



हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड
संभारणीय रिपोर्ट 2011-2012

Hindustan Petroleum Corporation Limited
Sustainability Report 2011-12

SUSTAINABILITY

for a secure future.



In This Report

Overview

- 01 Vision and Mission
- 03 Sustainable Development Policy
- 04 About The Report
- 06 Composition of Board of Directors
- 07 Organisation Structure for Sustainability reporting
- 08 Chairman's Message
- 10 Company Profile
- 12 Corporate Governance

Our Sustainability Context

- 17 Stakeholder Engagement
- 20 Materiality Analysis
- 22 Key Impacts, Risks & Opportunities

Our Economic Performance

- 25 Economic Performance

Our Environmental Performance

- 29 Environmental Performance
- 30 Resource Management
- 36 Operational Efficiencies

Our Social Performance

- 43 Human Rights
- 44 Labor Practices & Decent Work
- 50 Society
- 54 Product Responsibility
- 56 Sustainability Roadmap
- 57 Assurance Statements
- 60 GRI Index



Registered Office and Corporate Headquarters

Hindustan Petroleum Corporation Limited
Petroleum House
17, Jamshedji Tata Road
Mumbai 400020
Maharashtra, India
e-mail: corphqo@hpcl.co.in

Marketing Headquarters

Hindustan Petroleum Corporation Limited
Hindustan Bhawan
8, Shoorji Vallabhdas Marg, Ballard Estate
Mumbai 400001
Maharashtra, India
e-mail: mktghqo@hpcl.co.in



Vision & Mission Statement of the Corporation



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.



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.



Green Fuel Project, Mumbai Refinery

Sustainable Development Policy of the Corporation

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 programs 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 customized management systems to monitor and control progress of Sustainability Development objectives.
- ✎ Remain committed to disseminate information on our sustainability performance.

About the report

Report Period

This Report covers the Corporation's Sustainability Performance over Fiscal Year 2011-12.

Report Boundary

The Report highlights the progress we made in the last year on our commitment to social, economic and environmental responsibility. The Report covers HPCL's fully-owned Indian operations as well as the refinery and marketing operations.

Retail outlets, joint ventures, subsidiaries, international operations and administrative offices are not included in this Report. The Report discloses HPCL's performance during Fiscal Year 2011-12 on environmental, social and economic indicators; it does not include data for indicators where sufficient documentation was not available across all locations.

Reporting Process

The Report discloses aspects related to HPCL's environmental, social and economic performance. In addition to seeking data-based inputs of the GRI indicators, it also contains viewpoints of the company's internal stakeholders, such as the employees. Based on viewpoints, relevant sustainability issues (material issues) faced by the organization have been identified.

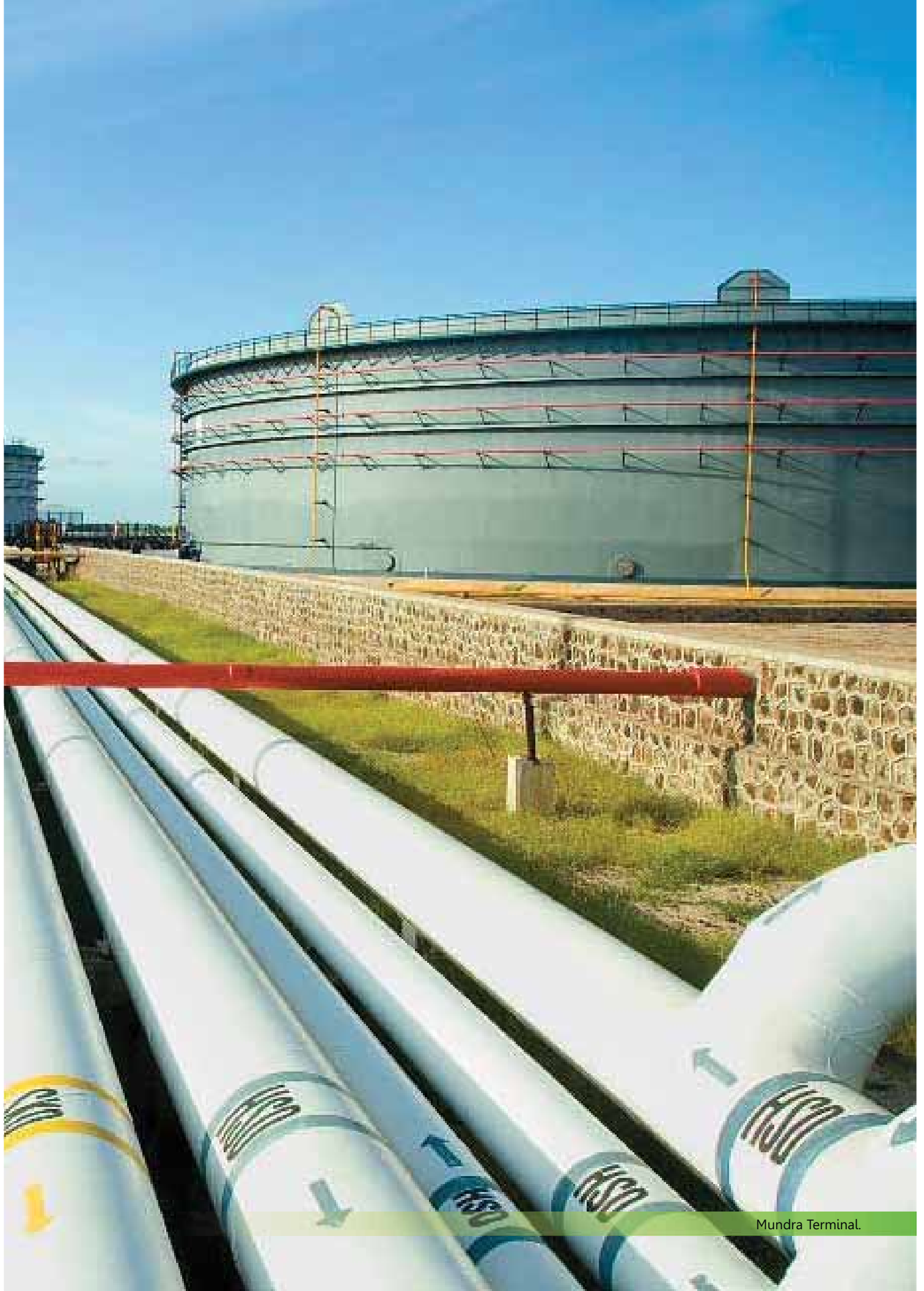
Discussions with the senior management on these were helpful in prioritizing the issues and in demonstrating the management's approach towards key environmental, social and economic parameters.

External stakeholders were selected based on regular interaction HPCL had with them. Inputs were sought from each of HPCL's locations to determine their level of engagement with the Corporation.

Topics were prioritized based on guidelines laid out by the Global Reporting Initiative 3.0 (GRI).

Data Measurement Techniques

Data for the Report was collected by forwarding data collection templates to all SBU locations. Quantities for each of the indicators were collected on a month-wise basis. While actual numbers have been presented in most cases, there are some indicators for which estimated numbers have been collected.



Mundra Terminal.



Composition of Board of Directors

FUNCTIONAL DIRECTORS

Shri S. Roy Choudhury - C & MD

Dr. V. Viziasaradhi*

Shri B. Mukherjee

Shri K. Murali

Smt. Nishi Vasudeva **

Shri Pushp Joshi**

NON-EXECUTIVE DIRECTORS

(A) Part-time (Ex-Officio)

Dr. S.C. Khuntia****

Shri L.N. Gupta

Shri P.K. Sinha ***

(B) Part-time Directors (Non-Officio)

Dr. Gitesh K. Shah

Shri Anil Razdan

Shri S.K. Roongta

Shri G.K. Pillai ****

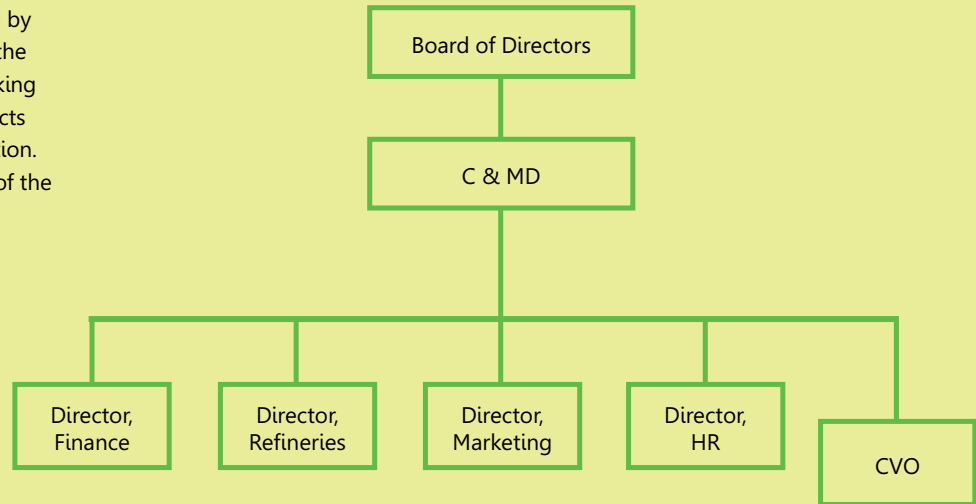
Shri A.C. Mahajan ****

Dr. G. Raghuram ****

- * Dr. V. Viziasaradhi, Director – HR, retired from the services of the Corporation effective July 31, 2012 on attaining the age of superannuation.
- ** Smt. Nishi Vasudeva, appointed as Director (Marketing) effective 04.07.2011 and Shri Pushp Kumar Joshi, appointed as Director (HR) effective 01.08.2012
- *** Shri P.K. Sinha, Special Secretary and Financial Advisor, MOP&NG, has resigned from the Board of HPCL w.e.f. March 01, 2012 consequent upon his appointment as Secretary, Ministry of Shipping, Government of India.
- **** S/Shri G.K. Pillai, A.C. Mahajan, Dr. G. Raghuram have been appointed as Non-Official Part-Time Directors effective 09.04.2012 and Dr. S.C. Khuntia has been appointed as Ex-official Part-Time Director effective 03.08.2012 on the Board of HPCL.

Organization Structure for Sustainability reporting

While the Company is guided by a single sustainability policy, the responsibility of decision-making on various sustainability aspects is spread across the organization. Below is a broad description of the organizational hierarchy:



Organizational & Functional Structure

Shri S. Roy Choudhury

C & MD

- ✎ Internal Audit
- ✎ Company Secretary
- ✎ Information Systems
- ✎ Legal
- ✎ HSE & Sustainability Development
- ✎ DCO
- ✎ CS & P

Shri B. Mukherjee

Director, Finance

- ✎ Taxation
- ✎ Corporate Finance
- ✎ **Joint Ventures***

Shri K. Murali

Director, Refineries

- ✎ Mumbai Refinery
- ✎ Visakh Refinery
- ✎ Central Engineering
- ✎ R&D
- ✎ **International Trade & Shipping***
- ✎ **Exploration & Production***

Smt. Nishi Vasudeva

Director, Marketing

- ✎ LPG SBU
- ✎ Direct Sale SBU
- ✎ Aviation SBU
- ✎ O&D
- ✎ Project & Pipelines
- ✎ **Retail SBU***

Shri Pushp Joshi

Director, Human Resource

- ✎ Human Resource Development
- ✎ Industrial Relations
- ✎ Compensation Management
- ✎ Security
- ✎ Quality Assurance
- ✎ CSR
- ✎ **Administration***

Chairman's Message



Mr. S. Roy Choudhury,
Chairman & Managing Director

Dear Stakeholders

It gives me pleasure to present the maiden Sustainability Report of Hindustan Petroleum Corporation Limited (HPCL). Through this Report for Fiscal Year 2011-12, we endeavour to enhance the quality of our sustainability reporting, highlighting the progress made in the last year towards our commitment to social, economic and environmental responsibility.

We aim to share with you our initiatives, efforts and performance towards Sustainable Development, which is no longer an option, but a necessity. Our commitment to sustainability has been strong and enduring. There is commitment embedded in everything we do and our ability to evolve and grow has strengthened the Corporation over time, defining what HPCL is today.

Year 2011-12 was quite challenging for the Oil Industry, but we continued to strengthen our position as a sustainability leader with our operations. Economic liberalization and consequent fiscal restructuring in India during the last two decades has intensified competition on the marketing front. Additional infrastructural facilities to meet the growing demand, technological upgradation for value-added products and environmental management are some additional challenges the petroleum sector faced during the year. In today's environment of constant change and increasing competition, a long-term plan is imperative. Towards this goal, the Corporation has implemented 'Target Shikhar' – a growth

strategy for Refining and Marketing to meet market demand.

Your Corporation realises the significance of Human Resource development as a major force in achieving targets. HPCL is a company that cares for and invests in its people. Our excellent results and sustainability progress would not have been possible without our employees and we continue our focus on employee development.

To align our human resources towards our goal, the Corporation rolled out another leadership development initiative – 'Project Akshay'. Over the course of the year, programs were introduced to promote diversity in our workforce and develop the next generation of our leaders and talent.

The essence of Sustainable Development is being practised in your Corporation to meet the needs of today, without compromising the requirements of tomorrow. Your Corporation has been engaged with water and energy conservation and also with local communities since a long time. The activities have been designed with the aim of ensuring good environment management. We have constantly endeavoured to upgrade the environmental performance of our operations by adopting new state-of-the-art technologies and incorporating world class practices. We have created systems that constantly strive to upgrade the health and safety of our workforce. We have engaged with local communities in a constructive manner to earn societal benefits.



We strive to develop a good safety culture amongst our workforce to achieve our target of 'Zero Incidents'.

India continues to see a phenomenal increase in demand for fuels. This demand has emerged not just from the urban consumers, but also the rural community. We realize how rising fossil fuel consumption is the prime source for an increase in global greenhouse gases and the root cause behind human-induced climate change. Our Corporation, is producing eco-friendly green fuels which significantly contribute towards reduced gas emissions and also produce environmentally-superior lubricants which improve the efficiency of vehicles and their performance, thus lowering the demand for oil/fuels.

At HPCL, we have taken several initiatives towards production of green Bio-fuels. We have also incorporated joint ventures aiming towards production of ethanol from sugarcane/molasses and bio-diesel from Jatropha. Through our joint ventures, we have started an initiative to develop City Gas Distribution (CGD) networks to distribute eco-friendly fuels to domestic, industrial and automobile sectors.

