

Responsible Infrastructure

HCC



Table of Contents

About the Report	1
Message from the Chairman and Managing Director's desk.....	2
Message from President and CEO.....	4
Organizational Overview	5
Our Approach to Sustainability	15
Our Management Approach and Commitment to NVG Principles	18
Innovation and Technology Highlights	20
Economic Performance.....	23
Environmental Performance.....	25
UN CEO Water Mandate - Communication on Progress	28
Our Employees	39
Beyond Bread	48
Our Sustainability Performance.....	55
Independent Assurance Statement.....	58
GRI G3.1 and CRESS Content Index	61

About the Report

Responsible Infrastructure 2013-14 is Hindustan Construction Company's (HCC - Engineering & Construction business) fifth consecutive annual sustainability report, presenting the key highlights and performance disclosures for the financial year ending 31 March 2014. Our report adheres to the Global Reporting Initiative's (GRI) G3.1 and the Construction and Real Estate Sector Supplement (CRESS) guidelines, and continues to meet the highest application level of 'A+'.

This report includes our sixth annual Communication on Progress (COP) for the United Nations Global Compact's CEO Water Mandate Initiative, for the financial year 2013-14.

The disclosures in our sustainability report have undergone limited assurance (as per ISAE 3000 standard) by Ernst & Young LLP, an independent professional services firm.

In our fifth year of sustainability reporting, we have expanded the report boundary to include all the HCC (Engineering & Construction) projects in progress during the reporting year, including two in Bhutan. A few exceptions to the boundary with respect to specific performance disclosures are mentioned at relevant places in the report.

We hope this report presents useful and informative insights on our sustainability approach and performance to all our internal and external stakeholders. Readers are welcome to address their feedback and any queries to:

Mr. Aditya Patwardhan

Manager – Sustainability

aditya.patwardhan@hccindia.com

Message from the Chairman and Managing Director's desk



Dear Reader,

The past financial year, like the two preceding ones, is a tale of travails for Indian economy and the infrastructure sector in particular. The severe financial, operational and regulatory challenges did not ease up in the past year, and this led to problems of tight liquidity conditions and serious stress on cash flows. At HCC, we have responded to this adverse environment by focussing on streamlining the organizations and internal processes, improving efficiencies, better management of inventories and re-evaluation of our project portfolio, among other measures. With a change in the political dispensation in the Central Government and increasing attention to the country's infrastructure scenario, we hope for better days ahead.

What remains steadfastly unchanged through this economic downturn is our commitment to build responsible infrastructure through world class practices. We continue to win and execute infrastructure projects that are central to realizing the nation's developmental goals. We do this by deploying world class technologies, innovative solutions and dedicated manpower amidst natural hazards, difficult terrain conditions and complex engineering challenges.

For us at HCC, sustainability translates into the distinct but converging aspects of profitability and value creation for all stakeholders, efficiency and quality of project execution, safety, well-being and development of our human resources, conservation of natural resources and reducing our environmental impact, as well as the responsibility towards our local communities. We continue to carry out and expand various programs and initiatives in these areas, and win recognition at various forums.

In the year 2013-14, we have achieved water use efficiency of 41% across all our project sites, improving upon last year's water use efficiency of 39%. During the Uttarakhand flash floods, our Tehri project site became the hub of relief activities wherein we contributed by providing shelter, sanitation facilities and continuous provision of flood and medical help to the stranded pilgrims and provided all support to the authorities involved in relief operations. The disaster relief initiatives have been taken to the next level of disaster risk reduction by actively propagating UNISDR's agenda of building resilience against disaster through active participation of private sector. Similarly, on community development front, we have taken several initiatives depending on the needs of the local communities around the project site areas.

While principles of responsible corporate citizenship have always been integral to the way we do business, we also recognize the stakeholder expectations and benefits of publicly reporting our non-financial performance. As we move forward in our sustainability reporting journey, we hope our

efforts will help all stakeholders better understand how HCC is contributing to sustainable development.

With these thoughts, I present to you HCC's (Engineering and Construction) fifth consecutive annual sustainability report - '*Responsible Infrastructure 2013-14*'. We continue to adhere to the reporting guidelines of the Global Reporting Initiative's G3.1 and Construction & Real Estate Sector Supplement (CRESS) at the highest Application Level of A+. This report includes our sixth consecutive Communication on Progress (CoP) on the U.N. Global Compact's CEO Water Mandate, to which HCC is a signatory.

I hope you will find '*Responsible Infrastructure 2013-14*' informative, and I welcome your feedback.

Ajit Gulabchand
Chairman and Managing Director

Message from President and CEO

Dear Reader,

I am pleased to share with you *Responsible Infrastructure 2013-14* – HCC's annual sustainability report and Communication on Progress for the U.N. Global Compact's CEO Water Mandate. The continued disclosure of our non-financial performance and its independent verification by an external agency reflects our commitment to transparent communication with all external stakeholders.



Our sustainability initiatives have resulted in significant efficiency improvements and lowering of our environmental footprint. During the year under review, HCC has used polarized fly ash and ground granulated blast furnace slag (GGBS) that reduced the cement consumption by 16112 tons, resulting in corresponding reduction in GHG emissions. The steel wastage is reduced by 6% by procuring make-to-order steel re-bars of desired lengths. Similarly, the water usage efficiency is improved to 41% compared to 39% last year with our sustained efforts in reduce, reuse, recycle and recharge of fresh water in our operations. These are few examples of how we are reducing the use of precious natural resources and decreasing our greenhouse gas footprint.

By employing latest global technologies and integrating 'Innovention' culture within operations, we ensure that we operate with focus on efficiency and world-class quality to meet expectations of our customers. The company has sustained the customer satisfaction index for the period under review at a healthy 3.82 points and continual efforts will further improve it.

Being a responsible corporate citizen, HCC has engaged in various community initiatives in the areas of health, water, disaster response and social initiatives in the vicinity of our project sites. During the flash flood of Uttarakhand, our Tehri project team sprung into action to support local authorities for clearing landslides on the roads, so that government team could move towards Kedarnath to rescue stranded pilgrims. Besides, the project team also provided food, shelter and sanitation facilities round the clock, tuning the project camp into one of the major relief hub. Similarly in Assam, we have created women self help groups to revive traditional art of handloom weaving to generate additional income in the local communities surrounding our project site.

Safety is HCC's first and overriding priority. As well as ensuring safe working conditions at all project sites the company is committed to delivering safe infrastructure to its customers and the communities they serve. The company has undertaken various initiatives including training programmes and tool box talks to emphasize safe working practices. We have achieved 52% reduction in the in lost time injuries and fatal accidents. We are committed to achieve zero reportable incidents across all project sites.

In this report we have captured various aspects of economic, environmental and social parameters of sustainability and I welcome you to read the details of our triple bottom line performance.

Arun Karambelkar
President and CEO

Organizational Overview

HCC Profile

Hindustan Construction Company (HCC) is a pioneer in the Indian infrastructure industry with businesses spanning the sectors of Engineering & Construction, Real Estate, Infrastructure, and Urban Development and Management. With nearly a century of experience, HCC is forerunner in Indian infrastructure sector, having achieved numerous infrastructural milestones that span varying degrees of complexity and technological proficiency.

HCC has constructed many infrastructural marvels that not only set benchmarks, but also played a major part in the country's evolution. Be it Hydel Power, Industrial Structures, Transportation, Water, Nuclear Power or Ports, HCC Ltd. has ubiquitously established its expertise, having met the country's infrastructural requirements through skill, scale and speed.

We continue to execute challenging projects, while maintaining a strong commitment towards the safety of all the people involved in the construction and those living in the local communities. We have been at the forefront of adopting world class operational practices and promoting responsible infrastructure development in India and abroad.

HCC's corporate head office is located in Mumbai (India). The Group companies include:

Lavasa Corporation Limited

Lavasa is a planned hill city. It is based on the principles of New Urbanism with an award-winning masterplan developed by design consultant HOK, USA. The city plan uniquely incorporates advanced technology and e-governance principles. It is a blueprint for new city development in India.



HCC Infrastructure Company Limited

HCC Infrastructure Company Limited, a subsidiary company, executes infrastructure concessions business through Public Private Partnership (PPP) or Design-Finance-Build-Operate-Transfer (DFBOT) mode. The focus of the business has been on developing roads and the company's entire portfolio comprises NHAI concessions.



HCC Real Estate Limited

HCC Real Estate Ltd (HREL) is focused on commercial real estate development including new urban development and management projects. HREL's 247 Park in Mumbai is India's largest standalone LEED certified gold rated green building.



Steiner AG

Steiner AG is a leading total and general contracting company in Switzerland, specializing in turnkey construction. The company develops and plans real estate projects, carries out new construction and conversion projects, renovates existing property and optimizes their profitability. The company has constructed over 1200 residential projects, 540 commercial buildings, 45 hotels and 150 infrastructure facilities such as universities, retirement homes and hospitals. With a heritage nearly 100 years, primarily in the European market, Steiner AG has several landmark works to its credit, including the headquarters of Nestle, Google, World Economic Forum and Terminal T3 of Geneva airport.



