8               | Average hours of training per year per employee by gender and by employee category | 81      | Assured            |                  |
| G4-LA9               | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | 82      | Assured            |                  |
| G4-LA10              | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | 83      | Assured            |                  |

**Material Aspect: Human Rights**

**Sub-Category: Human Rights**

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

**Material Aspect: Non-Discrimination**

| G4-DMA               | General disclosure on Management Approach | 88      | Assured            |                  |
| 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      | Assured            |                  |

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

| G4-DMA               | General disclosure on Management Approach | 87      | Assured            |                  |
| 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      | Assured            |                  |

**Material Aspect: Child Labour**

| G4-DMA               | General disclosure on Management Approach | 87      | Assured            |                  |
| G4-DMA               | General disclosure on Management Approach | 87      | Assured            |                  |
Standard | 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 | | |

**Sub-Category: Society**

**Material Aspect: Local Communities**

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<td>G4-SO1</td>
<td>Percentage of operations with implemented local community engagement, impact assessments and development programs</td>
<td>104 – 109</td>
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**Sub-Category: Product Category**

**Material Aspect: Customer Health and Safety**

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**Material Aspect: Product And Service Labeling**

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<td>G4-PR1</td>
<td>Percentage of significant product and service categories for which health and safety impacts are assessed for improvement</td>
<td>116</td>
<td></td>
<td>Assured</td>
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<td>G4-PR3</td>
<td>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</td>
<td>116</td>
<td></td>
<td>Assured</td>
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<td>G4-PR4</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes</td>
<td>115</td>
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<td>G4-PR5</td>
<td>Results of surveys measuring customer satisfaction</td>
<td>117</td>
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<td>G4-PR6</td>
<td>Sale of banned or disputed products</td>
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**Material Aspect: Customer Privacy**

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<td>G4-DMA</td>
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<td>52, 112</td>
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<tr>
<td>G4-PR8</td>
<td>Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data</td>
<td>52, 53</td>
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**Material Aspect: Compliance**

<table>
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<td>G4-PR10</td>
<td>Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services</td>
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**UNGC Index**

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INDEPENDENT ASSURANCE STATEMENT

Introduction and objectives of work

BUREAU VERTAS 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 (2006) Type 1 assurance. The scope of work included:

- Data and information included in Sustainability Report 2015-16 for the reporting period 1st April 2015 to 31st 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 (2006) 1
  o Inclusivity
  o Materiality
  o 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, MRPL, Loni
- Loni Terminal
- Mundra Refinery
- Chemicals, AGEP
- Silvassa Lubric Blending Plant
- LPG Bottling Plant, Mumbai

We interviewed Plant Operations & Maintenance, Health, Safety & Environment managers, tube 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 draft 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.

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 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 these 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-Vijayawada-Secunderabad pipeline and the Visakh white oil terminal have received platinum and gold rating awards respectively under the CII-Genesco Rating System. HPCL has also received several laurels related to business, Safety, Environment, HR, Official language etc.

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

BUREAU VERTAS
Limitations and Exclusions
Excluded from the scope of our work is any assurance of information relating to:
- Activities outside the defined assurance period stated hereinafter;
- 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 2016 of excess of ₹ 46.7 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.
SUSTAINABILITY PERFORMANCE 2015-16 AT A GLANCE

- **Economic**
  - 17.22 MMT
    - Highest ever crude processing
  - 34.2 MMT
    - Highest ever Sales Volume
  - Excellent
    - MoU Rating by DPE since 1992

- **Environmental**
  - 19,170 SRFT
    - Energy Conservation at Refineries
  - 108 at MR & 109 at VR
    - Best Ever Energy Intensity Index
  - 1,060 acres
    - Total Green Cover
  - 450 lacs KWh
    - Renewable Energy Generation
  - Zero emission electric car
    - Deployed at our Kolkata and Juhu ASF’s
  - >7,800
    - No. of villages made ‘Smokeless’ through LPG penetration
  - 11,000
    - Project Nanhi Kali - Girl children supported in backward areas
  - 1,245
    - Swachh Bharat Abhiyan Toilets constructed
  - 41,350
    - Project Unnati: Students Trained in computer application basics
  - 15 Million Man Hours
    - Best ever safety record at MR
  - 27.17 lacs
    - No. of customers voluntarily giving up LPG subsidy
  - 81.3%
    - Customer satisfaction index for LPG consumers
  - 34.2 MMT
    - Excellent
  - 11.2 MMT
    - Total Green Cover
  - 0.000
    - No. of villages made ‘Smokeless’ through LPG penetration

- **Social**
  - 1,060 acres
    - Total Green Cover
  - 450 lacs KWh
    - Renewable Energy Generation
  - Zero emission electric car
    - Deployed at our Kolkata and Juhu ASF’s
  - >7,800
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