We remain conscious towards the importance of bio-diversity and have undertaken initiatives towards protection of the same in our area of operations and projects. This validates our integration of sustainability in our core business strategy and the culture of the Corporation.

We have attached an unrelenting importance and an uncompromising approach towards safety in our operations with on-going programmes on employee training and safe practices at all locations. We strive to develop a good safety culture amongst our workforce to achieve our target of 'Zero Incidents'. Your Corporation has put in place a robust programme to monitor occupational health related issues among our employees and provide counselling to improve their health standards. We conduct health camps for the local communities living nearby and provide them with information on preventive health measures.

Your Corporation has its operations spread across the length and breadth of the country. We are aware that the variable availability of fresh water will severely impact our operations, with resources becoming scarce. We have constituted programs and management systems to reduce the overall consumption of water. At several of our locations, we have instituted programs on rainwater harvesting and adopted various conservation measures. Recycling of treated effluent water for process use is one such measure which significantly reduces fresh water intake.

HPCL has constituted a Board-level Sub-Committee to review and monitor the Sustainable Development initiatives being undertaken by the Corporation. During Fiscal Year 2012-13, your Corporation focussed on Sustainable Development projects aimed towards energy conservation, renewable energy, water harvesting and carbon footprint.

The Principle of Sustainability is becoming a way of life in the Corporation. Our policy on Sustainable Development has been communicated to all the employees. As we progress, we are sure the Corporation will set an example in this field and will deliver superior sustainability performance over the coming years. Our approach as a Corporate Citizen is a full-time commitment with the same goals, strategies and accountabilities that drive our business.

Moving into 2012, we have an unprecedented momentum. Our corporate strategy, based on our operational excellence, financial strength and disciplined approach, provides the foundation on which our success is built and a basis for continuous improvement.

As the business and societal landscape evolves, we will too. We look forward to continue working with our customers, industry partners, employees and shareholders and empower their lives. Consistent with our standing as an energy company, we will continue to innovate to create sustainable solutions to meet the challenges ahead.

Company Profile

HPCL is a mega Public Sector Undertaking (PSU) with a Navratna status. It is a Fortune 500 and Forbes 2000 listed Company which recorded an annual Gross Sale of INR 1,881,310 million during FY 2011-12. Our crude throughput and market sales (including exports) stood at 16.19 Million Metric Tonnes (MMT) and 29.40 MMT, respectively. HPCL commands a 19.96% market share among oil PSUs with a strong market infrastructure spread across the country.



HPCL runs two refineries producing a wide variety of petroleum products – fuels, lubricants and specialty products. One refinery is based in Mumbai (West Coast) with a capacity of 6.5 MMTA, while the other is in Visakhapatnam (East Coast) with a capacity of 8.3 MMTA. HPCL also holds an equity stake of 16.95% in Mangalore Refinery & Petrochemicals Limited (MRPL), a state-of-the-art refinery at Mangalore with 9 MMTA capacity. Besides, in collaboration with Mittal Energy Investments Pte. Ltd., HPCL has set up a state-of-the-art 9 MT capacity Greenfield Refinery at Bhatinda in Punjab.

HPCL also owns and operates India's largest Lube Refinery producing Lube Base Oils with a capacity of 335,000 MT. The Refinery produces lube base oils and specialties, which account for over 40% of India's total Lube Base Oil production.

HPCL's marketing network consists of 13 Zonal Offices in major cities and 101 Regional Offices. These are facilitated by a Supply & Distribution infrastructure comprising Terminals, Pipeline Networks, Aviation Service Stations, LPG Bottling Plants, Inland Relay Depots & Retail Outlets and Lube and LPG Distributorships.

HPCL's Marketing Infrastructure

Marketing Infrastructure

Terminals	33
Depots(POL & Lubes)	90
LPG Bottling Plants	45
Lube Blending Plants	7
ASFs	34
Retail Outlets	11,253
SKO/ LDO Dealers	1,638
LPG Distributors	2,897
LPG Customers (in millions)	36.2
Major Product Pipelines	3



e-fuel Station

Markets Served

India's rising energy demand is increasing the demand for energy sources, including natural gas. HPCL caters to the energy needs of its customers across the country. Our primary customers can be classified into four main categories – domestic (household), automotive, commercial and industrial. We also export a few of our products to South-East Asian countries. Some of these products are naphtha, furnace oil, bitumen, including some special products such as hexane and lubes.

Major Product Details

HPCL's Product Mixture

Light Distillates

Liquefied Petroleum Gas
Naphtha
Motor Spirit
Hexane
Propylene

Middle Distillates

Mineral Turpentine Oil
Aviation Turbine Fuel
Superior Kerosene Oil
High Speed Diesel
JBO
Light Diesel Oil

Lubes & Greases

Heavy Ends

Furnace Oil
Low Sulphur Heavy Stock
Bitumen
Others



Corporate Governance

HPCL lays a special and sustained emphasis on conducting its affairs within the policy framework of the Government of India, statutory regulations and the internal procedures in a transparent manner. Being an Undertaking of the Government of India, we are periodically reviewed by several external authorities such as the Comptroller & Auditor General of India (CAG), the Central Vigilance Commission (CVC) and the Parliamentary Committees. HPCL also has an independent mechanism of monitoring and auditing its processes through various internal departments such as the Internal Audit and Vigilance Departments.

In addition to meeting the compliance requirements, our governance structure ensures:

- ✧ We are running our operations safely – both for the workforce and local communities living around us
- ✧ We compensate our workforce fairly and follow relevant labour laws and regulations
- ✧ We proportionately meet the national energy demand
- ✧ We comply with all statutory laws and regulations
- ✧ We engage responsibly with the local communities; and
- ✧ We protect the best interests of our shareholders and investors

Governance Structure of the Organization

The composition of the Board of Directors is as given in the table below:

Composition of Board, as of 1st September 2012

Functional Directors, including Chairman (Wholetime)	5
Non-Executive Govt. Directors (Ex-officio)	2
Non-Executive Independent Directors (Non-official)	6
Total	13



HPCL has 5 oversight committees of the Board

- Independent Directors are those who are not current employees of HPCL
- Board members are appointed by the Government of India
- HPCL has 5 oversight committees of the Board, details of which are given in the below table:

HPCL Board Sub-Committees

Committee Name	Oversight Responsibility	Chairman*
Audit	Review of annual financial statements	Gitesh K Shah
	Review of adequacy of internal control systems	
	Review of adequacy of internal audit function	
	Discussion with internal auditors	
	Review of findings related to internal fraud and irregularities	
	Review of financial and risk management policies	
HR Policies / Remuneration	Aspects related to remuneration, compensation and benefits for employees	S.K. Roongta
Investment	Review of investment proposals sent to Board for investments about INR 100 Cr	Anil Razdan
Investor Grievance	Review of investor grievance status and other matters of investor interest	Gitesh K Shah
CSR	Review, discussion and guidance on various CSR initiatives	Anil Razdan

*Non Executive Directors on the board

The Board sub-committee on Sustainability

The Board of Directors of HPCL constituted a Sub-Committee on Sustainability on 12th March, 2012. The Sub-Committee comprises 5 members and is chaired by an Independent Director. The mandate of this Committee is to monitor the implementation of the Sustainable Development initiatives of the Company.

SD Policy

An SD policy has been formulated for the Company and disseminated to all the employees through circulars and web-based portals.

Seeking Shareholder and Employee Feedback

Shareholder Feedback

In the event that shareholders have any grievances or need to provide recommendations to the Board, HPCL has constituted an Investor Grievance Committee to review the status of shareholder grievances and accommodate their recommendations. The Company also interacts with its shareholders through letters and circulars, at the Annual General Meeting and at Investor Meets.

Employee Feedback

HPCL pays utmost attention to the feedback of its employees and encourages them to openly share their views with the Management. Such interaction is facilitated through discussions with the representatives of the employee unions and also via direct communication with the employees.

Compensation for the Board of Directors, Executives and Senior Managers

The compensation of the Whole-time Board of Directors and Senior Managers in the Company is partly dependant on the performance of the organization as a whole. Each year, HPCL signs a MoU with the Ministry of Petroleum & Natural Gas. Performance in comparison with targets laid out in the MoU determines the employees' overall variable performance-linked compensation.

Conflicts of Interest

During 2011-12, there were no material transactions with Directors or their relatives having a potential conflict with the interests of the Company at large. The organization has a well- defined 'Limits of Authority' for each management role that seeks to eliminate the self interests of individuals that may cause conflicts of interest.

Evaluating Performance

The performance of the Ministry of Petroleum & Natural Gas is reviewed each year, based on the MoU targets agreed earlier. These targets help rate different departments of the Company based on their performance in categories ranging from Excellent, Very Good, Good, Average and Poor. The variable components of the total compensation and other financial incentives are based on the rating received. HPCL has successfully achieved a rating of 'Excellent' over the last three years.



Pipeline Pump House, Vijaywada

Affiliations and Memberships

HPCL has been a member / affiliate of the following organisations/institutes during 2011-12. It has positions in a few governing bodies and participates in some on project basis, while in some others, the participation is on a strategic level.

Affiliations and Memberships

Sr. No.	Name of Organisation
1.	Administrative Staff College of India
2.	All India Association of Industries
3.	All India Management Association
4.	Assocham
5.	Ballard Estate Welfare Association
6.	Bombay Chamber of Commerce and Industry
7.	Bombay First
8.	Centre for Public Sector Studies
9.	Confederation of Indian Industry
10.	Council for Fairs Business Practices
11.	Federation of Indian Chambers of Commerce and Industry
12.	Global Compact Network India
13.	Indian Chemical Council
14.	Indian Merchants' Chamber
15.	Indo American Society
16.	Indo German Chamber of Commerce
17.	International Market Assess. India Pvt Ltd - CEO
18.	International Market Assess. India Pvt Ltd - CIO
19.	Maharashtra Chamber of Commerce, Industry & Agriculture
20.	Maharashtra Economic Development Council
21.	National Institute of Personnel Management
22.	Petroleum Federation of India
23.	The Energy And Resources Institute
24.	Vigilance Study Circle, Mumbai



A collaborative R&D project with Indian Institute of Science (IISc), Bengaluru has been undertaken for 'Nano-particle based Lubricants' including fundamental research on physics & mechanics of Nanolubricants

Our Sustainability Context

Stakeholder Engagement,
Materiality and
Sustainability Risk



STAKEHOLDER Engagement

Stakeholder engagement is the key to sustainable growth. Stakeholder inclusion is an integral part of the way HPCL does business. Addressing company, social or environmental impact cannot be achieved without the collaboration, knowledge and expertise of the stakeholder. Their inputs play a vital role in the way we conduct our operations.

We realise that stakeholder engagement is a facilitator of trust. Hence, our operational sites engage relevant stakeholders to ensure smooth execution of operations at the location. Our stakeholder engagement activities enable the creation of a safe environment for our workforce, customers and the community around our sites.

A list of important external stakeholders for each SBU is given below:

Categories of Key External Stakeholders, by SBU

Function	Stakeholder
Aviation	Customers
	Contract Workers
	Statutory Authorities
O&D	Local Communities
	Dealers
	Contract Workers
	Statutory Authorities
LPG	Local Communities
	Dealers & Customers
	Contract Workers
	Statutory Authorities
Refinery	Local Communities
	Contract Workers
	Statutory Authorities
Retail	Dealers & Customers
	Local Communities
	Contract Workers
	Statutory Authorities
Direct Sales & Lubes	Dealers & Customers
	Contract Workers
	Statutory Authorities
Pipelines	Local Communities
	Contract Workers
	Statutory Authorities
Corporate	Investors
	Regulators
	Customers
	Statutory Authorities
	Media

Village Awareness Meets at our Pipeline Locations

Village awareness meets are conducted along the "Right of Use" (ROU) of the pipeline. In such meets, the villagers are made aware of HPCL's pipeline passing through their villages, various security threats, hazardous nature of the products, precautions to be taken in case of any leak and villagers' role in preventing pilferage attempts. Various audio-visual programmes and plays in vernacular language by local artists are conducted to enhance awareness among villagers.

Villagers are made aware how to inform the HPCL's control room through a toll-free number in case of any abnormality on the pipeline ROU, besides informing the local fire & police departments. Do's and Don'ts pamphlets are distributed in the local language to each villager. Local police authorities are invited to interact with and impart confidence to villagers. Prizes are also distributed by conducting oral quiz competitions to keep the villagers engaged.



External Stakeholder Engagement Activities at HPCL

Stakeholder	Type of Engagement	HPCL Response	Impact
Local Communities	<ul style="list-style-type: none"> Awareness on Health, Environment & Training on safety issues 	Distribution of safety manuals to communities, industries situated around our plant locations and programmes on Health and Environment	Improved safety awareness & goodwill
	<ul style="list-style-type: none"> Consultation meetings on product security 	Periodic meetings with villagers	Improved vigilance along our pipelines
	<ul style="list-style-type: none"> Mock drills for emergency preparedness 	Drills for Disaster Management Plans	Improved coordination
Dealers	<ul style="list-style-type: none"> Dealer meetings on safety & business operation-related issues 	Safety trainings, dealer meetings & increasing transparency of transactions	Lower incidents of safety violations, increased dealer satisfaction
	<ul style="list-style-type: none"> Training programs on safety issues and resource conservation; Feedback forums on administrative issues 	Training programs, dealer meets	Better handling of LPG cylinders, improved customer satisfaction, improved safety during storage and transportation
Customers	<ul style="list-style-type: none"> Customer Assessment Reports to capture customer experience and quality of service 	Incorporation of customer feedback in training sessions	Improved customer satisfaction
	<ul style="list-style-type: none"> Awareness building about quality of service parameters 	Cue cards and displays on quality and quantity and the services to expect	Increased customer loyalty
	<ul style="list-style-type: none"> Audits to test product quality 	customer-controlled product and process audits at our Refineries/Lube plants and Laboratories.	Enhanced customer confidence and repeat business
	<ul style="list-style-type: none"> Customer service platforms improve customer satisfaction 	Safety clinics, customer support programs	Improved customer loyalty
	<ul style="list-style-type: none"> Safety & Conservation programs 	Conducted for LPG customers	Fuel conservation and increased safety awareness

External Stakeholder Engagement Activities at HPCL

Stakeholder	Type of Engagement	HPCL Response	Impact
Contract Workers	Training Programs on HSE issues and customer interaction	HSE meetings, safety talks & training sessions with contract workers	Decline in accident rates and 'near miss' cases
		Training sessions on customer care and safe handling of products	Improved customer satisfaction
	Rewards & Recognition to improve contract worker performance	Best contractor awards	Increased safety at operational sites
		Health camps	Enhanced morale and workers' health
Regulators & Statutory Bodies	Disaster management plan to test preparedness and coordination with authorities during emergencies	Participation of local authorities in mock safety drills	Enhanced coordination for disaster management
	Meets with officials to improve overall coordination	Clarification of issues raised	Meeting the expectations and resolving the issues



Besides external stakeholders, our employees constitute our most important internal stakeholders. Periodic interactions with them are scheduled to ensure employee satisfaction.