Highbar Technologies

Highbar Technologies was hived off as an IT solutions provider for the infrastructure industry, being recognized by Gartner as a successful IT spin-off case study. Highbar focuses on IT implementation initiatives from a business transformation perspective rather than that of pure technology implementation. It has started dominating the 'IT for Infrastructure' market, and has now extended its scope to servicing telecom, PED (Pre-engineered Buildings), manufacturing, retail, agro-chemicals, iron and steel, media and other sectors. Highbar has grown its IT capabilities and the expertise in various areas including ERP (Enterprise Resource Planning), Business Intelligence, cloud offerings through Highbar CloudConnect, Employee Portals, CRM (Customer Relationship Management) and others.

Core Business

Hydel Power

HCC's core business has expanded to include projects serving the Hydro Power segment. The accomplishments achieved include dams, tunnels, barrages, underground power stations, surface power stations and water conductor systems like surge shafts, pressure shafts and penstocks.

- Built over 25% of India's Installed Hydro Electric Power Capacity
- 33 Hydro Power Plants, 27 Dams, 19 barrages and 19 powerhouses
- 2 out of India's 5 largest underground Power houses
- 5 out of India's top 10 highest concrete dams, including India's first concrete gravity dam
- Over 290 km of tunnelling
- Executed tunnelling work in the geologically challenging Himalayan region.



Transportation

The advanced technologically advances construction methods, technical knowledge, project management and coordination expertise demonstrated by HCC has ensured the success of many transportation projects. This portfolio ranges from India's first sea link to the redevelopment of the historic Mughal Road. We have also won and executed various projects under the National Highways Development Program that have contributed to the country's growth



- Almost 10% of India's highway development programme. Over 2,525 lane km of Expressways and Highways
- Over 356 Major bridges including 69 outside India
- Over 288 km of complex tunnelling
- Mumbai-Pune Expressway - India's first concrete pavement access-controlled expressway
- Bandra-Worli Sea Link - India's longest open-sea, cable-stayed bridge
- India's 1st and 2nd metro systems in Kolkata and Delhi
- India's longest rail tunnel - Pir Panjal, Jammu & Kashmir

Water Solutions

HCC's experience in water supply and irrigation projects has been extensive. HCC has made extensive contributions in the areas of water supply:

- 3 dams, 11 aqueducts, over 18 barrages, 100 water treatment plants
- Vital irrigation projects across the country.



Apart from being involved in the design, construction, installation, commissioning and operation of treatment plants for water, sewage and industrial waste, HCC has also built water transmission projects, including the recently completed Tirupur Water Supply Project in Tamil Nadu, the first build-own-operate-and-transfer effort in South Asia.

Nuclear Power & Process Plants:

HCC has constructed over 50% of India's nuclear power generation capacity, and has been a construction partner since the beginning of the Indian nuclear power generation program. The company also executed India's largest nuclear power plant in Kudankulam, Tamil Nadu. HCC specializes in pre-stressed containment structures for reactor buildings and provides integrates solutions in nuclear power by tying up with leading engineering and construction solution providers.



- 15 Nuclear Reactors in India
- India's first Light Water Reactor and largest nuclear power-plant Sea Water Intake at Kudankulam.
- 1st Underground Strategic Crude Oil Storage (Vizag) - longest segment 800 m
- Pot Shell structure & civil works for Hindalco with IP parameters by Aluminium Pechiney

Our Infrastructure Portfolio

Nuclear and Special Projects

1. Aditya Aluminium Project, Orissa
2. Rajasthan Atomic Power Project, Rajasthan
3. Padur Cavern for Crude Oil Storage, Karnataka
4. Muzaffarpur Thermal Power Plant, Bihar
5. DGNP Dry-Dock and Wharves, Maharashtra

Transportation Projects

6. Four-laning of NH-54 (AS23), Assam
7. Kolkata Elevated Road Project from Park Circus to E.M. Bypass, West Bengal
8. Four-laning of Bahrapore- Farakka Section of NH-34 (Package-3), West Bengal
9. Four-laning of Farakka-Raiganj Section of NH-34 (Package-4), West Bengal
10. Bogibeel Rail-cum-Road Bridge, Assam
11. DMRC CC 30, New Delhi
12. DMRC CC 34, New Delhi
13. T 48 Tunnel, Jammu & Kashmir

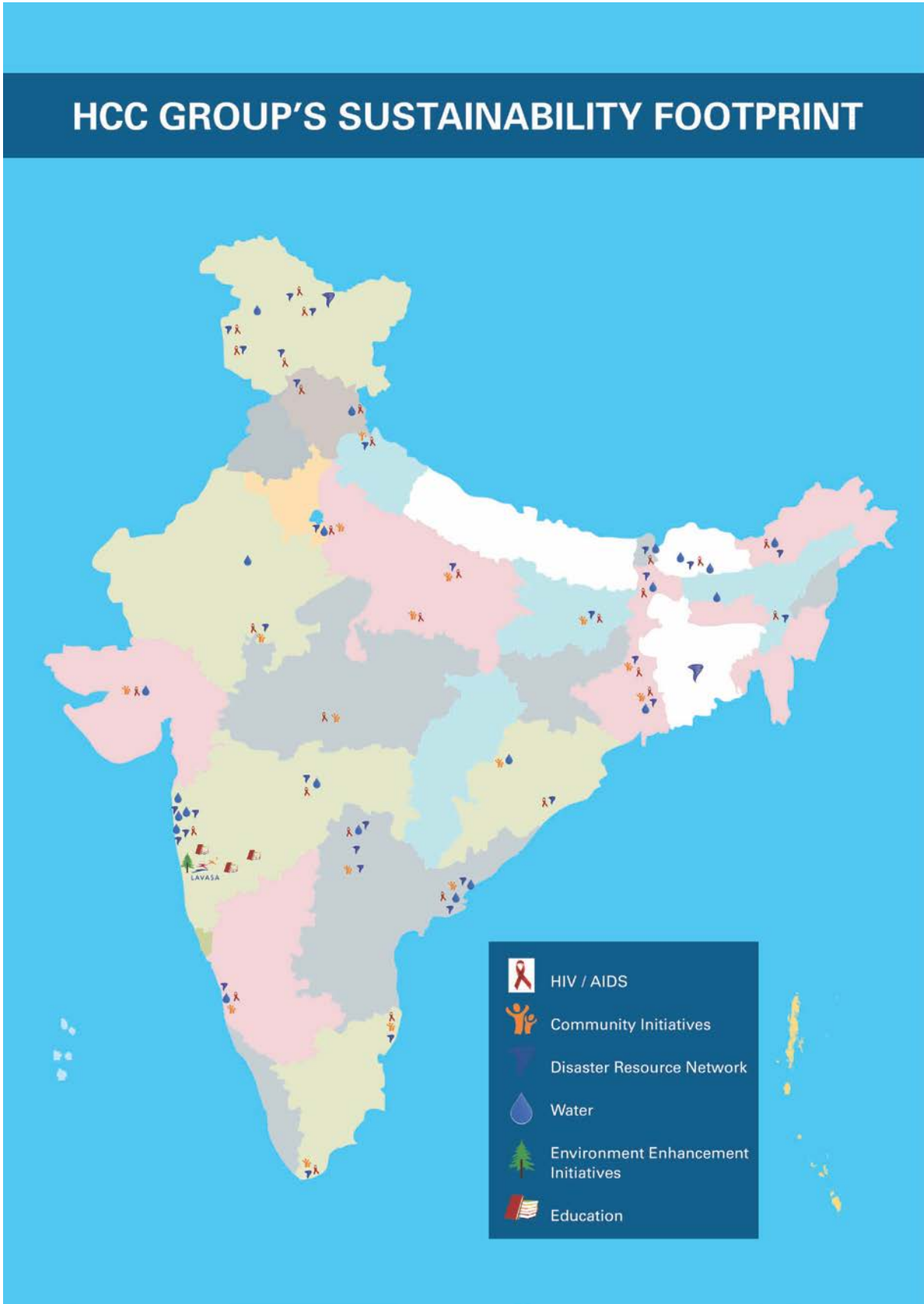
Water Solution Projects

14. Kachchh Branch Canal, Gujarat

Hydroelectric Power Projects

15. Teesta Low Dam HEP Stage IV, West Bengal
16. Kishanganga HEP, Jammu & Kashmir
17. Kashang HEP, Himachal Pradesh
18. Pare HEP, Arunachal Pradesh
19. Sainj HEP, Himachal Pradesh
20. Tehri Pumped Storage, Uttarakhand
21. Punatsangchhu Hydro Power Plant, Bhutan*
22. Dagachhu Hydro Power Plant, Bhutan*

* Punatsangchhu HEP and Dagachhu HEP are based in Bhutan. Others are ongoing projects in India.



Vision, Mission and Values

Vision

To be the Industry Leader and a Market - Driven Engineering Construction Company renowned for excellence, quality, performance and reliability in all types of construction

The Vision Statement has been inspired by the global infrastructure development needs of tomorrow, with the Customer as the central focus. It was developed after conducting a series of in-house workshops. Senior Leaders within the organization are actively involved in developing and maintaining an effective and efficient management system to disseminate the Vision across HCC in order to achieve 'Customer Delight.'

Mission

The HCC Corporate Mission encompasses the overall strategies, objectives and goals of the Organization:

- To be a leading construction company in the global market;
- To become the customers' most preferred choice by attaining excellence in quality and value added projects completed on time;
- To continually innovate, develop and adopt state-of-the-art technology in methods and materials to enhance productivity and cost effectiveness;
- To continually improve the competence of our people and make them proud to work at HCC;
- To build a safety culture aimed at continually reducing the frequency severity rate towards achieving zero accidents;
- To identify and mitigate all the environmental impacts arising from our activities and comply with applicable environmental norms;
- To develop and adopt eco-friendly concrete technology to reduce one million tons of greenhouse gas (GHG) emissions in the next 10 years;
- To contribute to the development of the local community and society at large as a part of our corporate social responsibility.

Values

Bold, determined, committed and quality conscious at all times - these values are the driving force behind our organization, defining us and guiding us every step of the way. Quality, for us, is a beacon that inspires us in everything we do, and a facet which is carefully nurtured at HCC. We believe that our people are our knowledge assets. We adhere to international standards of governance, and are extremely serious about our corporate and social responsibilities. Our values are representative of who we are and how we behave. They impact our everyday work life and give us a competitive edge.

Awards and Recognitions

During the financial year, we received recognition and accolades for the technological excellence and industry best practices demonstrated in several of our major projects, as well as for our corporate social responsibility.

1. High Impact Infrastructure Project of the Year 2013 (Construction Week India)	Pir Panjal Railway Tunnel Project
2. CIDC Vishwakarma Award for Best Construction Project (Railways Category) 2014	Pir Panjal Railway Tunnel Project
3. Dun & Bradstreet Award 2013	Nimoo Bazgo Hydel Power Project
4. Excellent JV Partner Award 2013 to HCC from Samsung	JV with Samsung on: - Dauliganga Hydel Power Project; 1995 - Delhi Metro MLC1 package; 2010 - Delhi Metro CC34 package; ongoing
5. Markenomy Award 2013	Bandra Worli Sea Link project
6. Civic Award under 'Social Development' category for large corporates 2012-13, from the Bombay Chamber of Commerce	HCC received this award for its continued efforts to serve the well-being of the community.
7. Global Sustainability Leadership Award 'Best Community Action'	HCC's community development project 'Ujjivana'
8. Special Jury Award in CSR at Amity CSR Conclave 2013	Award for Sustainability Reporting

Advocacy

We are represented at several national, regional and global industries, governmental and developmental forums by Mr. Ajit Gulabchand, Chairman and Managing Director. Through his active participation at these influential platforms, we advocate on a variety of issues pertaining to sustainable development. Some of Mr. Gulabchand's key active memberships are listed below:

- Member of the Governors' Steering Board of the Infrastructure and Urban Development Community at the World Economic Forum in Geneva
- Member of UK India Business Council (UKIBC) Advisory Council
- Chairman of the Governing Council of the Construction Skills Development Council of India (CSDCI)
- Member of the United Nations Disaster Risk Reduction – Private Sector Partnership Advisory group
- Member of Board of Trustees – New Cities Foundation
- Former President of International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA)
- Signatory United Nations' Global Compact's CEO Water Mandate
- Member of the National Council of the Confederation of Indian Industry (CII), Member of CII Associations Council
- CII National Committee on Economic Policy (2013-14)
- CII National Committee on Urbanization and Future Cities (2013 – 14)

- CII National Committee on Infrastructure (2013-14)
- CII Committee on Integrity & Transparency in Governance (2013-14)
- President of the Construction Federation of India (CFI)
- Past President and Patron Member of the Governing Council of the Builders Association of India (BAI).
- Chairman of the Board of Governors of the National Institute of Construction Management and Research (NICMAR)
- Chairman of the Administrative Council of the Walchand College of Engineering.
- Executive Committee Member of TERI's (The Energy and Resources Institute) Business Council for Sustainable Development (for the period 2013-15)
- In continuation with our commitment towards UNGC initiative "Caring for Climate", HCC became one of founding member industry for the 'India Green House Gases (GHG) Programme' conducted by World Resource Institute (WRI) India in collaboration with TERI and CII.

During the reporting year, Mr. Gulabchand delivered key note addresses and participated in discussions at several prestigious events pertaining to sustainable development, some of are listed below:

- Speaker at UNISDR Featured Event - Building Resilience into Urban Planning and Investments, Geneva (May 2013)
- Co-Chair, Strategic Infrastructure: ASEAN Context during Industry Partnership Meeting for Infrastructure & Urban Development Industries 2013 at World Economic Forum on East Asia 2013, Nay Pyi Taw, Myanmar (June 2013)
- Speaker, The Business Mandate in Myanmar, at World Economic Forum on East Asia 2013, Nay Pyi Taw, Myanmar (June 2013)
- Facilitated Panel Discussion on the Role of Business in Supporting Achievement of a Water-Related Sustainable Development Goal, CEO Water Mandate, United Nations Annual Meeting, New York (September 2013)
- Speaker, Why Build New Cities? during KAEC Forum: New Models for the Urban Century by New cities Foundation, King Abdullah Economic City (November 2013)
- Keynote Speaker, HIFI, Gurgaon (January 2014)
- Future of Urban Dev: Mayors Guide [Table Leader - Asia] during World Economic Forum Annual Meeting, Davos (January 2014)
- Discussion Leader, The DNA of sustainable Business during World Economic Forum Annual Meeting, Davos (January 2014)

Important events

- HCC built India's longest transportation Pir Panjal Tunnel. Dr. Manmohan Singh, the Prime Minister of India, flagged off the first train on its inaugural journey in the Kashmir valley.
- Mr. Omar Abdullah, J&K Chief Minister visited Kishanganga Hydel Power Project to inspect work status. The Chief Minister was briefed about the powerhouse coming up near Bandipora, J&K.
- The Minister of W.B State for Railways, Mr. Adhir Ranjan Chowdhury visited the Bhagirathi Bridge, part of the NH 34 Package 3 Project. After the visit the Minister said that expansion of NH34 is of utmost importance to the people of West Bengal as it is the lifeline of the state

and completion of this project will not only make their life easier but will also play a key role in improving the economic condition of the region.

- The Minister of Power for Himachal Pradesh, Mr. Sujan Singh Pathania, visited the Sainj HEP Project. The Minister stated that the project is of prime importance to Himachal Pradesh. He expressed his satisfaction over the progress of work.
- GOI officials, Dr. NS Singh, Joint Secretary, Ministry of External affairs, Mr. Abhishek Thakur, Additional Joint Secretary and Mr. RN Khazanchi, Managing Director, Punatsangchhu – 1 HEP visited the Punatsangchhu project. Mr. Phuntso Norbu, Joint Managing Director, Mr. YK Sharma, Director (Technical) and Mr. YK Dhir, Chief Engineer accompanied them during this visit. The team visited the powerhouse complex, surge shaft bottom, machine hall and other key installations. They were highly satisfied on the quality of work executed and also appreciated on the progress of the project.
- GOI officials, Mr. B.K. Chaturvedi, Member of Planning Commission, Government of India along with Chairman Dibrugarh Municipal Board and Dy. Chief Engineer North Frontier Railway visited Bogibeel Rail cum Road Bridge project. After evaluating the progress on various fronts, the officials appreciated the work done by the project team.
- NHPC Directors visit Teesta IV Dam site. They expressed their appreciation of the committed efforts put in by the Teesta project team.
- Director of NEEPCO Ltd visited Pare HEP, visited the Pare Hydel Power Project. He was taken through all the ongoing work fronts viz, the power house complex, the dam site, head race tunnel (HRT), HRT intake and surge shaft.

Corporate Governance

Our business strategy focuses on creating sustainable long term value for all our stakeholders, including shareholders, customers, partners, employees and the society at large. Our governance structure including systems, processes and principles enable us to realize these long term goals. The entire governance structure is actively supervised by a Board of Directors, who oversee management activities and ensures their effectiveness in delivering value to stakeholders. To implement this, we have always strived to promote an informed Board that functions independently.

Code of Conduct

The Board of Directors has laid down two separate Codes of Conduct, one for the Non-Executive Directors and the other for Executive Directors and designated employees in the Senior Management. These Codes have been posted on the Company's website. All the Board Members and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct as applicable to them, for the year ending March 31, 2014.

Board of Directors and Board Committees

The composition of the Board is in conformity with Clause 49 of the Listing Agreement, which stipulates that at least 50% of the Board should consist of Independent Directors, if the Chairman of the Board is an Executive Director.

As of March 31, 2014, the Board comprised of ten Directors, out of which three are Executive Directors, including the Chairman & Managing Director who is a Promoter Director. Of the seven Non-Executive Directors, five are Independent Directors. The Board comprised of one female Director, and all Directors were above 50 years of age.

All the Directors possess the requisite qualifications and experience in general corporate management, finance, banking, insurance and other allied fields, enabling them to contribute effectively in their capacity as Directors of the Company.

The Board of Directors has constituted five board Committees viz. audit committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, ESOP Compensation Committee and CSR Committee. All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of reference / role of the Committees are taken by the Board of Directors.

Further details of the composition of the Board of Directors, Board Committees and their roles and responsibilities are provided in our Annual Report for FY 2013-14, available on our website (http://www.hccindia.com/hcc_admin/data_content/investor_pdf/HCC-Annual_Report-FY2013-14.pdf).

Listing

Presently, the Equity Share of our Company is listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Global Depository Shares (GDSs) of the Company are listed on the Luxembourg Stock Exchange.

Our Approach to Sustainability

Material Issues

At HCC, our approach to sustainable development is clearly conveyed by the phrase *Responsible Infrastructure*. It defines not only our corporate responsibility, but also the way we conduct our business on a daily basis. The motto of *Responsible Infrastructure* encompasses the distinct but highly intertwined objectives of nation building through infrastructure creation, adopting innovative technologies and world-class quality practices, and being responsible for the well-being of our natural environment, employees, local communities, shareholders and all other stakeholders.