Interactions with employees are enabled through: Employee Satisfaction Surveys, Awareness Weeks with Quiz Competitions, Slogan and Essay Writing Contests, Health Monitoring, Schemes for Recognizing Outstanding Performance (HP GAURAV, HP ACHIEVERS, HP ICON) and Training Programs. For this reporting cycle, we have also sought their inputs in helping us understand some important sustainability aspects the organization needs to address.

MATERIALITY Analysis

Sustainable development is not just the responsibility of environmental specialists. It requires contribution from people across all functions of an organisation. Sustainable development provides a fresh, invigorating perspective of the world, fostering innovative approaches to a variety of business problems.

Our employees are the actual drivers of sustainable development initiatives across our operations. In the current reporting cycle, our focus has been to empower them with knowledge and expertise on the subject. We have held several capacity building sessions across the organization to help our employees understand the context of sustainable development for HPCL.

An online survey was conducted among employees to gather their feedback on the most important sustainability aspects to be addressed within the organization. Their inputs have helped us understand how they perceive sustainable development.



LPG Tank Truck Operation

This year we have not engaged our external stakeholders on sustainability aspects, though we are engaging with them on a business relationship mode. As a part of the business, sustainability aspects such as safety, environment and community engagement have been discussed with them.

Significant Social Aspects for HPCL*

Workforce Health & Safety

441

Workforce Selection

396

Training & Education

390

Respect for Human Rights

385

Vigilance & Anti-Corruption Practices

379

Corporate Social Responsibility

347

* Numbers represent score of aspect as ranked by the employees at HPCL.



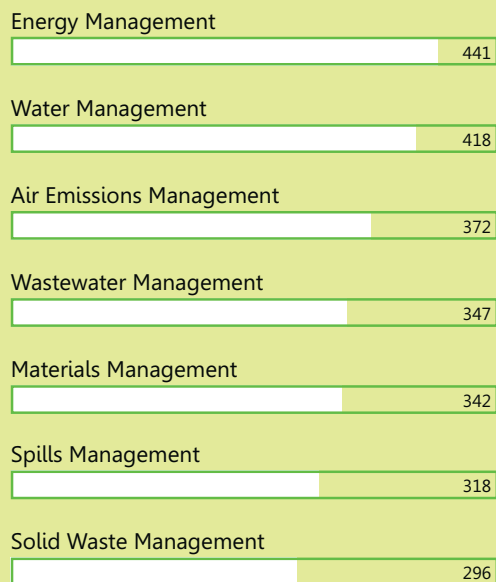
Ensuring Product Quality

The aspects evaluated in the survey were:

- ✎ Energy Management
- ✎ Water Management
- ✎ Material Management
- ✎ Air Emissions Management
- ✎ Solid Waste Management
- ✎ Waste water Management
- ✎ Spills Management
- ✎ Workforce Selection
- ✎ Workforce Health & Safety
- ✎ Training & Education
- ✎ Vigilance and Anti-Corruption Practices
- ✎ Corporate Social Responsibility
- ✎ Respect for Human Rights

Our employees perceived Workforce Health & Safety and Energy Management emerged as the most important sustainability issues for the organization. These findings will serve as inputs to the management in creating a sustainability roadmap for the company.

Significant Environmental Aspect for HPCL*



* Numbers represent score of aspect as ranked by the employees at HPCL.



KEY IMPACTS, RISKS & Opportunities

No formal engagement has been conducted with external stakeholders on sustainability to assess the sustainability risks. But we do recognize that our business faces several risks which are a result of the changing social and environmental context. We understand these risks and periodically evaluate them to ensure we stay ahead of issues that might jeopardize our operations in the short or long run.

The risks and challenges highlighted below serve as the context for our sustainable development plans.

Water

India has been increasingly experiencing variable rainfall. The last few years have seen an appreciable shift in rainfall patterns and the demand for water has also increased considerably, adding tremendous stress on water resources.

Anticipating that India's water situation will further intensify, HPCL has begun taking concerted efforts to optimize its dependence on external water resources. Various measures such as conservation and optimization of usage, increase in water recycling and reuse have been taken up across our locations. Rainwater harvesting is also considered as a viable alternative.

Energy Security

All development needs energy. As economic growth sustains itself and consumption rises, India's energy requirements are bound to stagger. Most of our energy requirements are being met through non-grid sources. However, as we implement various technologies to diversify our product line and meet stringent fuel specification requirements, our energy requirements will also increase.

HPCL finds it difficult to meet these additional energy requirements owing to the unreliable grid supply. Another area of concern is that our operations need to resort to captive power generation, requiring the need for costlier fuels. This can have a direct economic impact on us and our environmental performance as well.

Naturally, we are already in the process of taking several steps to counter the growing demand and improve our energy consumption. This is being done by adapting energy conservation measures and focussing on optimization as highlighted in the report.

Health & Safety Risks

Incorporating a healthy and safe workplace at our administrative and production facilities is our key priority. We realise that our operations deal with hazardous substances and strenuous work conditions. These may affect the health of our employees due to hydro-carbon exposure. The safety of our workforce is our core focus, while our objective is zero workplace injuries and occupational illnesses.

Given the potential hazards of our work environment, safety is considered as a prime management responsibility. It is driven from the top down and implemented by way of a formal structure. Safety is monitored continuously in the operating locations and remedial measures are implemented to reduce risks.

Communities living in close proximity to our operations are advised on specifics of our operations and included in disaster management mock drills. We also organize health camps to benefit the communities, contract workers and transportation workforce. Besides, awareness programmes on health hazards and preventive measures are periodically conducted to impart proper knowledge.



Regulations around climate change and fuel specifications

As the awareness and concern for the environment increases, Governments the world over have been enacting laws and regulations to restrict the adverse impact on the environment. These regulations can either be strict emission norms for operations, tighter specifications for finished products or limiting the use of scarce resources. We have initiated various steps to reduce the impact of these risks on our operations. These include conservation of resources such as water and power as well as upgradation of technology to increase the quality of products and reduce emissions.

Risk of product pilferage and adulteration

The risks of pilferage and adulteration are well present in our business and have a financial and reputational impact. HPCL has put in place strong control systems to ensure the integrity of our products is maintained. The Company has instituted adequate security measures to prevent pilferage of its products. Some of these are increasing the monitoring of pipelines and storage, use of company-owned trucks for transportation and exercising adequate control on other means of transportation. In addition, we regularly hold capacity-building and awareness programs for customers. HPCL is also leveraging several Information Technology solutions to improve the monitoring and control of quality and quantity of our products.

RESPONDING TO OUR sustainability challenges

In response to our key sustainability risks and challenges, we have drafted an organization-wide sustainable development policy that seeks to embed sustainability objectives into each of our business plans. We are committed towards deploying energy efficient technology, optimize our natural resource consumption, improve our health & safety performance and reduce our overall carbon footprint.

In keeping with our overall management approach, we are keen on incorporating frameworks that implement systems to monitor and manage our progress on sustainability initiatives. We have also set goals for ourselves to incorporate sustainability development parameters in our vision document so that sustainability becomes a part of our business process.

As we evolve our sustainability decision-making structure, we plan to set performance targets for our material sustainability issues, each with time-bound implementation plans. Several of these plans are still in the draft stage that we plan to finalize over the next 3-5 years.

Our Economic Performance

An intrinsic Part of India's Growth Story



Mundra Terminal

ECONOMIC Performance

India's economy has registered a sustained growth, despite the Eurozone debt crisis. The global economy, too, is slowly limping back to a sustainable growth trajectory. Correspondingly, the demand for fossil fuels has also grown steadily.

HPCL stayed focussed on its endeavour to process more crude oil and record an increase in distribution of oil products in India. This focus has helped support our growth plans, meet shareholder expectations and expand the CSR initiatives for local communities. Our total Gross Sales for Fiscal Year 2011-12 stood at INR 1,881,310 Million, up from INR 1,423,965 Million during Fiscal Year 2010-11.

Financial Performance - HPCL India

(INR Million)

	FY 2011-12	FY 2010-11	FY 2009-10
Gross sales	1,881,310	1,423,965	1,148,886
Operating Cost	1,768,267	1,350,359	1,095,086
Profit After Tax	9,114	15,390	13,014
Total monetary outflows for employees	15,831	19,818	16,173
All financial payments made to the providers of the organization's capital	2,878	4,741	4,064
Contribution to Exchequer	313,005	288,642	211,560
Voluntary contributions and investment of funds in the broader community (includes donations)	265	197	152

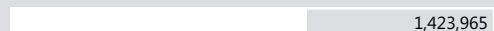


Gross Sales (INR Million)

2011-12



2010-11



2009-10

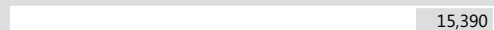


PAT (INR Million)

2011-12



2010-11



2009-10

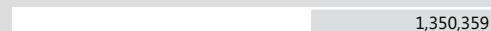


Operating Costs (INR Million)

2011-12



2010-11



2009-10



Crude Throughput

2011-12



2010-11



2009-10



VR ('000 tonnes) MR ('000 tonnes)

Employee Benefits

HPCL takes immense pride in providing a positive work environment to facilitate a feeling of co-operation and teamwork its employees. One of the key components of our Employee Benefit Plan is the way we compensate our workforce. During FY 2011-12, HPCL spent a total of INR 15,831 million on employee wages and benefits.

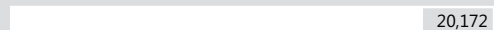
Employee Wages and Benefits

(INR Million)

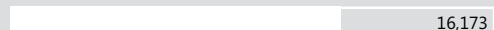
2011-12



2010-11



2009-10

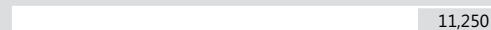


Number of Employees

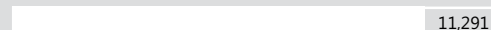
2011-12



2010-11



2009-10



Our average salary per employee is significantly higher than the minimum wage requirement mandated by the Government of India. We offer defined benefit plans to employees, which are paid out of the Company's general resources.

Our Hiring Process

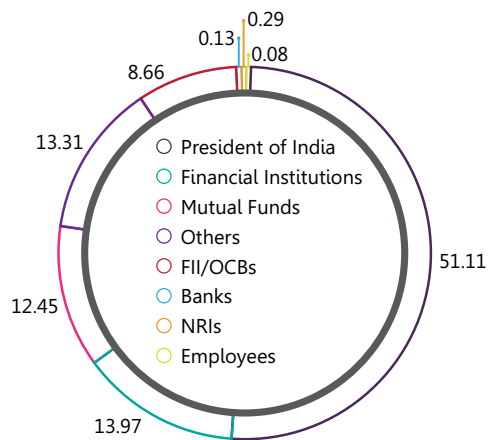
Being a Government of India organization, we follow the statutory regulations governing employment practices giving equal opportunity to all the eligible candidates across the country.

Financial Assistance from Government of India

HPCL has not received any financial assistance from government of India during the reporting period.

Shareholding Structure of HPCL

Shareholding Percentage



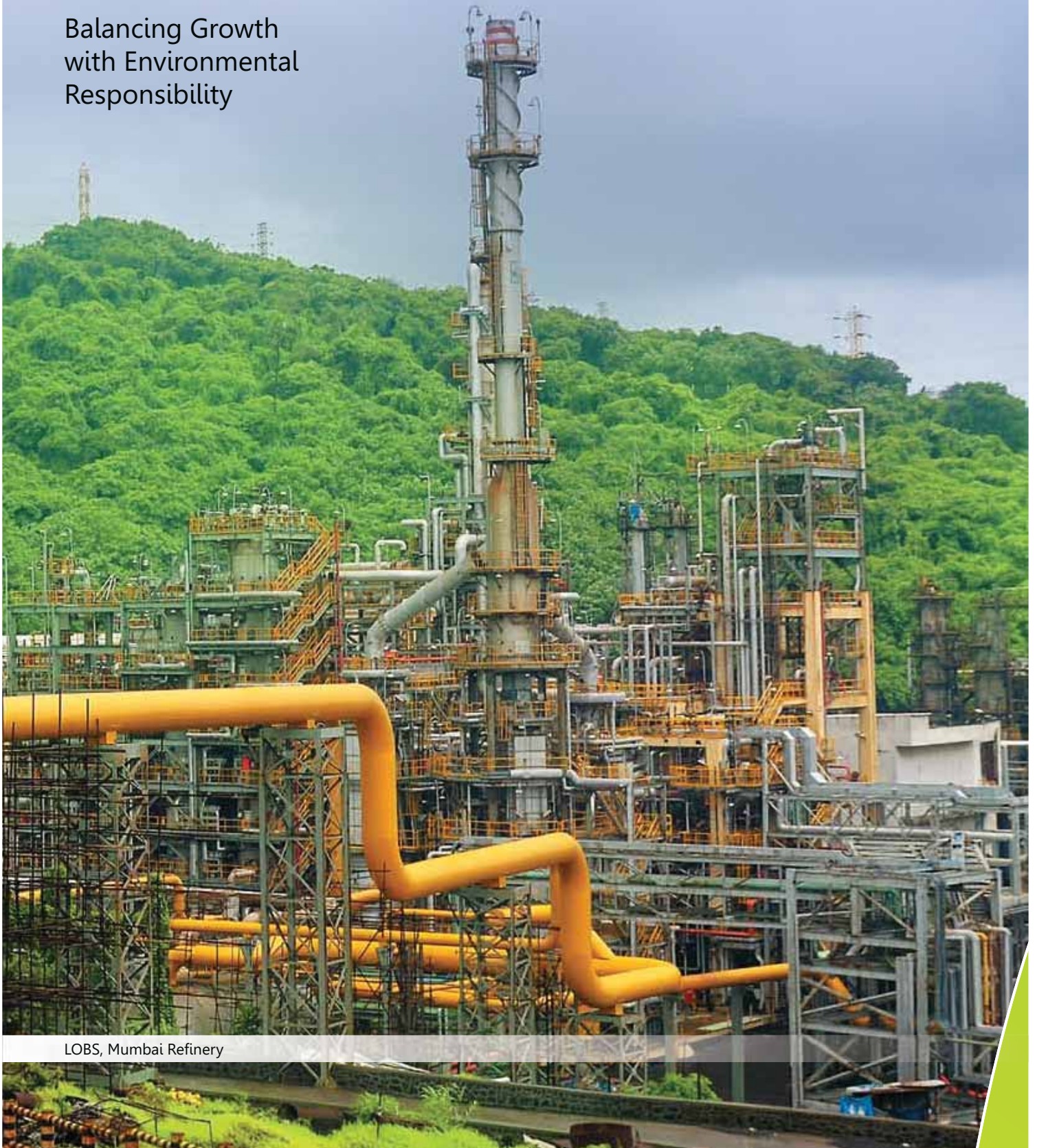
HPCL's primary shareholders

Category (as on 31.03.2012)	Shares held
The President of India	173,076,750
Financial Institutions	47,290,495
FIIs/OCBs	29,332,957
Banks	438,688
Mutual Funds	42,172,549
NRIs	990,389
Employees	275,645
Others	45,049,777
Total	338,627,250