This is how we have operated in the long and illustrious history of HCC, and it is through this prism of *Responsible Infrastructure* that we strive to identify our key sustainability issues, set improvement targets and monitor our performance.

In order to align our material issues the evolving Management understanding, external environment and stakeholder inputs, we have in the past undertaken high level materiality assessment exercises during the years 2009-10 and 2012-13. The most recent reassessment, done in 2012-13, comprised of a workshop and survey that covered all key corporate function heads and project heads, who were asked to identify and prioritize the material issues and key stakeholder groups. For the reporting year 2013-14, we continue to report on the material issues so identified. We look forward to recalibrating our sustainability approach on a periodic basis in the forthcoming years.

Material Issues
Resource efficiency
Safe working conditions for employees & workers (including sub-contracted workers)
Timely delivery of projects
Environmental & Social Compliance
Customer satisfaction
Environment and biodiversity protection
Key stakeholders
Customers
Employees
Local communities
Shareholders
Regulatory authorities
Banks and financial institutions

Stakeholder Engagement

During 2013-14, we continued our engagement activities with all our key stakeholder groups: Customers, Suppliers/Sub-contractors, Employees, Investors and Shareholders, JV Partners, and Local Communities, at both the organizational and project levels. In addition, we continued our efforts towards systems implementation in order to aid in the overall engagement process. We periodically engage our internal and external stakeholders on pre-defined schedules and an ongoing need basis. Key stakeholders are those who have actual or potential significant impact on our business, and in turn are impacted by us. Our sustainability report preparation is done internally, and all concerned

function heads are engaged with for their inputs and performance details specific to their roles. A summary of our approach to stakeholder engagement is presented below.

Customers/ Clients

- One-on-one engagement with clients as per necessity
- Formalized customer feedback systems (described below)

Suppliers/ Subcontractors

- Annual SRA Program and regular vendor meets
- One-on-one engagement with suppliers
- Robust feedback system

Employees

- Regular interactions, training sessions and communications
- HCC Newsletters and E&C Connect newsletters
- Employee surveys
- Structured performance management systems
- Training programs

Investors and Shareholders

- Quarterly analyst meets and regular communications
- AGMs and EGMs
- Quarterly Analysts Meets
- Corporate Website
- Publications
- Investors' and Shareholders' Grievances Committee

JV Partners

- On-going partner management approach
- Sustainable partnerships in strategic business sectors
- Effective communication channels

Local Communities

- Covered in detail in the ***Beyond Bread*** section

Formalized Customer Feedback System

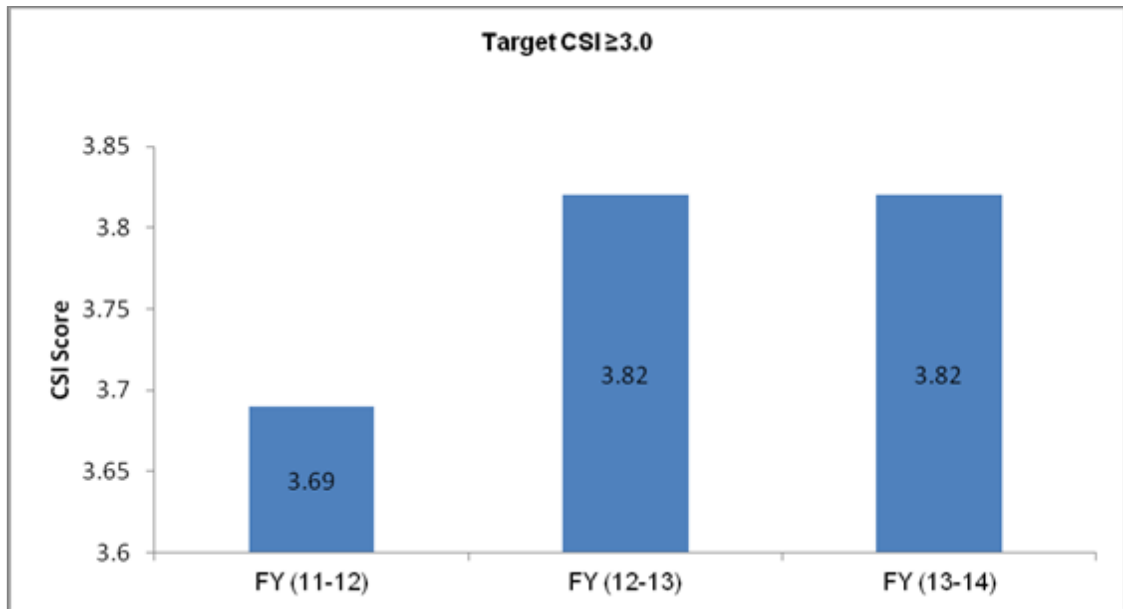
We obtain customer feedback on various parameters of our product and services through a standard questionnaire every quarter.

After receiving the feedback, we analyse it and short-list the areas of weakness so identified. The summary of customer feedback is presented to the top management during quarterly management review and the actions recommended by management are planned and executed as corrective measure.

In case of project obtaining Customer Satisfaction Index (CSI) below 3 in any of the quarters, the Management Representative (MR) along with the concerned Project Manager arranges for interaction with the concerned customers to have a better understanding of their expectations. The MR recommends to the Project Management the necessary actions to mitigate the causes of dissatisfaction. The Project Manager takes necessary corrective actions within the ambit of the

contract and informs the MR about the status of corrective action so taken. The graph below shows the trend of customer satisfaction. The target is always score more than 3.

Trend of Customer Satisfaction Index



Our Management Approach and Commitment to NVG Principles

Principle 1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

We have set up an audit committee that oversees the company's financial reporting and the disclosure of financial information. The committee ensures that all financial statements are accurate, credible and sufficient thereby ensuring transparent communications. HCC also has Code of Conduct in place, which governs all employees and non-Executive Directors. The code covers the areas including anti-corruption policy and all related procedures. There is a Code of Conduct governing all executive directors and senior managers. The code states that all members of the Senior Management must observe high standards of ethical conduct, fairness and integrity. It also refers to the Senior Management's commitment to the company and its stakeholders by working to the best of their ability, responsibility and judgement. All employees and Senior Management have confirmed compliance with their Codes of Conduct.

Principle 2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

We are committed towards engineering value in the service we provide, keeping in mind the impacts that all processes have. Given the Company's role in creating infrastructure for the country, we have committed ourselves to being responsible and ensuring safety in sustainability in all our work. Our focus on supply chain management is driven by cost and material use reduction. In the process of optimizing our inventory and reducing our surplus, we have been able to achieve a balance between economic savings and environmental conservation. To maintain this commitment, we have also extended resources towards the development of local vendors. This leads to benefits across our supply chain and also for our local suppliers

Principle 3 – Businesses should provide well-being of all employees

Our employees are provided with learning and growth opportunities on a regular basis. The trainings and programs provided include health and safety training, Technical training programs related to equipment operation and maintenance. These trainings are conducted for all workers, included sub-contracted staff and piece-rate workers. This enables them to improve their skill sets for continued employability. In addition, we have initiated a performance based rewards and recognition programme. This is aimed at improving organisational and team performance. We also have a zero-tolerance approach towards employee discrimination, bonded labour and child labour issues.

Principle 4 – Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

We engage with our stakeholders actively and on a regular basis, with the aim of addressing their concerns in a responsible and timely manner. One of the issues we have focused on is the serious impact of HIV/AIDS amongst migrant workers, and in turn the enterprise. As a result, we have been able to formulate the HCC HIV/AIDS Workplace Policy. This is an initiative to enhance employee inclusiveness by being responsive to marginalised community stakeholders. HCC has also undertaken initiatives in the areas of disaster response management, HIV/AIDS workplace interventions, community development and education.

Principle 5 – Businesses should respect and promote human rights

HCC is a signatory to the UN Global Compact, which is a strategic policy initiative for businesses that are committed to aligning their operation and strategies with the ten principles of the UN Global Compact in the areas of human rights, labour, environment and anti-corruption. All our contracts forbid the use of child labour on sites. All HCC security staff is trained to ensure this, and in the event of any suspicion regarding this matter, is required to obtain proof of it. We also expect all our stakeholders to maintain this standard and uphold all human rights principles.

Principle 6 – Businesses should respect, protect and make efforts to restore the environment

An additional component of the UN Global Compact is a commitment to the environment, which we strongly adhere to. As a part of this commitment to sustainability, we design and build infrastructure in an environmentally responsible manner. We have also endorsed the UN CEO Water Mandate, which has assisted in making us a more water conscious organisation. The Company's Integrated Management System (IMS) Policy conveys the constant improvement of our environment performance, even beyond regulatory compliance. In addition, we have implemented several measures to improve our environmental performance. In this reporting year we have actively reduced our water consumption at project sites by recirculating water, and reusing black water. In addition we are reducing our carbon footprint through increased use of fly ash.

Principle 7 – Businesses when engaged in influencing public and regulatory policy should do so in a responsible manner

We are an active member of various industry associations and developmental bodies, and are an active participant in public and regulatory policy discussion nationally and globally. We are a member of associations such as the Confederation of Indian Industry, World Economic Forum, United Nations, The Environmental Research Institute, International federation of Asian and Western Pacific Contractor's Association, New Cities Foundation and UK-India Business Council.

Principle 8 – Businesses should support inclusive growth and equitable development

We understand its influence on social and economic development. This has driven the maintenance of a long tradition of supporting communities in and around its project sites. We contribute to and invest in these communities through several community development initiatives, which have had significant economic, environmental and social impacts. These initiatives range from the field of education of HIV/AIDS awareness. We aim to positively impact communities within our operational boundaries, and also those that are beyond our direct contact. We are also a leader in the Disaster Resource Network of India, which trains selected engineers from different companies in the management of disasters.

Principle 9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner

Our Standard Contracts System allows us to streamline our contracts and maintain a uniform approach to all our contracts, thereby allowing us to provide a better and consistent service to our clients.

Innovation and Technology Highlights

Conservation of Energy

I. Energy conservation measures:

We have continued with various energy saving measures initiated earlier, including the use of Load Sharing System in D.G. plants, APFC (Automatic Power Factor Controller) panels, FCMA (Flux Compensated Magnetic Amplifier) Starter for Main Crusher Motors, Variable Frequency Drive (VFD) Starting System for Ventilation Fans and EOT/ Gantry Cranes as well as the use of Energy Efficient Motors in Gantry Cranes.

Revised configuration of DG plants at Kishanganga HEP and use of seepage water as construction water at Sainj HEP has helped reduce our power consumption.

The Main Grid Transformer at Kishanganga (Power House and camp) has been modified for 'On Load Tap Changing Device' in order to provide uninterrupted use of grid power even during low grid voltages, thereby reducing usage of diesel generator power.

II. Additional investment and proposals for reduction in energy consumption:

We are studying the cost effectiveness of the use of Heat Pumps for heating of water for 'Officers and Workers camp' usage at our Pipalkoti Project. A cost benefit analysis is currently being done.

The water supply pumps at RAPP project have been changed as recommended by energy auditor during an energy audit.

Technology Absorption

Over the past few years, we have made several efforts in technology absorption, which are briefly described below:

I. Research and Development (R&D)

R&D is being implemented with objectives like continual efficiency enhancement, reductions in material costs, improving speed and quality of construction and innovation. These efforts are undertaken in collaboration with vendors and various academic institutions.

Our R&D efforts are currently focused on:

- i. Optimizing concrete ingredients with specific focus on reducing the carbon footprint of concrete. This in part is achieved through use of less energy intensive chemical additives, use of alternate cementing materials and detailed materials' analysis;
- ii. Less energy intensive construction techniques, which include selection of methods that have lesser energy foot prints while offering sustainability benefits;
- iii. Alternate feasible designs with improved specifications.

II. Technology imported during last 5 years:

Description	Year of import	Status of technology absorption
Roller Compacted Concrete (RCC) technology at Teesta-IV Low Dam Project	2008	Under Implementation
Construction of cable-stayed bridge using cantilever gantry	2009	Absorbed
Construction of surge shaft using raise boring machine	2010	Absorbed
Construction of tunnel using NATM method	2009	Absorbed
Construction of tunnel using double shield Tunnel Boring Machine (TBM)	2011	Under Implementation
Technology for construction of concrete faced rockfill dam (CFRD)	2011	Under Implementation
Construction of dry dock using pre-cast cum floating caissons.	2011	Under Implementation
Pumping of self-compacting concrete for long distances upto 2.05 km	2013	Under implementation
Use of controlled low strength material	2013	Under implementation

III. Highlights of Technology Absorption, Adaptation and Innovation

Efforts made towards technology absorption and adaptations during the year 2013-14 include:

1. We have recently established a world record in pumping concrete up to a distance of 2435 meters. This Herculean task was envisaged and realized at the Sainj hydroelectric project. Herein the relatively smaller diameter of tunnel (3.85 m) restricted vehicular movement thus forcing us to look for an innovative method of concreting. Pumping reduced the cement consumption, drastically reduced the fuel consumption and also improved the efficiency of the operation, while enhancing the service life of the structure.
2. At Kishanganga HEP, the technology of TBM Tunnel Boring Machine (TBM) with double shield type has been successfully implemented and achieved record TBM boring of 718 meters. in 1 month.
3. At Kishanganga HEP, a methodology for execution of cut-off wall has been developed in-house and construction is in process under supervision of expert from Italy. This is innovative technology of Drilling and Blasting. The muck is removed by way of chiselling and grabbing. Plastic concrete which is made of bentonite plastic is used in the process. We have used this technology for the first time in India, which gives substantial savings over conventional method of Using Hydro Mill technology

4. Concrete faced rock-fill dam (CFRD) being constructed at Kishanganga hydroelectric project employs the use of tunnel excavated rock-fill material, thereby substantially reducing the use of cement concrete;
5. At Bogibeel project, consortium partner from Germany has finalized the method for continuous launching of 125 meter span road cum railway double decker steel bridge.
6. At NH-34 road projects, the technology of using coir mattresses has been successfully adopted as erosion protection of embankment and alternative design options for road pavement are under implementation.
7. At Tehri PSP, the powerhouse cavern has been designed by using FLAC-2D Software for optimization of rock supports with other design concepts in collaboration with expert from France and Canada is under progress.
8. The process of roller compacted concreting at Teesta Lower dam - IV is being implemented in collaboration with expert from Malaysia. The process involved usage of high volumes (up to 65%) fly ash in the concrete. This dramatically reduced the carbon footprint of the dam being constructed.
9. At Assam road project, the rocks form slurry with water hence the conventional methods of tunnelling are of no use. To overcome the difficulty HCC has adapted an innovative method of top-down construction which is first time in India. In this process the bridge is first constructed at the ridge of the mountain followed by excavation and the construction of the wall below it.
10. Extensive use of poly-carboxylate (PC) based chemical admixtures in concrete has helped reduce the cement contents while improvising the placement of concrete.
11. We are adopting greater use of supplementary cementitious materials like fly ash, ground granulated blast furnace slag (GGBFS) and Silica fumes in concretes with an objective of reducing the cement consumption and thus enhancing the service life of concrete. We have used polarized fly ash and GGBFS of INR 399.4 Lacs to reduce cement consumption of INR 794.9 Lacs, thereby achieving significant monetary savings and also a reduction in the quantity of cement of about 16112.5 tons as well as an equivalent amount of Greenhouse Gas (GHG) emissions.
12. At the Padur Cavern Project, underground bulk (UG Bulk) explosive was successfully used in place of the conventional cartridge system that has resulted in many advantages. There was significant reduction in over-break by reducing the explosive density in the periphery holes. Average charging time per face has been only 140 minutes compared to 220 minutes of the conventional system, which is an almost 36% reduction in charging cycle. Only two labours and one blaster are required for conducting the charging operation, compared to the six blasting crew members required with the conventional system. There was no requirement of stemming material with UG Bulk while we required 15% of stemming in each hole with the conventional system. This is a benefit in terms of elimination of cost involved with making, storage and usage of stemming.
13. In order to overcome suddenly arisen geological challenges the innovative method of the Cavity treatment by sacrificial liner was developed at Dagacchu HEP. This is a proactive measure developed by the team internally.

The above mentioned ways of technology absorption and adaptation have resulted in benefits such as improvements in cycle time, faster progress in project execution and cost reduction.

Economic Performance

As one of the country's premier construction companies, we have been at the forefront of adopting world class operational practices and promoting responsible infrastructure development in India and abroad.

The infrastructure sector has been facing severe challenges over the past three years, primarily on account of sustained indecision and policy paralysis within the nodal agencies and departments responsible for developing the various infrastructure development projects in India. As a result, players in the construction space, especially those in the business of building large infrastructure for the state and central government, have faced severe financial, operational and regulatory challenges. These include tight liquidity conditions, serious stress on cash flows, problems in land acquisition as well as sundry issues brought up in the ambit of environment and social displacement.

In light of this situation, we have chosen to streamline our business strategy and operations with a focus on increasing cash generation, improving efficiencies in project operations and thus emerge as one of the most cost efficient players in the market. In doing so, we have chosen to concentrate on areas of our core competence and improve our operations in terms of faster project execution and lower costs. Each project has specific targets to maintain indirect costs below a certain proportion of turnover, generate a certain turnover per employee, and deliver an EBIDTA margin within a specific range. Overall, we have been able to meet targets on these three fronts. This is now a continuous process of improvement, backed by rigorous monitoring and follow-up.

At each project level, there has been renewed importance on inventory management. Processes have been strengthened to monitor and effectively manage material storage and usage, with special emphasis on reducing wastage and minimizing non-moving inventories. At the organizational level, there has been a restructuring that focuses on positioning the right people for the right job with a strong emphasis on successful execution.

In order to expedite liquidation of receivables, we have continued our efforts in settling rightful claims with customers. We have also re-evaluated our project portfolio and consciously made efforts to expedite and close out various slow moving and financially challenging projects.

Further, we have recalibrated our business development strategy according to market needs. This includes rationalizing the number of bids and internal processes that accompany bidding, as well as enhancing our efforts in hitherto new sectors, such as the industrial sector.

Despite this adverse environment, we have successfully executed projects to maintain our top-line at par with FY 2012-13. The thrust on cost control has yielded results in terms of improved operating margins and we have turned around the losses of FY 2012-13 to profits in 2013-14.

Details of our financial performance in FY 2013-14 can be found in our Annual Report available at this web link:

http://www.hccindia.com/hcc_admin/data_content/invester_pdf/HCC-Annual_Report-FY2013-14.pdf

Business Development, Sales Planning and Review Process

As a part of continuous improvement to the existing process, our Business Development (BD) function has implemented new processes at various levels, right from customer engagement to order acquisition.