Details on share prices and distribution schedule are available in annual report of 2011-2012 under para 12 of corporate governance

Our Environmental Performance

Balancing Growth
with Environmental
Responsibility



LOBS, Mumbai Refinery

ENVIRONMENTAL Performance

At HPCL, we see environmental sustainability with two key aspects:

Managing our resources
to decrease overall
consumption

Improving operational
efficiencies to reduce
emissions, waste and impact
on bio-diversity

HPCL's Environmental Policy

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

The objectives of the Environmental Policy are:

- ✎ Adopt environmentally-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 emissions and wastes
- ✎ Establish procedures and devise suitable methods for disposal of toxic, other hazardous waste and scrap
- ✎ Create environmental awareness amongst employees and develop programs for environmental protection
- ✎ Comply with relevant statutory rules and 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 the environment by Government agencies and reputed institutes
- ✎ Program reviews and evaluation to measure progress of compliance with the Policy



RESOURCE Management

Refineries Materials Use

HPCL's refineries process crude petroleum into many value-added products such as LPG, MS, SKO, ATF, HSD, Bitumen and base stocks for the manufacture of lubricants.

Refineries employ complex processes involving state-of-the-art technologies for their production. The refining process utilises various chemicals, catalysts, additives and natural resources such as water and electricity to produce these value-added products.

Crude Oil Processed

('000 Tonnes)

2011-12



2010-11



2009-10



■ Vishakapatnam Refinery ■ Mumbai Refinery

R-22 is an ozone depleting substance which our refineries use for refrigeration in the manufacturing process.

R-22 (Kg)

2011-12



2010-11



2009-10



Chemicals, Catalysts, Additives

(Metric Tonnes)

2011-12



2010-11



2009-10



In an effort to reduce the amount of chemicals used in the refining process, the Mumbai and Visakh refineries have introduced initiatives to recycle the catalysts and the process slop.

Recycled Equilibrium Catalyst (MT)

2011-12



2010-11



2009-10



Case Study: Catalytic conservation at our refineries

In Visakh, which has two Fluidized Catalytic Cracking Units (FCCUs), Vacuum Gas Oil is cracked using an Alumina-Silica based catalyst. This catalyst needs to be replaced at the end of its life. Based on an in-house analysis and trial run, it was established that the catalyst withdrawn from FCCU-1 for disposal can be partly used in FCCU-2, thereby reducing equal amount of fresh catalyst consumption. This process has not only facilitated the refinery to bring down the consumption of the catalyst, but also cut down on the waste generated.

Case Study: Energy conservation projects at refineries

A flare gas recovery system was commissioned at Mumbai Refinery during 2011-12, resulting in 0.2 million GJ of energy savings.

A captive power plant optimization and retro-fitting project at Visakh Refinery saved another 0.2 million GJ of energy during the year.



Our LEED certified Green Building at Visakh terminal functions on natural lights by using sky lights.

Visakh Terminal

Energy Use

Electrical energy is extensively used in the refining process for operating drives. We source the energy from external suppliers and also generate a part of our requirement. We strive to optimise the use of this energy to reduce its consumption and ensure better management of the scarce resource. The complexity of the refining operations has increased as new projects have been commissioned for producing environment friendly fuel. This has correspondingly increased in the overall energy consumption during the year. Various initiatives have been taken up in our refineries to reduce the overall energy consumption.

Direct Energy Consumption (million GJ)



Purchased (Indirect) Energy Consumption (million GJ)



An important measure of our energy management performance is Specific Energy Consumption. During 2011-12, our Mumbai Refinery had a specific energy consumption target of 89. Through the implementation of several energy consumption measures, the Mumbai Refinery was able to achieve a specific energy consumption of 81.4.

A total of 24 energy conservation initiatives were undertaken by the Mumbai and Visakh Refineries over the course of the year, thereby saving 0.99 million GJ of energy. (For Details on Energy conservation projects, refer to Directors' Report in Annual Report 2011-12.)



Rain Water Catchment at Mumbai Refinery

Water Use

Water is used in our refineries primarily for activities related to the cooling processes. HPCL has instituted many measures to improve its water conservation efforts in its operations.

We are targeting implementation of rainwater harvesting in the administrative building of the Visakh Refinery. At our Mumbai Refinery, we have harvested 60,000 KL of rain water during 2011-12. We have implemented some projects to reuse the effluent water treated in the Integrated Effluent Treatment Plant in our Mumbai Refinery which resulted in 422,282 KL water conservation during the year, thus reducing intake of fresh water. In addition, we also plan to augment harvesting of rain water from the hills adjoining the Mumbai Refinery and use it for our operations, enabling us to reduce our municipal water intake

Case Study: Energy conservation

The original plant design at Visakh allowed condensate from the outlets of tracing traps to drain to the atmosphere. However, since there were a large number of these outlets, steps have been taken to redesign the outlet system to route the condensate to boilers and steam generators to generate steam. This allows the refinery to replace de-mineralized water or boiler feed water with the condensate, leading to saving of fresh water and energy.

Marketing Materials use

HPCL's marketing function is responsible for distributing value-added petro-products throughout the country. Our marketing operations are diverse such as transportation, storage, bottling, R&D, product development and sales to the end-consumer.

The key materials used by the marketing locations in the year 2011-12:

Material	Quantity
PVC Seals (Nos.)	253,221,542
Paint & Primer (KL)	17,343
Conkote (MT)	425
Corrosion Inhibitor (MT)	117



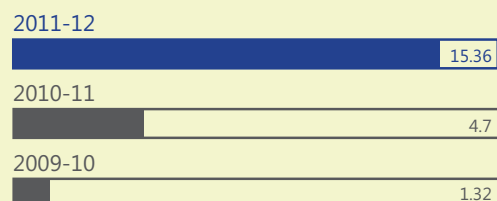
Solar Streetlights at Ennore Terminal

GENERATING CLEAN ENERGY

Generating clean energy has become the backbone of a sustainable economy. Technologies that generate and promote clean and sustainable energy have become our mainstay. Several of our marketing locations have got into the practice of using solar energy for their lighting needs.

We strive to ensure our peripheral energy needs are met through solar energy. Solar power generation is employed at some of our new installations, such as Ennore Oil Terminal in Tamil Nadu. HPCL plans to utilize 80.5 million units of energy from the 50.5 MW wind projects to be set up in Maharashtra and Rajasthan in the forthcoming year. This is aimed towards significantly increasing the renewable energy component of our energy consumption.

Solar Energy Generation (GJ)



Our Clean Energy Journey

HPCL has been at the forefront in experimenting with alternate sources for harnessing of renewable energy resources. It has an installed capacity of 50.5 MW of Wind Power, as of 31. March 2011.

HPCL's maiden renewable & alternate energy Wind Energy Generator was commissioned at Dhule in Maharashtra State in May 2007. This 3.75 MW pilot turnkey project comprises of 3 Wind Turbine Generator (WTG) units, each with an installed capacity of 1.25 MW. Power generated from this venture is being sold to the Maharashtra State Electricity Board (MSEB).

HPCL commissioned another Wind power project in Jaisalmer in Rajasthan State on 1st January 2009. The 21.25 MW turnkey project comprises of a 17 unit-farm, each WTG unit having an installed capacity of 1.25 MW.

The 3rd Wind Power project in Jaisalmer, Rajasthan was commissioned on 18th December 2010. The 25.5 MW capacity turnkey project comprises of a 17 unit wind farm, each WTG unit having an installed capacity of 1.50 MW.

The power generated is wheeled through the Rajasthan State Electricity grid and is partly consumed by HPCL's centres at Ajmer, Jaipur, Kota, Pali and Jodhpur. Surplus power is being sold to Rajasthan State. Electricity Board. (RSEB)





Flex Speed Carousel

Case Study: Energy conservation at LPG

In our LPG plants, we use a correction loop conveyor belt to separate defective cylinders from the main loop. In the earlier conveyor loop systems, the correction conveyor loop ran for 16 hours a day, regardless of whether or not it had defective cylinders to transport.

Our investment in an automated conveyor belt (which switches on only when a defective cylinder is pushed into the loop) enabled us to save large amount of electricity. Our conveyors now run for approximately 2 hours daily, as opposed to 16 hours in the previous set up. On an average, the net saving per annum owing to this is 62,664 units of electrical energy per conveyor belt.

Energy Conservation

Significant efforts were undertaken to reduce consumption. We have been taking efforts to conserve energy through efficient use and also reduce consumption from conventional energy sources. Our initiatives such as introduction of Variable Frequency Drives (VFDs), solar lighting systems and shift to energy-efficient technologies have been gradually decreasing our energy requirement.

Water Use

Water is one of our most valuable resources. Yet, it is under constant threat due to climate change, explosive population growth and waste. Our marketing locations are significant consumers of water and one of the sources for this is groundwater from borewells. To reduce groundwater consumption, we have taken several efforts to recycle or reuse water withdrawn from the ground.

Energy Use

In our vast network of operations, we consume a large quantity of energy.

Direct Energy Consumption (million GJ)



Purchased (Indirect) Energy Consumption (million GJ)



Water Consumption (million KL)



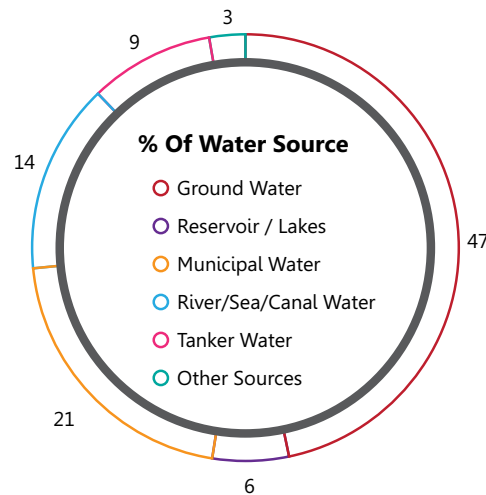
Water Consumed Intensity ('000 KL/'000 MT)



Sources of water for Marketing Locations (2011-12)

We realise that a significant effort to be undertaken to stem global water crisis is reclamation and reuse of industrial and municipal water. Our efforts to recycle and reuse water have yielded positive results. Efforts of rainwater harvesting are taken up at our locations to help conserve water.

By the next year, we plan to implement rainwater harvesting in 22 of our POL installations. Reclaiming of water through sewage/ effluent treatment is also being implemented at some locations, making significant water savings. Recycling of water from effluent and sewage treatment plants has been incorporated at the design stage at our new terminals at Ennore in Tamil Nadu and Vishakhapatnam in Andhra Pradesh.



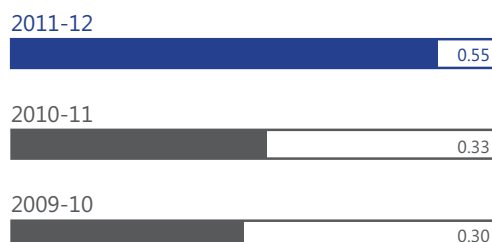
Case Study

Several of our locations practice efficient use of water.

LPG: Water is used for hydro-testing and cleaning the cylinders. By filtering and reusing this water, LPG sites are able to make significant water savings.

O&D: Many of our O&D locations have created infrastructure for rainwater harvesting. This has resulted in a significant drop in the amount of water sourced from the municipality or the ground. Several O&D locations also reuse the water used for calibrating trucks.

Water recycled or reused (million KL)



OPERATIONAL EFFICIENCIES

so as to reduce emissions, waste & impact on biodiversity



Our operations are resource intensive and result in air emissions, solid waste and effluent water. Our endeavour has been to continuously work towards improving the efficiency of our operations to reduce these wastes and also to ensure they are disposed off in a responsible manner.

Emissions Refineries

CO₂ emissions are the primary contributors to anthropogenic climate change. HPCL recognizes that the industry is a significant source of greenhouse gas emissions, and hence, initiated steps towards reducing its carbon footprint. We have been measuring our carbon footprint at the Mumbai and Visakh Refineries since 2008-09.

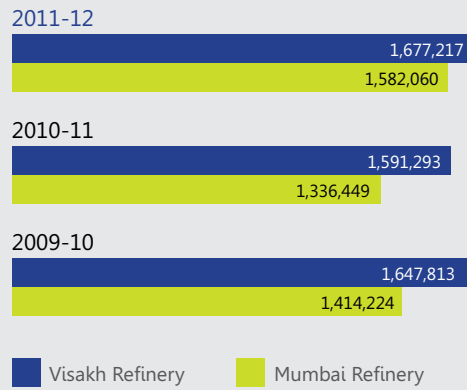
Petro fuels (petrol and diesel) are one of the prime contributors to the generation of GHG gases; they also contribute to an increase in other air borne pollutants. Our green fuels with stringent specifications minimize the total SO_x, NO_x, SPM and CO emissions on combustion.

Our Sulphur Recovery Units remove sulphur from products and from sour gases generated in the refinery process.

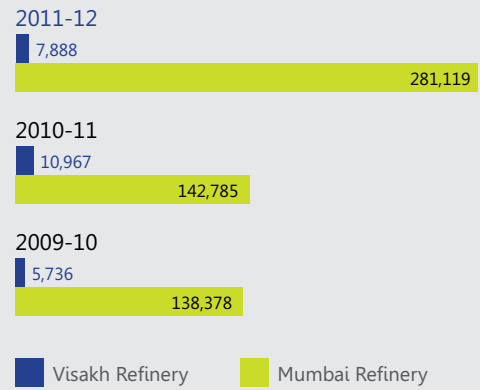
We have been measuring our carbon footprint using the WRI GHG protocol for the last 3 years and the emission factors derived from Inter Governmental Panel on climate change emission factors (IPCC).

Direct & Indirect Emissions – Refineries

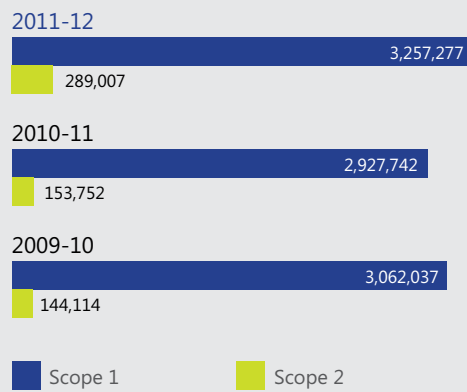
Scope 1 Emissions (tonnes)



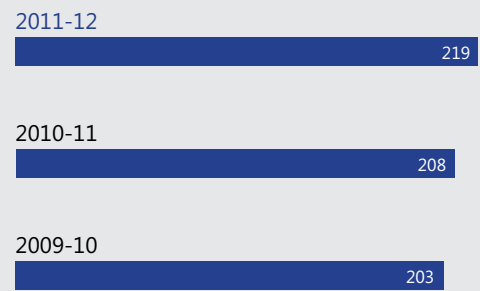
Scope 2 Emissions (tonnes)



GHG Emissions (tonnes)



Carbon Intensity (MT of CO_{2e}/’000 MT of Crude Throughput)



Gas	2011-12	2010-11	2009-10
SO _x (MT)	6,819	6,267	7,363
NO _x (MT)	3,064	2,353	1,984



Marketing

Our individual marketing locations might not have the quantum of carbon footprint akin to our refinery locations. However, since our number of locations are vast, they do create a significant impact together even from day-to-day operations.

To combat the rising emissions, energy audit of at least 10 POL installations and a carbon foot-printing of at least 25 POL installations have been planned during 2012-13. SBUs are also planning to carry out carbon foot-printing and GHG management exercise during the year. The emission numbers presented are derived from fuel quantities consumed by our marketing locations.

Direct & Indirect Emissions - Marketing

SBU	Scope 1 Emissions (Tonnes)			Scope 2 Emissions (Tonnes)			Total (Tonnes)		
	2011-12	2010-11	2009-10	2011-12	2010-11	2009-10	2011-12	2010-11	2009-10
O&D	5,337	4,538	4,831	26,509	22,263	22,175	31,845	26,801	27,005
Pipeline	397	392	354	118,247	101,756	94,819	118,644	102,148	95,172
Aviation	572	711	895	891	847	863	1,463	1,558	1,757
Direct Sales	2,572	2,534	2,149	2,722	2,686	1,873	5,294	5,220	4,022
LPG	6,644	6,373	5,849	25,523	22,651	21,256	32,168	29,024	27,140
Total	15,522	14,548	14,078	173,892	150,203	140,986	189,414	164,751	155,064

GHG Emissions (tonnes)

2011-12



2010-11



2009-10



■ Scope 1 (tonnes CO₂e) ■ Scope 2 (tonnes CO₂e)

Carbon Intensity (Tons CO₂e/'000 MT of Sales Volumes)

2011-12



2010-11



2009-10



PLANNED WASTE & Effluent Disposal

Solid Waste

Refineries

The waste generated at refineries is either treated within the premise or handed over to certified waste disposal companies. We are taking efforts to undertake several initiatives at our refineries to ensure the hazardous waste is treated properly. Some of these steps are:

- ✎ In-situ methods for treating crude tank bottom sludge for extracting crude oil
- ✎ Accumulating oily sludge in pits for recovery of crude oil
- ✎ Bio-remediation of oily sludge

All other non-hazardous solid waste is disposed off as per pollution board guidelines on waste disposal.

Major Hazardous Wastes Disposed

Waste	Disposal Method	Unit	Quantity Disposed 2011-12
Tank Bottom Sludge	Treated within the premises or disposed off to authorised agencies	MT	2,768
Oily Sludge	Treated within the premises or disposed off to authorised agencies	MT	139
Charcoal	"Common Hazardous Wastes Treatment Storage & Disposal" Facility	MT	42.03
Spent Catalyst	"Common Hazardous Wastes Treatment Storage & Disposal" Facility	MT	212.35
Chemical Containers	E-Auctions	Numbers	1,500
Batteries	Manufacturer buy-back	Numbers	158
DHDS Catalyst	Treated within the premises or disposed off to authorised agencies	M ³	13.5

Non-Hazardous Wastes Disposed

Waste	Disposal Method	Unit	Quantity Disposed 2011-12
Scrap Metal	Sale to scrap dealers	MT	6,932.27

Marketing

Scrap metal, the primary waste generated at our marketing locations, is disposed off by selling it to authorized scrap dealers and to certified waste disposal companies to ensure proper handling. We have also started bio-remediation of oily sludge at our marketing installations. Approximately, 70 tonnes of sludge was processed using this method at three of our marketing locations last year.

Waste	Unit	Quantity Disposed 2011-12
Scrap Metal	MT	6,690
Non-Metal Scrap	MT	185
Scrap Plastic Containers	Numbers	105,200

Liquid Effluents

Refineries

Our liquid effluents are treated at an Integrated Effluent Treatment Plant, which removes oil, chemicals and other contaminants present in the waste-water stream. The recovered oil is re-utilized in our operations, while the remaining contaminants are disposed off as chemical sludge through certified waste management companies.

Waste	Unit	2011-12	2010-11	2009-10
Treated Effluent Water	Million KL	1.91	2.59	2.64
Sea Cooling Water Discharge	Million KL	89.11	87.59	98.84



IETP, Mumbai Refinery

The Integrated Effluent Treatment Plant

HPCL-Mumbai Refinery has commissioned an "Integrated Effluent Treatment Plant (IETP)" with a capacity of 300m³/hr. The IETP is a first of its kind in the 'petroleum industry' in India with the latest state-of-the-art technologies such as Sequential Batch Reactors (SBRs) and Membrane Bio-Reactors (MBRs). This plant meets the revised CPCB MINAS standards and ensures minimal discharge of liquid effluent by recycling the maximum quantity of treated effluent.

The major treatment processes involved are Physical Treatment, Chemical Treatment, Biological treatment, Tertiary Treatment, and Sludge Treatment. A Physical separation process removes free oil, emulsified oil and converts Sulphides to Sulphates. The Reverse osmosis section removes the TDS of influent to 120 ppm using polyamide membranes.

BOD, COD and Nitrogen and Phosphorous removal takes place in the Sequential Batch Reactor (SBR) and MBR sections. Recoveries are achieved in the 2-stage RO block. Permeated water from this section has TDS of 120 ppm, no BOD and COD, and silica at less than 1 ppm, meeting all MINAS standards. Permeated water is reused in refinery as feed to DM Plant or can be used as floor wash. Sludge produced is thickened by centrifuge and residual water is reused in the plant as feed. Sludge is disposed off separately. VOC systems employed in the IETP capture a minimum 90% of VOCs of emissions using activated carbon beds.



RO Plant, IETP

UNPLANNED WASTE & Effluent Disposal

We conduct several stakeholder engagement exercises along with villagers residing along our pipelines. These are aimed towards building their awareness and knowledge levels on the operational safety of our pipelines running through their villages. This regular interaction with them has enabled us to solicit their help in keeping vigilance on the pipelines. This also helps us in remaining updated on any pilferage or accident at the pipeline location. In addition, we also have line walkers who walk the entire section of the pipeline checking for any sign of leakage.

Automated detection systems along the pipelines help us monitor the condition on a round-the-clock basis. For instance, in case if a leak is detected, specialized trucks are used to remove the spilled oil from the ground surface using high vacuum.

For oil products transported via road transport, several measures are taken to ensure safe and incident-free delivery. We are taking the necessary steps to ensure safe transportation of the product with zero spillage. Some of these are regular check-up and maintenance of vehicles to provide training; and health-check-ups for drivers plying the vehicles.

We have also set up an Oil Spill Response facilities at coastal locations, along with port authorities and coast guard, to minimize and contain environmental damages resulting due to any oil spill-out at the sea.

Total Volume of Spills of >=159 litres (in KL)

SBU	2011-12	2010-11
Direct Sales	11.56	0.32
O&D	2.96	Nil

Environmental Expenses

During 2011-12, HPCL has incurred a sum of INR 408 million towards environmental management, including expenses incurred towards incorporation of cleaner technologies at the refineries. There were no significant monetary fines for non-compliance of environmental laws and regulations.

List of Awards - Environment

Date	Award	Organization
2012	"CII Environmental Best Practices Award 2012" for Vapour Recovery System commissioned at Loni Terminal	Confederation of Indian Industry (CII)
October 20th, 2011	Ajmer LPG Plant was declared the Silver Award winner for outstanding achievement in Environment Management for the 3rd year in a row	12th annual Greentech Environment Award in Petroleum Sector

Our Social Performance

Human Rights,
Workforce Conditions,
CSR and Product
Responsibility



Quality Control at Refinery

HUMAN Rights

Upholding Human Dignity

Human resources form the core of our business. Without their hardwork, support and loyalty, our business operations may not sustain. At HPCL, we ensure all aspects related to human rights and dignities are upheld by the organization. At the heart of our human rights policy is our strong belief that everybody should be treated with equal dignity.

As a signatory to the UN Global Compact, we are committed to upholding all the facets of human dignity and human rights. Our business decision-making process ensures the basic aspects of human rights are upheld during the course of our business.

We have a provision for the incorporation of human rights clauses in our contractual agreements. These clauses require our business partnerships to be free of child

labour, respect labour work hours and support fair compensation, irrespective of gender. However, as of this writing, HPCL is yet to create a formal system of screening its suppliers and contractors to ensure they do not violate human rights clauses in the agreements.

Supporting and respecting the protection of internationally proclaimed human rights

HPCL supports and respects the fact that internationally-proclaimed human rights are never violated during the course of business operations. We pay particular emphasis to ensure safe working conditions for our employees and contractors and believe in investing in state-of-the-art technologies that improve safety. Regular maintenance of equipment is carried out to ensure safety of our workforce and the surrounding communities. We conduct regular training programs for our workforce to inculcate in them safe work practices.

Ensuring the organization is not complicit in human rights abuses

Our company has approved and put in place a policy for handling grievances of employees, shareholders, customers, dealers, vendors, local communities and the general public. The Conduct, Discipline and Appeal Rules for management and standing orders applicable for non-management employees are designed in a manner that they take care of human rights compliance across the organization.

Upholding the freedom of association and effective recognition of the right to collective bargaining

The company has formulated policies and practices that allow employees to exercise the freedom of collective bargaining on issues of common interest. All the issues raised by our Union (who represent non-management employees) are resolved through bi-lateral discussions and Long Term Settlements for salaries, wages, perks and settlements for career progression of employees.

During 2011-12, around 53% of our employees were covered by such collective bargaining agreements.



Supporting the elimination of all forms of compulsory and forced labour

HPCL does not support forced or compulsory labour of any form and well adheres to all labour laws of the country. Proper systems and procedures have been put in place to ensure payment of minimum wages and other benefits are provided under various laws to the Contract Labor.

In addition, the 'Public Grievance Redressal Mechanism' necessitates designated Senior Management Members to be present at their offices between 4.00 PM to 5.00 PM on all working Fridays and attend to any complaints from the public.

During the year, no incidents of forced or compulsory labour have come to light.

Supporting effective abolition of child labor

Child labour is a practice where children are engaged in any kind of economic activity, part or full time, that deprives of their childhood. HPCL is a firm believer of the policy of child labour abolition. To adhere to the Government

of India law on Child Labour (Prohibition and Regulation) Act 1986, HPCL requires all workers – permanent employees and contract workers – to be of minimum 18 years age.

To ensure this, our facilities check the certificates of those working at our plant locations. Additionally, our security personnel have also been instructed that no person under the age of 18 should be allowed inside the plant for any employment-related purpose.

Eliminating discrimination at the time of employment

HPCL is an equal opportunity employer and its policies are aimed towards ensuring equal opportunities being provided to all citizens with no discrimination whatsoever. We follow Presidential Directives and Government of India instructions to ensure our recruitment policies accommodate Scheduled Castes/ Scheduled Tribes/Other Backward Classes and the physically handicapped.

During 2011-12, there were no incidents of discrimination.

LABOR PRACTICES & Decent Work

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 the 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 about awareness amongst employees and community about the harmful effects of substance abuse through counselling and periodic programmes.
- ☛ Ensure availability and use of personal protective equipment, while handling toxic and other hazardous chemicals.
- ☛ Program reviews and evaluation to measure progress of compliance with the policy

Our Workforce

HPCL derives strength from its loyal, pragmatic and result-oriented workforce. Our employees – their experiences, ideas and perspectives – make us proud. We strive to ensure our employees enjoy a fulfilling, dynamic and safe worklife. We endeavour to achieve this objective through our well-defined employee benefits and schemes, employee training and development programs and a disciplined approach and focus towards enhancing workforce health and safety. Our agreements with employee unions cover safety and health procedures and practices.

Our Employee Strength

Our employee headcount numbers for the last three years are:

Workforce Type	2011-12	2010-11	2009-10
Management	5,132	4,940	4,779
Non-Management	6,094	6,310	6,512
Total	11,226	11,250	11,291
Contract Workers	23,083	23,435	16,839

Employee Diversity	2011-12
Female	841
Male	10,385
Total	11,226
< 30 years	1,608
30-50 years	5,900
> 50 years	3,718



HPCL is an equal opportunity employer and its policies are aimed towards ensuring equal opportunities being provided to all citizens with no discrimination whatsoever.