Business Development has one of prime responsibilities in organisation to acquire new orders. This being the starting point of for all the other key activities in the organisation, the volume of the order booked by BD has cascading effect on all performance parameters. This is why the Order Booking guidance given at the beginning of the financial year is of prime importance. If the bidding performance is assumed uniform, this is directly proportional to the volume of bids, hence the need to ensure sufficient addressable bid pipeline.

In order to ensure this, every notice related to PQ or tender (NIT) that is released is thoroughly evaluated at various levels and discussed in our weekly Sales Reviews. This ensures that none of the addressable bids are missed.

The central information system for the business development, sales and marketing, implemented through SAP CRM also underwent numerous updates. This includes addition of new data sheets to capture project progress information to aid in Project Reviews, customized alerts to users for project updates, updates on user task requests, development for Earnest Money Deposits (EMD) right from requirement for the project, request to accounts to monitoring till extension or recall post project award. This process was designed keeping the following objectives:

- Month wise forecast of the requirement of BG / Bid bonds for the entire financial year at the starting of the year that can be provided to Accounts / Finance department to plan and make requisite provisions;
- EMD requirements in various forms viz BG, FDR, DD or combinations;
- Monitoring of the EMDs submitted with the clients and customized alerts to the users to extend or recall the same as per the project status change;
- Enabling requests to accounts for EMD processing and feedback is thru CRM and feedback thru Outlook thus eliminating paper works.

Efforts are also being made to bring the entire document management under SAP CRM with support of SAP DMS. Once implemented the entire process review and update can be done from the single information system.

Environmental Performance

As part of our corporate responsibility, we are committed to designing and building infrastructure in an environmentally responsible manner. Our Integrated Management System (IMS) Policy clearly conveys our commitment of improving our performance on various environmental aspects that go beyond regulatory compliance.

Our IMS system adheres to the requirements of ISO 14001: 2004 Environmental Management Systems, ISO 9001: 2008 Quality Management Systems, and BS OHSAS 18001: 2007 Occupational, Health and Safety Systems. During November-December 2011, M/s. TUV NORD, the certifying agency, conducted a recertification audit to verify the status of our compliance to the requirements of these standards. IMS comprises of a number of policies and procedures that are regularly revised by our top Management, and communicated to and implemented across all our project locations.

Given the fact that construction activity is water and natural resource intensive, continued availability of high-quality, low-cost and locally-sourced raw materials will become a critical challenge in the future. Since we execute large and technically complex construction projects in geographically challenging locations, we also recognize the impact of unpredictable weather-related events (such as drought, cyclones, etc) arising due to the global climate change on our operations as a major environmental risk going forward.

We aim to reduce our total water consumption and improve our water efficiency index. This is in line with our ultimate objective of achieving water-neutrality, a goal that is strongly supported by our top decision-makers. Water meters have been installed at all our operating sites in order to measure and track our water consumption footprint. Our commitment to water sustainability is further exemplified by our Communication on Progress (COP) 2012 to meet our UN Global Compact CEO Water Mandate obligations.

We have also introduced several changes in our materials procuring practices to ensure optimal use of critical natural resources. This includes focusing on reuse of materials, decreasing waste generation, sourcing locally to the extent feasible and better procurement controls centrally to decrease unnecessary long-distance transport. We are also conscious of our energy footprint and encourage adoption of energy efficient practices. Use of the latest technology and engineering innovations developed through our employee-driven 'Innovention' Forum further help us meet our goals in this regard.

Although none of our construction projects are situated in ecologically sensitive areas, our project teams remain sensitive to the protection of local ecology, landforms and communities. Wherever required, dust suppression is regularly carried out to preserve the air quality and afford comfort to the surrounding population. As a construction company, contamination of land is relevant to our operations. However, we remain committed to protecting the land quality in and around our project sites.

As a construction company, we do not manufacture any products or deliver services. We have however included initiatives to use environmentally friendly materials wherever possible and minimize impacts from the construction activities, including the impact of transportation of construction materials.

Environmental, health and safety awareness has become a major area of focus in our workforce training programs across all project sites. Structured training modules, dedicated in-house and

external faculty, and pre- and post-testing of employees ensure the effectiveness of our training programs.

Resources optimisation Initiatives

1. Kishanganga HEP – Resource and Cost Savings

HCC has adopted innovative technology of drilling blasting, graving and concreting to successfully complete about 70% of the project work. We have used this technology for the first time in India, and it has helped in saving INR 20 Crores. Further, at Kishanganga HEP, HCC has for the first time adopted concrete faced rock filled dam.

2. Teesta Low Dam – Use of RCC and Fly Ash

For the first time, HCC has used RCC roller compacted concrete in the Teesta Low Dam project. Also, the use of fly ash in this project is much higher as compared to other existing projects executed by HCC.

With the objective of reducing resource consumption and cost savings, HCC has adopted reduction of charge factor and detonator cord length. This is expected to result in a potential saving of close to INR 1 Crore.

3. Supply Chain Management Initiatives for Resource and Cost Savings

We continue to optimize our supply chain systems and simultaneously encourage the sourcing of locally available construction material to the extent feasible in order to support local socio-economic development. Given our pan-India presence, we consider material sourced from within the country as locally sourced.

FY 2013-14 was a challenging year for the Company, and the priority of our supply chain function was to reduce project costs through controlling the price and quantity of the materials we consume. The initiatives undertaken in this regard - reducing the quantity of procured items, selection of a nearer source or switching of the mode of material transport – has not only led to monetary savings for the Company, but also has the additional benefit of lowering our environmental impact.

At our Bogibeel Bridge project site in Assam, where steel is a major consumable item, we achieved savings through procurement of steel from sources in proximity of the project location and ensured that its transportation to the site was done via rail instead of road. This led to significant reduction in the transportation time and fuel requirement.

The procurement of rebars in cut length continues from the previous years. We purchase cut length rebars from third-party agencies in cases where rebars in specified cut lengths are not available from the manufacturer, or when the transport of full-length rebars from the manufacturer location to our project sites poses logistical difficulties. In FY 2013-14, the total savings in rebars on account of this approach has led to wastage reduction of 5.53%, which translated into 790 tons of resources being saved.

4. Kishanganga HEP – Reduction in Diesel Use

The Kishanganga HEP project site in Jammu & Kashmir suffers from poor supply and quality of grid electricity. In order to address this problem, our project team undertook an equipment change with the objective of minimizing the impact of voltage fluctuations. As a result of this change in the transponder equipment, we have been able to reduce the dependence on diesel generator (DG) power, thereby leading to fewer greenhouse gas (GHG) emissions from the use of diesel.

Energy Saving Initiatives

Various energy conservation initiatives were undertaken at our project sites in order to decrease our costs as well as environmental impacts. Some of the key initiatives are briefly described below:

1. Use of APFC Panels for Power Factor Improvement

Improvement in Power Factor has following effects:

- a. Improvement in Power factor means less reactive current- thus reduction in I^2R losses.
- b. Reduction in reactive current also means less IR Voltage drop
- c. Better Power Factor means less cost towards electricity consumption.

As a practice, we are installing APFC Panels at strategic locations at Site Electrical Installation for improvement of Power Factor. Further we are also installing additional Capacitor Banks at high inductive load ends.

Most of the loads at Construction sites is Motor load (i.e. Inductive Load) and hence by installing Power Factor correcting devices, there is substantial cost savings.

2. Use of FCMA Starters for Crusher Motors

Main Crusher Motors are generally of very high ratings due to starting torque requirement. For starting these Crusher Motors, the Transformer, DG set & Switchgear configuration in conventional system was of very high rating. To overcome this, Electronic Soft Starters were introduced. However the cost of maintenance of Electronic Soft Starters was high (in case of starter breakdown). So FCMA Starters were introduced subsequently.

By introducing these starters, the requirement of Transformers, DG Set and Switchgear ratings have been lowered in comparison to conventional system which indirectly trickles down to savings in terms of electricity consumption.

3. Use of Variable Frequency Drives (VFD)

In certain applications such as Ventilation Fans and Cranes, the Motor ratings selected are for the Peak requirement, whereas for most of the time it is supposed to run at reduced loads. Under such circumstances use of VFD has resulted in reduced electricity consumption. For example, during tunnel excavation, VFD plays a vital role in reducing the fan speed / air flow of the ventilation system as per the requirement, thereby reducing power consumption.

4. Use of Transformers with On Load Tap Changing arrangement

The earlier population of transformers with HCC was provided with Off Load Tap Changing Devices. During voltage fluctuations in Grid Supply, for changing the transformer tapping, the supply needs to be switched off. Where ever fluctuations are frequent, continuous switching off of transformer for tap changing affects the progress at site. So for all new transformers, provision of ON Load Tap Changing device is considered. For one of the projects, we have modified the transformer for providing On Load Tap Changer. With this arrangement, the dependence on grid has increased, resulting in lower use of High Speed Diesel.

UN CEO Water Mandate - Communication on Progress

Preamble

The ever expanding demand of world's growing population and economy are making water scarcity a reality. According to UN, around 1.2 billion people or almost one-fifth of the world's population, live in areas of physical scarcity, and 500 million people are approaching this situation. Another 1.6 billion people, or almost one quarter of the world's population, face economic water shortage. Water use has been growing at more than twice the rate of population increase in the last century. Water scarcity is both a natural and a human-made phenomenon. There is enough freshwater on the planet for seven billion people but it is distributed unevenly and unsustainably managed.