Our employee turnover numbers are:

Employee Turnover by Gender

	2011-12	2010-11	2009-10
Female Employees	16	15	9
Male Employees	236	238	227
Total	252	253	236

Employee Turnover by Age-Group

Turnover by Age-Group	2011-12	2010-11	2009-10
< 30 years	58	58	34
30-50 years	57	51	84
> 50 years	137	144	118

Most of our turnover is primarily due to employees reaching the retirement age.

Employee Benefit Plans

HPCL believes in an employer-sponsored well-defined benefit plan determined by key factors important to employees. It offers a range of benefits to its employees. We have a comprehensive medical insurance program covering an array of medical expenses. Our educational refund plan offers support to employees in pursuing the course of their interest. Our study leave policy enables 'time-off' to pursue higher studies related to the employee's profession.

Our responsibility towards employees doesn't stop at compensation alone. It includes benefits such as loans, allowances and insurance schemes, in addition to deferred benefits such as Provident Fund and Gratuity. This year we contributed INR 15831 million towards employee wages and benefits.

HPCL does not have any part-time employees.

Our employees are also fairly compensated. All employees of the same grade are paid similar salaries, irrespective of their gender, race and caste.

Ensuring Employee Safety

HPCL believes in ensuring safety and security of its employees to ensure a smooth functioning. Health and safety form an integral part of our work environment. Our operations are designed to handle hazardous substances and their complexity warrants that we should pay special attention to safety aspects. Our Health & Safety Policy seeks to bring in awareness among the employees and local communities and create a healthy surrounding and safe working conditions.

Each of our locations has an Officer nominated to monitor safe operating practices. Periodic reviews and assessments are also conducted by the Corporate HSE team to ensure all requirements are being at the workplace. All our employees are represented in formal joint management-worker safety committees.

Our locations also have well defined Disaster Management Plan. Each location conducts mock drills with external stakeholders, such as the local police and fire departments, to ensure preparedness of the installation. Additionally, we also have in place a minimum 3-week notice period to employees, in case there are any significant changes in the operations. This enables our locations to prepare in advance and prevent any accidents occurring due to the changes.



Our locations also have well defined Disaster Management Plan.

Safety incidents in refineries²

Workforce	Safety Incidents in Refineries	2011-12	2010-11	2009-10
Permanent Employees	Reportable Accidents	1	1	1
	Fatalities	0	1	0
	Occupational Diseases	0	0	0
Contractor Workers	Reportable Accidents	3	3	5
	Fatalities	1	0	1
	Occupational Diseases	0	0	0

Lost Days Per Million Man Hours - Refineries

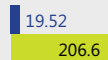
2011-12



2010-11



2009-10



Permanent Employees Contract Workers

Injury Rate (including fatalities) per million man hours - Refineries

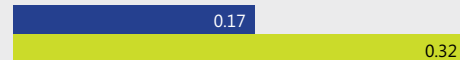
2011-12



2010-11



2009-10



Permanent Employees Contract Workers

Safety incidents in marketing locations

Workforce	Safety Incidents in Refineries	2011-12	2010-11	2009-10
Permanent Employees	Reportable Accidents	4	2	0
	Fatalities	0	0	2
	Occupational Diseases	0	0	0
Contractor Workers	Reportable Accidents	1	4	4
	Fatalities	6	5	0
	Occupational Diseases	0	0	0

Lost Days Per Million Man Hours - Marketing

2011-12



2010-11



2009-10



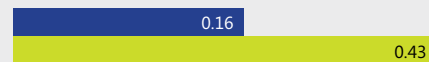
Permanent Employees Contract Workers

Injury Rate (including fatalities) per million man hours - Marketing

2011-12



2010-11



2009-10



Permanent Employees Contract Workers

² We follow Indian legislative practices for measuring and reporting the incidents.

Keeping Our Employees Healthy

We remain fully committed to ensuring a safe workplace to our employees and adopting programs to protect our employees and workers from job hazards. We remain extremely conscious to the fact that the nature of our work may expose our employees to severe health risks. We take all the precautionary measures to ensure our employees and workforce are checked and treated for any health-related conditions.

Periodic medical check-ups are compulsory for all the employees. In programs like "Har Din Har Pal - Swasth Aur Suraksha" for O&D workmen;

and "Path of Light" aimed at the retiring employees spouses are also invited. In addition, we also have the HP Wellness portal which gives updates to employees on important health-related information.

We have also taken several steps to ensure our contract workers benefit from some of the existing schemes. We have introduced the "Ji Haan Samarth" for the LPG Delivery men; and the "Samvad"/SAKL Program for LPG distributorship staff. We also insist health insurance to our transport workers.

Health awareness and prevention for our workforce

Program Recipients	Education/Training	Counselling	Prevention/Risk Control	Treatment
Workforce members	√	√	√	√
Workforce member families	√	√ (at locations)	√ (Periodic Medical Exam Offered)	√
Others	√	–	–	–



HP Management Development Institute, Nigdi

There are separate training modules for management and non-management employees. Management-level employees are provided with several levels of training:

- ✎ **Entry level:** Samavesh (Induction/ Orientation Training) facilitates a new employee to build a sense of belongingness within the organisation
- ✎ **Supervisory level:** Employees are equipped with function-specific inputs and job-related technical skills
- ✎ **Managerial level:** Employees are exposed to the principles of management, which helps blend theory with practice and a focus on leadership development

Non-management staff gains access to the following training programs:

- ✎ Trainings with focus on safety at locations; Skills relating to job requirement (technical, computer operations, team spirit, etc)

Our Management Development Institute (MDI) at Nigdi attracts faculty from premier institutes and reputed independent training consultants.

Training – The Key To Our Performance

HPCL is fully focussed on providing employee training and development activities to improve performance. Our vision is to achieve "Excellence in harnessing the full potential of all employees for becoming a World Class Energy Company".

The objectives of our training programs are to:

- ✎ Improve the performance of employees in the respective assignments
- ✎ Enhance employee competencies to take up higher responsibilities
- ✎ Strengthen the leadership pipeline
- ✎ Bring about cultural change from Command & Control to a team-based structure
- ✎ Leverage technology in the area of human resources development
- ✎ Facilitate learning in the organization and build a "Learning Organization"

Training hours for our workforce

Employee Level	Training Hours per year per employee 2011-12
Non-Management	23.08
Management	25.43
Contract Employees Training	0.353*
Tank truck Crew Training	0.213*
*Million training Hours	

We also provide post-retirement training to the employees retiring from the organization. During 2011-12, a total of 202 employees received this training.

In addition to the training, 100% of our employees receive a formal performance appraisal. During 2011-12, a total of 7,048 man days of absenteeism was recorded in the Corporation.



LIST OF AWARDS

– Labor, Health & Safety

Award	Organization
Golden Peacock Excellence Award 2011 for Best HR practices for significant contribution to business and society	Distinguished Fellow of Institute of Directors
Mumbai Refinery received "Maharashtra Safety Award 2010" for achieving longest accident free period	National Safety Council, Maharashtra Chapter
MDPL received "1st rank in Cross Country Pipelines – Product Category" Safety Award for year 2010-11 (3rd year in a row)	Oil Industry Safety Directorate (OISD)
MPSPL was awarded "Meritorious Performance in Industrial Safety" for Trombay (5th year in a row), Khopoli and Talegaon (4th year in a row)	National Safety Council, Maharashtra Chapter
National Award for "Significant Achievements in Employee Relations"	Employee Federation of India
Santacruz ASF was awarded "Certificate of Merit" for achieving "Zero Accident Frequency Rate" (3rd year in a row)	Maharashtra Safety Award Competition 2010
Awards and certificates for 6 LPG plants	National Safety Council, Maharashtra Chapter
Usar LPG plant was declared a winner for the second consecutive year for the Longest Accident Free Period and Lowest Accident Frequency Rate	National Safety Council, Maharashtra Chapter
HPCL POL Installations won the OISD Safety Awards in the "Individual Category"	OISD



SOCIETY

CSR Purpose Statement

Our purpose statement is:

- ☞ Serving the community is the purpose of our business
- ☞ Ensuring sustainable business processes – financially, environmentally and socially – is our effort
- ☞ Using core competence, expertise and technology of our business, to reach the common people, especially the underprivileged is our aim
- ☞ Developing capacity in the community is our strategy
- ☞ Enhancing human excellence and improving quality of life is our endeavour

OUR Social Impact

AT HPCL, we draw strength from our vision and mission to make a positive impact on the communities we operate in. We take our responsibilities towards the society seriously and convert them into our CSR policy and Purpose Statements. They can also be found in the manner in which we do business – whether it is instituting systems to address corruption or ensuring we are pro-active about meeting requirements laid down by the Government.

Managing our Impact on Communities

We endeavour to work with our customers, industry partners, employees and shareholders. We also aim to innovate and create sustainable solutions to meet the challenges ahead of us. The Organisation undertakes risk assessment studies each time it sets up new operations or production facilities at any location. The said facility / operation gets commissioned only when the recommendations of the study are implemented.

Besides assessing the risks of operations at the time of entry, the company also conducts periodic Disaster Management Programs at relevant sites. These are aimed towards ensuring that the impact of any accident within the plants on the surrounding communities is minimized. Risks from our operations are monitored continuously based on the OISD safety guidelines of the Oil & Gas industry.

The CSR function at HPCL

HPCL endeavours to have a positive impact on communities through its Corporate Social Responsibility (CSR) program. In order to help the company in implementing these projects, we have created a CSR policy designed to aid in decision-making on community investments at the Board level. The policy is also aimed to select projects based on need assessment, implement partnerships with specialized NGOs, create monitoring mechanism and conduct impact assessments for all our projects.

Our CSR team helps to facilitate, finance and monitor the projects funded. We fund projects in the area of childcare, healthcare, education and livelihood. All the organizations supported by CSR team have a:

- ☞ Strategic approach to an issue
- ☞ Input-output-outcome balance
- ☞ Ownership of the problem
- ☞ Result-focused drive
- ☞ Advanced planning
- ☞ Evaluation of performance

Operationalizing CSR

Our CSR programs can be broken into two categories: (i) welfare schemes; and (ii) permanent projects. Welfare schemes are driven by the immediate needs of the local communities in the areas we operate. In this case, programs are usually handled by site-level employees and serve as a method of employee engagement for the company. The permanent projects are those run by our NGO project partners with proper field expertise, with HPCL's Senior Managers as the project heads.

The implementation process for all these projects is:

- ☞ Need Assessment/ Base Line Study is taken up before project start
- ☞ MOUs are signed with the Implementation Partners, including deliverables
- ☞ Annual plan is drawn up with milestones
- ☞ Monitoring is conducted through quarterly reports and field visits
- ☞ Periodic reviews are done at the Director's level



Our CSR Projects

Projects supported at the corporate level include:

1. Vocational skills for employability to low-income groups – Project "Swavalamban"
2. Computer Literacy in semi-urban and rural schools – Project "Unnati"
3. Education with a nurturing environment for the girl-child – Project "Nanhi Kali"
4. Shelter and non-formal education to the under-privileged/street children – Project "Muskan"
5. Improving the health index and welfare of children – Project "Navjyot"
6. Community Development through child-rights – Project "Bal-Haq"
7. Awareness on HIV+ to truck drivers and cleaners – Project "Suraksha"
8. Children requiring special needs
9. Mid-Day meal program in Government Schools
10. Health care in remote rural areas
11. Employability to youth living in urban slums
12. Provision of solar-based lighting to villages
13. Rain Water Harvesting Projects
 - a. Thane district in Maharashtra
 - b. Kanchipuram district in Tamil Nadu
 - c. Pudukottai & Villupuram districts of Tamil Nadu
14. Swavalamban



Rural Retail Outlet Program

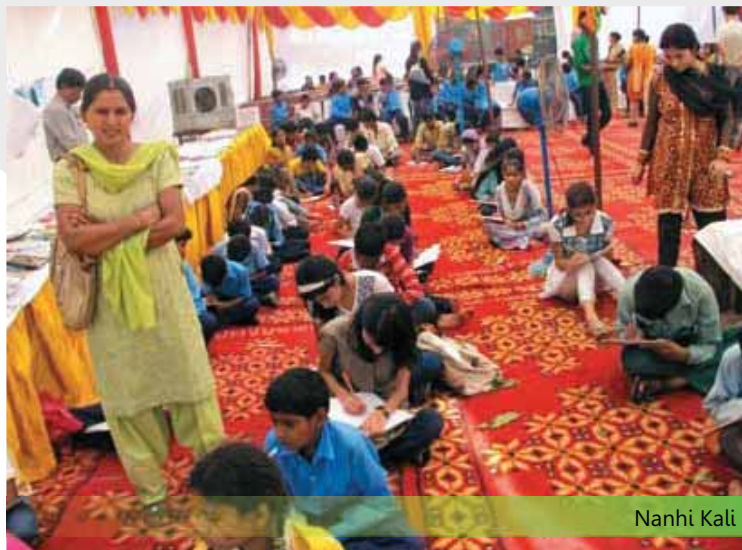
'Hamara Pump' format is developed to cater to MS/HSD requirement of rural consumers. The retail value proposition for this format is to provide quality fuel to the farmer at the right quantity and right price near the point of consumption. HPCL has already provided 2040 Hamara Pumps by 2011-12 and will add 160 more rural retail outlets during 2012-13.

A sampling of our CSR programs

RasoiGhar: A large number of people in the country do not have access to modern fuels due to financial reasons. HPCL's Rasoi Ghar (community kitchen) program gives women a LPG connect and hotplates for cooking on a per-use basis. This program has improved the health of the women, allowed them time to focus on other value-added activities, and reduced deforestation by bringing down the demand for fuel wood.

Khushi Clinics: A large portion of our goods are transported by trucks. Truckers are a mobile population and are vulnerable to sexually-transmitted diseases, such as HIV/AIDS. Given then gravity of the situation, HPCL in collaboration with TCIF has set-up Khushi Clinics at major petrol pumps on the national highway to arrest the spread of HIV/AIDS among this population. These clinics provide counselling, treatment, and prevention measures.

Nanhi Kali: This program was launched to encourage the girl child to attend schools and decrease their drop-out ratio. This is a very successful program and currently supports 9,168 girls across Rajasthan, Madhya Pradesh, Andhra Pradesh, and Maharashtra. The program has been successful in decreasing the drop-out rate of girls to 10% from an average of 50% before the program began. It has also improved the overall learning capacity of the girls, and in some cases, prevented the child marriage of girls.



Nanhi Kali

Taking a stand against corruption

We have a robust vigilance system to check corruption. During 2011-12, 19% of our management employees and 20% of our non-management employees underwent training programs on vigilance awareness. Our SBUs have been analyzed for corruption-related risks and periodic investigations are carried out to ensure the operations remain corruption-free. Appropriate action is taken in case if any instance of corruption is reported.

Engaging with Regulators

Being a Government of India PSU Navratna company, HPCL is in regular communication with the appropriate government ministries. Our primary oversight agency is the Ministry of Petroleum & Natural Gas. Many of our core strategic decisions – such as laying the ground for new refineries, entering into Joint Ventures and Partnerships and fixing fuel prices – are taken in consultation with the Government.

The Organisation is invited to participate in formulating certain policy-making decisions, as the Organisation does not have any policy on lobbying.

The Corporation does not contribute either monetarily or in kind to political parties, politicians or related institutions.

In 2011-12, there were no instances reported of non-compliance with laws and regulations.

LIST OF Awards - Society

Award	Organization
SCOPE Meritorious Award for Corporate Social Responsibility & Responsiveness Commendation Certificate	SCOPE
Golden Peacock Award 2011 for CSR	6th International Conference on CSR
ASIA's Best CSR Practices Award 2011 at Singapore in the category of "The Best Corporate Social Responsibility Practice (Overall)"	
1. "Best Overall Corporate Social Responsibility Performance" 2. "Corporate Social Responsibility award in the sector of Education"	Blue Dart World CSR Day Global CSR Awards powered by Star News
1. "Support and Improvement in Quality of Education" 2. "Concern for Health" 3. "Community Development" 4. "Best Environmental Excellence"	Subir Raha Centre for Corporate Governance



SCOPE CSR Award

PRODUCT Responsibility

Customer health & Safety

HPCL has taken several steps to ensure the products go through appropriate testing at all stages of their life cycle. All our products/services meet BIS specifications. Testing on impact on health and safety is carried out for the LPG cylinders, retail outlet delivery systems, fuel specifications and lube specifications.

We have conducted 7,148 safety clinics to enhance the safety awareness of our LPG customers.

Informing our customers about products health & safety

We provide our customers with all the required information to handle our products safely. This information is communicated through our specification sheets, service labels and customer education brochures. The required information is provided as per the procedures regarding the type of product and services. All our Marketing Communications are according to the laws, standards and codes.

Laws, standards and voluntary codes related to marketing communications are strictly adhered to and there are no violations. The Corporation does not sell any banned products in any of the markets.

There is no fine imposed for non-compliance with laws and regulations over the course of the reporting period.

Customer Engagement

We have a robust system of customer satisfaction/feedback mechanism. The customers have various options at dealership, Regional Offices, Corporate Portal, etc, in providing feedback, complaints and suggestions. The respective business units provide a resolution for each of the complaint, suggestion and feedback at a pre-defined time depending on the nature. In addition, as a strategy at the corporate level, surveys are conducted through independent agencies. The findings are analysed and strategies to develop upon are undertaken. We also randomly invite customers to witness the Quality and Quantity checks at the retail outlets. Our LPG delivery staff assist the customer to check the quantity and the safety features on LPG cylinder delivered at their residence.

Customer surveys are conducted through external agencies and every quarter 15,000 customers are sampled. For LPG, the customer satisfaction index on a base of 200 was 157. For Retail, the customer satisfaction index was 77 on a base of 100.



Assuring Quantity at Delivery Point

LIST OF AWARDS

– Brand & Customer Satisfaction

Award	Organization
"Best Retail Marketing Campaign" – HP Bhar-Bhar ke Jeeto! "Best Retail Customer Loyalty Program" "Retailer of the Year" – HPCL Forecourt Retailing "Retail Leadership Award"	Asia Retail Congress
"Best Loyalty Program" "Brand Excellence in Service/Hospitality" "Best Marketing Campaign of the Year" "Brand Leadership Award" "Marketing Professional of the Year"	CMO Asia Awards, Singapore
Awarded World Star 2011 for 1 litre size Metalized Rolla-pack introduced for LG	World Star
IFCA Star Award 2011 for introducing IML (In-mould Labelling) technology in Lube Industry for HP Milcy Turbo pack & for adopting HTL (Heat Transfer Label) for pails, first in the Lube Oil Industry	IFCA
Brand Leadership Award 2011 in Service/Hospitality Industry	World Brand Congress
"Forecourt Retailer of the Year" (6th year in a row)	Star Retailer Awards
Reader's Digest Trusted Brand Gold Award (6th year in a row)	Reader's Digest
"Best Customer Service Professional of the Year" – ED Retail	National Quality Excellence Awards
HP Gas selected as "Superbrand – India"	Superbrands
MDPL received the 'Golden Peacock Innovation Management Award'	



Our Sustainability Roadmap

Sustainable Development is not an option. It is a necessity, an imperative. Our commitment to sustainability has been strong and enduring and our ability to evolve and grow defines what HPCL stands for today.

Our vision and practical roadmap aims to integrate sustainability into the DNA of our business. It analyses the drivers, risks and opportunities involved in making the shift to sustainability and developing detailed strategies for taking on these challenges.

2011-12 was the first year when Sustainable Development became a formal part of our MoU with the Government. The MoU puts in place a sustainability management process which percolates through the entire organization. Towards this an important foundation has been laid with the formation of a Board Sub-Committee for monitoring Sustainable Development initiatives in the corporation. The organizational structure has also been strengthened at the corporate level to monitor the growth of Sustainable Development in the organization.

The Corporation has initiated the following sustainable development programs:

- ✔ Capacity building and awareness sessions for employees
- ✔ Establishing internal and external benchmarks on key sustainability parameters
- ✔ Incorporation of key sustainability metrics into our information gathering systems
- ✔ New projects to incorporate sustainability components such as energy conservation measures, use of renewable energy (where feasible), rainwater harvesting and water recycling and reuse



ASSURANCE STATEMENT

Introduction

Det Norske Veritas AS (DNV) has been commissioned by the management of Hindustan Petroleum Corporation Limited (HPCL or the company) to carry out an assurance engagement on the company's Sustainability Report 2011 -12 (the report) in its printed format against the Global Reporting Initiative (GRI) 2006 Sustainability Reporting Guidelines Version 3 (G3) and AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS (2008)) And DNV's Verisustain Protocol.

HPCL is responsible for the collection, analysis, aggregation and presentation of information within the Report. Our responsibility in performing this work is to the management of HPCL only and in accordance with terms of reference agreed with the Company. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. This statement is intended for the management and stakeholders of HPCL.

Scope, boundary and limitations of Assurance

- The scope of work agreed upon with HPCL included the following:
- Verification of the entire Report covering social, environmental and economic indicators for the period 1st April 2011 to 31st March 2012;
- Evaluation of the AccountAbility principles and specified information, described below, for a Type 1, moderate level of assurance, in accordance with the requirements of AA1000AS (2008) detailed below:
 - Information related to company's sustainability issues, responses, performance data, case studies and underlying systems for the management of such information and data;
 - Information relating to company's materiality assessment and stakeholder engagement processes;
- Review of the Report against the requirements of VeriSustain with a moderate level of assurance and;
 - Information relating to company's sustainability issues, responses, performance data, case studies and underlying systems for the management of such information and data as presented in the Report;
 - Information relating to company's materiality assessment and stakeholder engagement processes;
- The reporting boundary is as set out in the Report, i.e. it covers company owned and operated refineries and marketing outlets. The following have been excluded in the boundary of the report; Company owned and company operated Retail outlets, Administrative offices (Zonal offices), Joint Ventures (JV), Subsidiaries and International Operations.
- The work was performed at Registered Office and Corporate Headquarters, Mumbai, HPCL Vishakhapatnam Refinery and terminal and HPCL Terminal and Depot at Chennai;
- DNV carried out the verification during June 2012;
- The report was checked for meeting the requirements of GRI Application Level 'A'.

Verification Methodology

This assurance engagement was planned and carried out in accordance with the AA1000AS (2008) and the DNV Protocol for Verification of Sustainability Reporting¹. The report has been evaluated against the following criteria:

- Adherence to the principles of *Inclusivity*, *Materiality* and *Responsiveness* as set out in the AA1000AS (2008); the *Reliability* of specified sustainability performance information, as required for a Type 1 and moderate level assurance engagement,
- Adherence to the principles of *Materiality*, *Stakeholder Inclusiveness*, *Completeness*, *Responsiveness*, *Reliability* and *Neutrality*, as set out in VeriSustain and
- The principles and requirements of the GRI G3 for an application level A +.

As part of the verification DNV has challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. We have:

- Examined and reviewed documents, data and other information made available to us by Hindustan Petroleum Corporation Limited.
- Visited the Registered Office and Corporate Headquarters and Mumbai, Vishakhapatnam Refinery & Terminal and Depot at Chennai;

¹ www.dnv.com/cr



- Conducted interviews with key representatives (including data owners and decision-makers from different divisions and functions) of the company;
- Performed sample-based reviews of the mechanisms for implementing the company's own sustainability-related policies, as described in the report, and for determining material issues to be included in the report;
- Performed sample-based audits of the processes for generating, gathering and managing the quantitative and qualitative data included in the report;
- Reviewed the process of acquiring information and economic data from the financial data presented in the certified financial statements.

Opportunities for Improvement

The following is an excerpt from the observations and opportunities reported back to the management of Hindustan Petroleum Corporation Limited. However, these do not affect our conclusions on the report, and they are indeed generally consistent with the management objectives already in place:

- A structured approach to evaluate and monitor the sustainability risks companywide including its supply chain will help in mitigating risks (if any) related to environmental, labor and human rights issues.
- A stakeholder engagement Process need to be in place – the organization need to implement a formal process when and how to do engagement with identified stakeholders ;
- The organization need to set and establish long term and mid-term objective and goals (3-5 years) for key material aspects;
- To further enhance the quality and reliability of the performance data, an internal benchmarking of best practices could ensure knowledge sharing among data-owners and decision-makers and improve the consistency of data aggregation system;

Conclusions

In our opinion, the report is an appropriate representation of the company's sustainability-related policies, management systems and performance. We also confirm that the Report meets the content requirements of the GRI Application Level A+.

We have evaluated the report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

AA1000AS (2008) principles

Inclusivity: Need Improvement. The Company had engaged themselves in dialogue with selected stakeholders during the year through different channels. Reference is made to the issue-based stakeholder engagement process under this Report. The same need to be reinforced with introduction of a defined and documented engagement process to map the stakeholder's expectation.

Materiality: Acceptable. The process developed internally captures key sustainability issues. The completeness of materiality assessment process may need to be focused further to bring out sustainability issues with short and, medium term impacts.

Responsiveness: Need Improvement. We consider that the company has responded to most material issues and to its stakeholders through its policies, management systems and processes. However, this could be improved by strengthening the monitoring and goal setting process to cover relevant material indicators.

Additional Parameters as per DNV's Protocol

Completeness: Needs Improvement. The reporting boundary is limited and does not cover the entirety of Hindustan Petroleum Corporation Limited. However, within the reporting boundary defined by Hindustan Petroleum Corporation Limited, we do not believe that the Report omits relevant information that would influence stakeholder assessment or decisions.

Neutrality: Acceptable. The company has reported sustainability issues, in a balanced manner, in terms of content and tone. Challenges and limitations may be stated with commitments to future improvements.



In our opinion, and based on the scope of this assurance engagement, the Hindustan Petroleum Corporation Limited Sustainability Report 2011 – 2012, provides a fair representation of the Company's sustainability policies, objectives, management approach and performance during the reporting period.

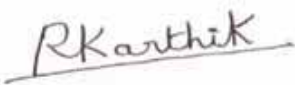

In accordance with the AA1000AS (2008) requirements for a Type 1, moderate level assurance engagement, we conclude that the specified sustainability data and information presented in the Report is generally reliable. The Report contains data that is measured and estimated and some of the errors in data compilation, which were attributable to transcription and aggregation, were corrected.

DNV confirms that the Report meets the requirements for GRI application level A+. The core GRI indicators are responded to either fully or partially, or their omission is explained, with due regard to the Materiality principle.

DNV's Independence

DNV states its independence and impartiality with regards to this engagement. DNV confirms that throughout the reporting period there were no services provided which could impair our independence and objectivity. DNV also maintained complete impartiality towards people interviewed during the assignment.