On a global scale, 20% of water resources are used by industries, 70% by agriculture and 10% for drinking water supply. Worldwide, 1.3 billion people cannot access electricity, 768 million people lack access to improved water sources and 2.5 billion people have no improved sanitation. Water and energy have crucial impacts on poverty alleviation. To flourish economy, effective industrial development is necessary for which persistent supply of energy has become crucial.

Water is required to produce nearly all forms of energy. To fulfil the energy requirement of the world, the demand for fresh water will present big challenges in nearly all regions, especially in developing and emerging economies. There is a need for water conservation by minimizing water losses, optimising water use, increasing efficiency in water use.

As the first Indian Company to endorse United Nations Global Compact's "The CEO Water Mandate", we recognize the correlation of business sustainability with water resources and hence follow the principles of water resources management, through adoption of 4-R water principle (reduce, recycle, reuse, and recharge) at our construction sites.

To streamline collective efforts in the organization for effective implementation of the UN Water Mandate at construction sites, we have not only released a guideline document "Guideline for UN Water Mandate implementation at sites" but also demonstrated our commitment by formulating Water Policy.

We have set an overall goal of achieving water neutrality through reducing water foot print at construction sites and achieving water conservation beyond fence through community based water management practices.

In this 6th Communication on Progress on water to the UN Global Compact's CEO Water Mandate, an attempt has been made to outline our efforts towards water consciousness in FY 2013-14.

Implementation of UN water Mandate:

Direct Operation

Reduction of water use across our construction project sites is a priority. We have adopted a rigorous framework for efficient use of water and continue to demonstrate our commitment for water conservation at direct operation. Practices like comprehensive water-use assessment and appropriate methodologies to reduce fresh water withdrawal and reuse water wherever possible are adopted at our construction sites.

In the reporting period, two more sites were included under UN water mandate implementation taking the tally to 24 sites in India and Bhutan (as shown in following table):

Transport	Hydro	Water	Nuclear & special
Assam Road - 23	Dagachhu HEP	Maroshi Ruparel tunnel project	Padur Cavern Project
Kolkata Elevated Corridor project	Kashang HEP	Kutch Branch Canal project	Muzaffarpur thermal power project
NH 34 Pkg 3 Road project	Kishanganga HEP	*Narmada canal -31	Rajasthan Atomic Power Project
NH 34 Pkg 4 Road project	Pare HEP	*Only first and second quarter data as the work got over.	DGNP
Mumbai metro project	Punatsangchhu HEP		Aditya pot shell work.
Bogibeel Road cum bridge project	Sainj HEP		
Delhi metro rail project CC30	Tehri HEP		
Delhi metro rail project CC34	Teesta Low Dam HEP		

Water Intake by Source

The continuous monitoring of water usage data and adaptation of new technologies at project sites has not only helped us to conserve fresh water but also improved the water performance over the preceding years.

In FY2013-14, our fresh water withdrawal comprising groundwater, surface water, rainwater and water from municipalities and water tankers, desalinated water stands at 1938 million litres whereas 354 million litres of water was recycled / reused and 1071 million litres wastewater generated in operations was discharged into the environment after adequate treatment.

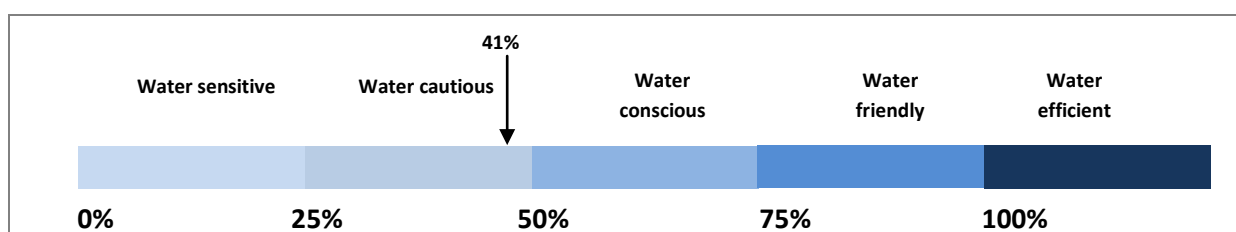
Following table summarizes water management scenario in our direct operation:

Sr	Description	Qty	Unit
1	Fresh Water Withdrawal (extraction + procurement)	1,938	ML
2	Water Recycled /Reused (Fresh water saving)	354	ML
3	Total Water used at HCC sites	2,293	ML
4	Total Fresh Water withdrawal at sites	1,938	ML
5	Water disposal in natural water bodies in environmentally safe way	1,071	ML
6	Net water consumption at HCC sites	867	ML

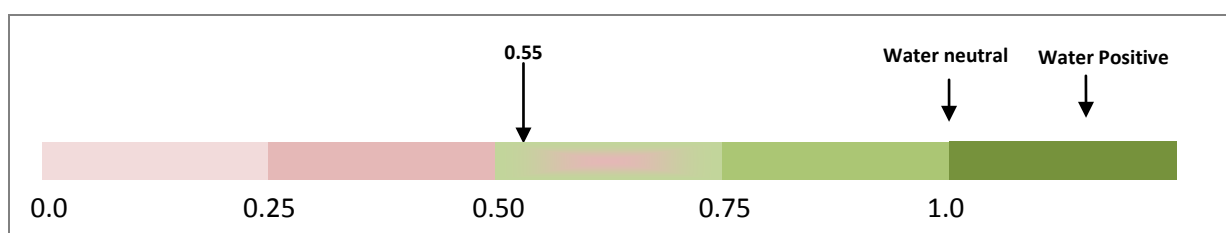
Comprehensive Water Use Efficiency and Water Neutrality Indices

Overall water conservation measures taken across our direct operation at the scale of water use efficiency and neutrality indices are shown in following line diagrams.

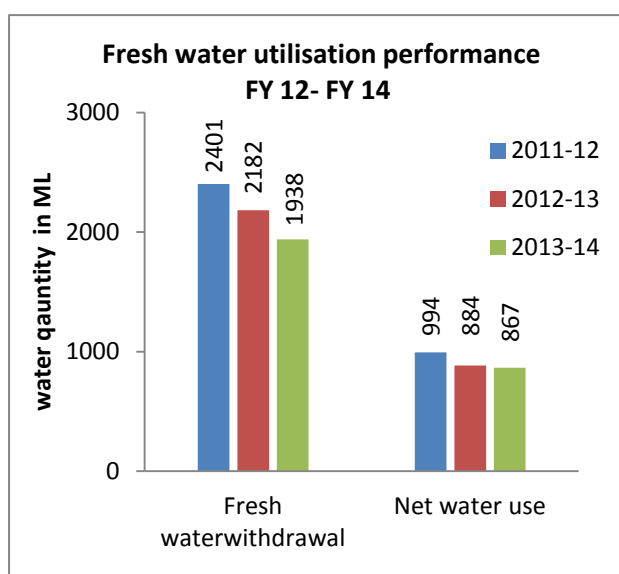
During the FY 2013-14, water initiatives across our direct operation helped us achieve water use efficiency as 41 % of water consumption. This means the volume of reuse water is 41% of total fresh water consumption. This was achieved through recycle and reuse of fresh water and utilization of desalinated water in place of fresh water.



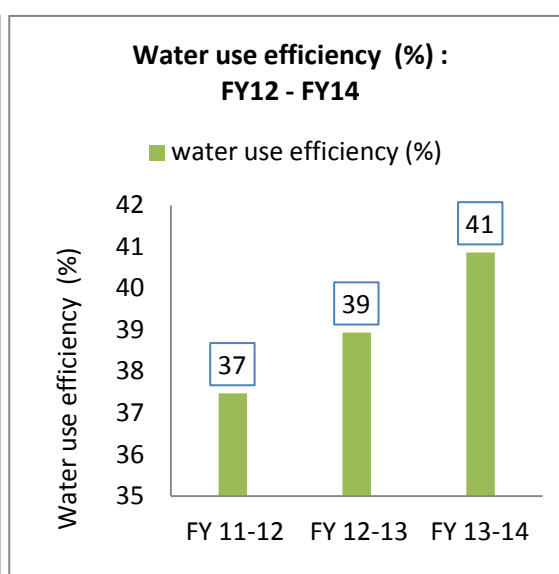
Similarly, as shown in the following scale, we achieved 0.55 points on the water neutrality index. This implies that during the FY2013-14 water initiatives at HCC sites lead to efficient utilization of water leading to net consumption of 45% of total water withdrawal. Remaining 55 % process wastewater was disposed in natural water bodies in environmentally safe way.



Beginning in 2008, we have adopted a rigorous, company-wide framework for improving water resource management under the aegis United Nations Global Compact (UNGC)'s "The CEO Water Mandate". By adopting best possible technologies, we have demonstrated substantial reduction in fresh water withdrawal, year to year, by adopting water reuse /recycle practices. Similarly, reduction in fresh water withdrawal and water reuse practices has helped to improve water use efficiency too.



Since FY11-12, fresh water withdrawal at sites has reduced by 20 % and water consumption by 12%.



The water use efficiency improved from 37 % in FY12 to 41% in FY 14.

Adoption of Technology and Methodology:

Different technologies and methodologies are being used to minimize water consumption at our construction project sites. Following are examples of technologies used for water treatment. The recycling of treated water has helped to reduce fresh water sourcing.