For Det Norske Veritas AS

 Karthik Ramaswamy Lead Verifier Senior Assessor -Sustainability & Business Excellence Services Det Norske Veritas AS, India	 Prasun Kundu Reviewer Head- Sustainability & Business Excellence Services – East Service Responsible-Social Accountability & Ethics Det Norske Veritas AS, India
--	--

Chennai, 03th September, 2012



GRI Index

Standard Disclosures Part I: Profile Disclosure

Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
1	Strategy and Analysis					
1.1	Statement from the most senior decision-maker of the organization.	Fully	Pg 8, 9			
1.2	Description of key impacts, risks, and opportunities.	Fully	Pg 22, 23			
2	Organizational Profile					
2.1	Name of the organization.	Fully	"In this report" page			
2.2	Primary brands, products, and/or services.	Fully	Pg 11, Inside front cover			
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Pg 6, 7			
2.4	Location of organization's headquarters.	Fully	Inside front cover			
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	GRI Index		Countries of operation: India	
2.6	Nature of ownership and legal form.	Fully	Pg 10, 27		HPCL is a government-owned Public Sector Undertaking, listed on the BSE and NSE	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	Pg 11			
2.8	Scale of the reporting organization.	Fully	Pg 4			
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	GRI Index		There were no significant changes during the reporting period regarding the size, structure or ownership	
2.10	Awards received in the reporting period.	Fully	Pg 41, 49, 53, 55			
3	Report Parameters					
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	Pg 4			
3.2	Date of most recent previous report (if any).	Fully	GRI Index		This is HPCL's first sustainability report	
3.3	Reporting cycle (annual, biennial, etc.)	Fully	GRI Index		Annual reporting cycle	
3.4	Contact point for questions regarding the report or its contents.	Fully	Inside back cover			
3.5	Process for defining report content.	Fully	Pg 4			
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	Pg 4			
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	Pg 4			
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	Pg 4		The reporting boundary does not cover JVs, subsidiaries, leased facilities, or outsourced operations	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	Pg 4			
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	GRI Index		Not Applicable. This is HPCL's first sustainability report	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	GRI Index		Not Applicable. This is HPCL's first sustainability report	
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	Pg 60, 68			
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	Pg 57			

Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
4	Governance, Commitments, and Engagement					
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	Pg 6, 7	The Chairman of the Board is also the Managing Director of the company.		
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	GRI Index			
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	Pg 12			
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Pg 14			
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	Pg 14	Limited to economic performance.		
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Pg 14			
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Fully	Pg 13			
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	Pg 1, 3, 29, 44, 50			
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Partially	Pg 13-14		Does not exist	The newly formed sustainable development committee is in the process of creating oversight procedures
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	Pg 13-14	Limited to economic performance.		The newly formed sustainable development committee would oversee the performance on Economic, Environment and social performance, in additions CSR committee will also oversee social performance.
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Partially	GRI Index	The risk management group is continually evaluating and identifying remedial measure.		
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	Pg 43	Current processes determine key stakeholders on the basis of their economic impact on the company. In certain cases, like those of local communities, engagement is also based on demands/needs/expectations on environment and social factors such as health, education, and infrastructure.		
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	Pg 15			
4.14	List of stakeholder groups engaged by the organization.	Fully	Pg 17, 19			
4.15	Basis for identification and selection of stakeholders with whom to engage.	Partially	Pg 17			
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Pg 18, 19			
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	Pg 18, 19			

Standard Disclosures Part II: Disclosures on Management Approach (DMAs)

G3 DMA	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
DMA EC	Disclosure on Management Approach EC					
Aspects	Economic performance	Partially	Pg 25; "Economic Performance"			
	Market presence	Fully	Pg 10, 11			
	Indirect economic impacts	Fully	Pg 25, 50, 52			
DMA EN	Disclosure on Management Approach EN					
Aspects	Materials	Fully	Pg 29; "Environmen- tal policy"			
	Energy	Fully	Pg 31, 34			
	Water	Fully	Pg 32, 34, 35			
	Biodiversity	Fully	Pg 64			
	Emissions, effluents and waste	Fully	Pg 36, 37, 38			
	Products and services	Fully	Pg 54, 64			
	Compliance	Fully	Pg 12, 41, 52, 54			
	Transport	Not			Not available	
	Overall	Fully	Pg 11			
DMA LA	Disclosure on Management Approach LA					
Aspects	Employment	Fully	Pg 45			
	Labor/management relations	Fully	Pg 46, 48			
	Occupational health and safety	Fully	Pg 46, 48; "Health policy", "Ensuring employee safety"			
	Training and education	Fully	Pg 48, 49; "Training - the key to our performance"			
	Diversity and equal opportunity	Fully	Pg 44, 45			
DMA HR	Disclosure on Management Approach HR					
Aspects	Investment and procurement practices	Fully	Pg 44; "Upholding human rights"			
	Non-discrimination	Fully	Pg 45			
	Freedom of association and collective bargaining	Fully	Pg 45			
	Child labor	Fully	Pg 44			
	Forced and compulsory labor	Fully	Pg 44			
	Security practices	Not	Pg 57			
	Indigenous rights	Fully	Pg 18, 50, 67			
DMA SO	Disclosure on Management Approach SO					
Aspects	Community	Fully	Pg 50; "CSR purpose statement", "Managing our impact on communities"			
	Corruption	Fully	Pg 52			
	Public policy	Fully	Pg 52			
	Anti-competitive behavior	Fully	Pg 52			
	Compliance	Fully	Pg 54			
DMA PR	Disclosure on Management Approach PR					
Aspects	Customer health and safety	Fully	Pg 18, 54			
	Product and service labelling	Fully	Pg 54			
	Marketing communications	Fully	Pg 54			
	Customer privacy	Fully	Pg 68			
	Compliance	Fully	Pg 54			

Standard Disclosures Part III: Performance Indicators

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
Economic						
Economic performance						
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	Pg 25, 26			
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	GRI Index	HPCL is in the process of evaluating the financial implications of climate change and will progressively report these impacts in future reports	Not available	The additional revenue generated to compensate for incremental production cost & expenses towards mitigation of environmental impact is governed by the market forces and the government policies in vogue at that time. The financial implications, risks and opportunities for the organisation's activities due to 'Climate Change' are thus being assessed from time to time taking into account of the above factors.
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	Pg 26, 27; "Employee Benefits"			
EC4	Significant financial assistance received from government.	Fully	Pg 27; "Financial assistance from the Government of India"			
Market presence						
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Fully	Pg 27; "Employee Benefits" & GRI Index	Ratio of entry level wage to minimum wage		Our wages are much above minimum wages as notified by central and state governments in our areas of operations.
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	GRI Index			Being a Public Sector Organisation having operations across the country, the Organisation procures Materials and Supplies from various locations where it is required and from the Open Market under the policy of "Open Competition" from technically accepted bidders on a competitive basis. The Organisation does not have any preference for any locally based suppliers and follows basic principle of technically acceptable goods & services at lowest prices.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	Pg 27; "Our hiring process"			
Indirect economic impacts						
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	Pg 25, 50, 52; "Table 8", "The CSR function at HPCL"			
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Partially	GRI Index			The indirect economic impact due to start of and closer of operation are evaluated and extent impacts are assessed.

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
Environmental						
Materials						
EN1	Materials used by weight or volume.	Fully	Pg 30, 32; "Materials use"			
EN2	Percentage of materials used that are recycled input materials.	Fully	Pg 30, 31; "Materials use"			
Energy						
EN3	Direct energy consumption by primary energy source.	Fully	Pg 31, 33, 34; "Energy use"			
EN4	Indirect energy consumption by primary source.	Fully	Pg 31, 34; "Energy use"			
EN5	Energy saved due to conservation and efficiency improvements.	Fully	Pg 31, 34; "Energy conservation"	Fully reported for refineries; partially for marketing locations		Better data collection mechanisms will be needed to completely report energy conservation measures from across all our marketing locations. Future reports will disclose our progress accordingly.
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	Pg 31, 34; "Case studies: Energy conservation"			
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Partially	pg 31; Energy use at refineries & Pg 34; Energy conservation at LPG			
Water						
EN8	Total water withdrawal by source.	Fully	Pg 32, 34, 35; "Water use"	Water consumption at our refineries		
EN9	Water sources significantly affected by withdrawal of water.	Fully	GRI Index			No significant changes in water bodies from sources where we draw water has been recorded.
EN10	Percentage and total volume of water recycled and reused.	Fully	Pg 34, 35; "Water use"			
Biodiversity						
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	GRI Index			The Organisation does not own, lease, manage or has operations adjacent to any Protected Area of high Biodiversity value.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	GRI Index			The Organisation does not have any significant activities, products and services that may have impact on Bio-diversity.
EN13	Habitats protected or restored.	Fully	GRI Index			Our operations are not located near areas of high bio-diversity and as a result we have not initiated projects to restore habitats
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	GRI Index			Same as above
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Fully	GRI Index			Same as above
Emissions, effluents and waste						
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Pg 36, 37, 38; "Emissions"			
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	GRI Index			Scope 3 emissions are not measured by HPCL as of this reporting period. As we mature our sustainability initiatives, future reports will disclose our progress accordingly.
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partially	GRI Index			Heavy fuels replaced with natural gas and co-generation measures resulting in reduced emissions of carbon emissions. Further flaring and venting controlled by flare gas recycle systems and VOC emissions measures and controlled at refineries.

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
EN19	Emissions of ozone-depleting substances by weight.	Fully	Pg 30; "Materials use"	VOCs, SPM not reported	Not applicable	The spills occurred across various locations of our Direct Sales and O&D operations.
EN20	NOx, SOx, and other significant air emissions by type and weight.	Partially	Pg 37; "Emissions"			
EN21	Total water discharge by quality and destination.	Fully	Pg 39, 40; "Liquid effluents"			
EN22	Total weight of waste by type and disposal method.	Fully	Pg 39; "Solid waste"			
EN23	Total number and volume of significant spills.	Fully	Pg 41; "Unplanned waste & effluent disposal"			
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Fully				
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Fully	GRI Index			No significant effect has been reported by discharge of water from our operations in any of the water bodies.
Products and services						
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	GRI Index			All the products that are produced by the Organisation are produced after following BIS specifications and are marketed only after strict quality controls and hence no adverse impact is expected by the use of these products. All the activities of the organisation with respect to manufacturing, storage and marketing are assessed for environmental related risks by qualified Auditors periodically and suitable remedial steps, as recommended by these audits are implemented. Few locations that are using products such as Ozone depleting agents, viz. R22 refrigerants, have already initiated steps to phase them out within a few years.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Fully	GRI Index			The Metal Containers for LPG that is being marketed is re-used / re-cycled 100%.
Compliance						
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	Pg 41; "Environmental expenses, GRI Index"			The Refineries at Mumbai and Visakhapatnam were audited by the individual local Pollution Control Authorities and few areas of non-compliance to Environmental rules and regulations were identified. The authorities sought bank guarantees from the Refinery Management and the same has been complied with. The Refineries have already undertaken mitigation methods, developed action plan and are following up closely for follow up in the field. The mitigation measures are expected to be completed by March 2013.
Transport						
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Not			Not available	As we mature our sustainability initiatives, future reports will disclose our progress accordingly.
Overall						
EN30	Total environmental protection expenditures and investments by type.	Fully	Pg 41			



Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
Social: Labor Practices and Decent Work						
Employment						
LA1	Total workforce by employment type, employment contract, and region.	Fully	Pg 45; "Our employee strength"			
LA2	Total number and rate of employee turnover by age group, gender, and region.	Fully	Pg 45; "Our employee strength"			
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	Pg 46; "Employee benefit plans"			
Labor/management relations						
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	Pg 43; "Upholding the freedom of association and effective recognition of the right to collective bargaining"			
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	Pg 46; "Ensuring employee safety"			
Occupational health and safety						
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	Pg 46; "Ensuring employee safety"			
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Fully	Pg 47; "Ensuring employee safety"			
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	Pg 48; "Keeping our employees healthy"			
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	Pg 45			Our employees also have defined health benefits
Training and education						
LA10	Average hours of training per year per employee by employee category.	Fully	Pg 48, 49; "Training – The key to our performance"			
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	Pg 48, 49; "Training – The key to our performance"			
LA12	Percentage of employees receiving regular performance and career development reviews.	Fully	Pg 48, 49; "Training – The key to our performance"			
Diversity and equal opportunity						
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	Pg 13, 45; "Governance structure of the organization", "Our employee strength"			C & MD, four Functional Directors, one ex. Officio Director and six independent Directors constitute the Board of HPCL organisation. C & MD & four Functional Directors are full time employees of the HPCL Corporation.
LA14	Ratio of basic salary of men to women by employee category.	Fully	Pg 46; "Employee benefit plans"			

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
Social: Human Rights						
Investment and procurement practices						
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Fully	Pg 43; "Human rights"		Not available	As per the policy of the Organisation, Contractors are required to give an undertaking that they abide by Human Rights & Regulations before bidding. The Organisation screens the documentation accordingly and only those who conform to the requirements are entertained. As we mature our sustainability initiatives, future reports will disclose our progress accordingly.
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Fully	Pg 43; "Human rights"			
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Not				
Non-discrimination						
HR4	Total number of incidents of discrimination and actions taken.	Partially	Process of reporting limited to full-time employees.	Process not in place wrt. contract workers.	Not available	To be put in place.
Freedom of association and collective bargaining						
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Fully	Pg 43; "Upholding freedom of association and effective recognition of the right to collective bargaining"			
Child labor						
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Fully	Pg 44; "Supporting effective abolition of child labour"			
Forced and compulsory labor						
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Partially	Pg 44; "Supporting the elimination of all forms of compulsory and forced labour"	Process not in place wrt. contract workers.	Not available	To be put in place.
Security practices						
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Not			Not available	CISF and DGR (ex defence personnel) provide security at our installations. Future reports will disclose the indicator progressively.
Indigenous rights						
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	GRI Index			No incidence of violations has been reported during the reporting period.
Social: Society						
Community						
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Not	Process not in place		Not available	Formal process being developed and documented.
Corruption						
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	Pg 52; "Taking a stand against corruption"			
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	Pg 52; "Taking a stand against corruption"			
SO4	Actions taken in response to incidents of corruption.	Fully	Pg 52; "Taking a stand against corruption"			

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
Public policy						
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	Pg 52; "Engaging with regulators"	Significant issues and core positions not reported		
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	Pg 52; "Engaging with regulators"			
Anti-competitive behavior						
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	GRI Index			No instances have been recorded during reporting period.
Compliance						
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	Pg 52; "Engaging with regulators"			
Social: Product Responsibility						
Customer health and safety						
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	Pg 54; "Customer health & safety"			No incidence of non-compliance on health & safety impacts on our products and services have been recorded during the reporting period.
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully	GRI Index			
Product and service labelling						
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	Pg 54; "Informing our customers about product health & safety"			All our packed products contain information as required under the regulations and all bulk products meet the specifications as defined by codes and standards.
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	Pg 54; "Informing our customers about product health & safety"			
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Partially	The organisation conducts customer satisfaction survey. Results not reported	Results not reported	Not available	
Marketing communications						
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	Pg 54; "Informing our customers about product health & safety"			
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	Pg 54; "Informing our customers about product health & safety"			
Customer privacy						
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	GRI Index			No cases of breach of customer privacy loss of customer data has been recorded during the reporting period.
Compliance						
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	Pg 54; "Informing our customers about product health & safety"			

The indicators which were partially reported / not reported during this reporting period due to formal data capturing / processes not in place, we would progressively report the same from 2013 - 14 onwards.

APPLICATION

Level Criteria

Report Application Level		C	C+	B	B+	A	A [✓] +
Standard Disclosures	G3 Profile Disclosures OUTPUT	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosures OUTPUT	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.		Respond on each core G3 and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

This report is also available on our website: www.hindustanpetroleum.com

Feedback on this report may be sent to corporatehse@hpcl.co.in

Published by HSE (Corporate), September 2012



Hindustan Petroleum Corporation Limited
(A Government of India Enterprises)

Petroleum House, 17, Jamshedji Tata Road,
Churchgate, Mumbai- 400020