Technology

A. Installation of Wastewater treatment plant

1. Waste water treatment plant at Kishanganga

The wastewater treatment plants installed Padur and Vizag showcased a good example of saving fresh water by way of cyclic recycle of treated water. We recently installed two Wastewater treatment plants at Kishanganga site in Kashmir.

The Kishanganga site is a prestigious contract work from National Hydro Power Corporation (NHPC). This project is over Kishanganga River and is having catchment of 1815 sqkm. It is situated in Bandipora district of Jammu and Kashmir state of India and plans to develop hydropower plant of 3 X 110MW capacities. The tunnelling activity is being carried with the help of Tunnel Boring Machine(TBM).In order to treat the waste water generated in the water, site installed a Waste water treatment plant of 5.5 MLD capacity . Prior to establishment of the plant, treatability study was carried out to understand the quality of waste water generated and the technologies required for treatment of the waste water. Similarly, 1MLD Wastewater treatment plant was also installed to treat the wastewater from powerhouse tunnel.



2. Padur Cavern project site

Installation 1MLD Wastewater treatment plant at Padur cavern site. Significant fresh water requirement of the site was catered through the cyclic Reuse of treated water.

Summary of Fresh Water conservation – April 2013 to March 2014:

Sr.	Activity	Total (ML)
1	Recycled water for site's construction activities.	128

During FY13-14, 78 % of water requirement of the site was catered through reuse of treated wastewater. Total fresh water saved in FY13-14 = 128 million litres

The reuse of water has not only led to substantial savings on the cost of water, but also drastically reduced the stress on local aquifers ensuring that the water needs of the local community are not affected due to extraction of groundwater.

The water recycling plant has helped to overcome the problem of both disposal of wastewater, as well as sourcing of fresh water.

3. Vizag Cavern project site

Similar advantages were observed at Vizag Cavern project, Vishakhapatnam

B) Decentralized Wastewater (black water) Treatment System

The Bogibeel Rail-cum-Road Bridge – being constructed over the River Brahmaputra – is located near the Grampanchayat of the Borbaruah Block in Dibrugarh district, Assam. As a part of establishing a safe sanitation system at labour camp, an innovative Decentralized Wastewater Treatment System (DWTS) was set up to overcome the limitations of conventional sewage treatment as well as take advantage of water reuse opportunities. The treatment system is a simple design, non-dependent on energy, reliable, long-lasting, tolerant towards inflow fluctuation, and low in costs. It can treat organic wastewater and is based on different natural processes of water treatment.



The System has helped to avoid Soil contamination and provide better and improved condition in the vicinity of camp. The treated water addresses the Pollution Control Norms of safe water disposal in nature. The normal effluent of a DWTS contains high levels of nutrients (N and P) and is therefore just right for horticulture. The treated water is being used for Horticulture at project camps and in FY13-14 saved 2.8 ML fresh water quantity.

C) Installation of Desalination plant

We are constructing a dry dock at the Naval Dockyard for the Director General of Naval Project (DGNP) in Mumbai. Procurement of water was the only way to cater the water requirement of the site. HCC decided to install Desalination Plant for partial fulfillment of its water requirement.

Fresh Water Conservation – April 2013 to March 2014:

Sr.	Activity	Intervention	Qty (ML)
1	Using treated saline water	Water from Desalination plant	6.140
2	Water reuse/recycle	Reuse of wastewater from batching plant after treatment.	0.336
	Total		6.476

During FY2013-14, 15% of water requirement of site was catered through water from Desalination plant. Rest of the water procured was mostly used for domestic needs at workers camp. To some extent, the intervention has helped to reduce the site's dependency on the external water sources, especially in the area like Mumbai which faces acute scarcity of water in summer.

Methodology: Processes adopted to save fresh water by water reuse practices.

Apart from use of appropriate technology, wherever possible, HCC strives to adopt operational processes and practices to reuse the treated wastewater for other water related activities which do not require high quality water

- The treated water from sedimentation tanks is used for Dust suppression activity.
- Treated waste water for flushing in toilets
- The water used for hydro- testing of pipeline is reused for testing of subsequent stretches of pipelines.
- The water used for curing of concrete segment at casting yard is collected, treated and recycled for curing.

The HCC sites contributed in saving fresh water of 217 ML by adopting above procedures.

Supply Chain and Watershed Management

At HCC, all possible efforts are made to engage the site staff, contractors and subcontractors at sites, suppliers and service providers by communicating them essence and ways to adopt 4R water practices (reduce, recycle, reuse, and recharge) and involve them through knowledge sharing, case study sharing, water data reporting etc. On the World Water Day various initiatives were undertaken across our project sites to create awareness and educate the masses on efficient ways to conserve water. Posters and banners on water conservation awareness were displayed at the Head office as well as project sites. Various activities such as dissemination of information and making presentations on how to save water were carried out at project sites.

Collective Action & Public Policy

We have been involved in articulation of and promotion for actions /activities undertaken by civil societies, multilateral agency, corporate groups etc besides participating in key policy advocacy forums at company, local, regional, national, and international levels. Accordingly, we participated in various activities pertaining to collective action and advocacy of public policy during the reporting period, as described hereunder this section.

a) Setting a post-2015 agenda for millennium development goals

The United Nations Global Compact Leaders Summit 2013, with a theme of 'Architects of a Better World' was organised in New York on September 19-20, 2013. The summit was convened to decide the 'Post-2015 Development Agenda for the Millennium Development Goals', encompassing inclusive economic growth, quality education, women's empowerment, health coverage, nutrition, water and sanitation, sustainable energy, stable societies, modernise infrastructure technology and good governance.



This convention brought together chief executives with leaders from civil society, the government and the United Nations to unveil a new global architecture for corporate sustainability. During the convention, Ajit Gulabchand, Chairman and Managing Director, participated in a panel discussion on

the 'Role of Business in Supporting Achievements of Water-Related Sustainable Development Goals'. The purpose of the session was to further explore how the CEO Water Mandate and its work around corporate water stewardship can help inform the post-2015 development process, as well as contributing to solutions through such platforms as the CEO Water Mandate's global Water Action Hub.

b) FICCI Water Award 2013

Our representative participated as a Member of Board of Jury for FICCI Water Award 2013. Federation of Indian Chambers of Commerce and Industry (FICCI)'s Water Mission encourages industry players to focus on water conservation measures in their organizations. Under the support of the Water Mission, FICCI, in association with HSBC, has instituted this annual Water Awards.

c) Annual Summit of the Sustainable Business Leadership Forum at Delhi

We participated in Annual Summit of the Sustainable Business Leadership Forum at Delhi and presented a brief on our water initiatives in Direct operations in the session - "Emergence of Water as Sustainability Driver and standards being developed for Industrial Water Use"

d) 'Business Forum on Climate Change'

The CII-ITC Centre of Excellence for Sustainable Development organized a conference 'Business Forum on Climate Change' on March 25, 2014 at New Delhi. On this occasion, the organizer published a souvenir with articles from different stakeholders. HCC's Case study "Make every drop count", based on the water initiatives at Padur Cavern project and naval dockyard project (DGNP), was featured in this souvenir.

e) 'Alliance for Water Stewardship in South Asia'

HCC participated in the Workshop on 'Alliance for Water Stewardship in South Asia', Co-convened by TERI, CRB, AWS on December 18th, 2013, New Delhi. Workshop objectives focused to improve understanding of the Indian water stewardship "landscape" and the experiences of Indian companies in identifying and mitigating water risk, understand how AWS can be most effectively applied in India, building off and reinforcing efforts such as those of TERI and CRB.

f) We have provided inputs to some of the important Central Government. Schemes / Multilateral agencies programs as listed hereunder:

- Policy paper being developed by Ministry of Urban Development, Govt. of India in collaboration with GIZ and CII-Triveni water institute entitled "*Common Effluent Treatment Plants in India, status, problems and case examples*"
- Contributed to the development of *water, sanitation and hygiene at the workplace implementation guide* by World Business council for Sustainable Development
- Participated in Exploratory Discussion with WRI Aqueduct team and HCC, to get the Industrial perspective on water risks within the Indian Context
- Participated as trainer in Sustainability Training conducted jointly by GCNI and Deloitte
- Contributed to FICCI's water disclosure framework as member of FICCI Water Mission
- Provided expert opinion to R & D project proposal submitted to DST, Govt. of India

- Participated in consultation and contributed in multi stakeholder discussion for creation of Knowledge Hub under National Water Mission
- Participated in multi-stakeholder consultation on “Governance Issues Towards Creating a Multi-stakeholder Knowledge Hub” hosted by CEEW, New Delhi
- Continued to participate and contribute in institution of WRG India Platform
- Provided sector specific inputs to UNGC’s paper on business & Sanitation
- Participated in FICCI *Survey on Water Use in industry in Maharashtra*
- World Business Council on Sustainable Development (WBCSD)’s thematic action programs:

g) HCC becomes the first Indian signatory of the ‘WASH’ initiative:

We have become the first Indian company to become a signatory of ‘WASH’ – a global programme by the Geneva-based World Business Council for Sustainable Development (WBCSD). WASH – which stands for Water, Sanitation and Hygiene – ensures a corporate institution’s commitment to provide appropriate access to safe water, sanitation and hygiene to all employees across all premises under company control. The WBCSD pledge for access to safe water, sanitation and



hygiene at the workplace, together with guiding implementation principles, was launched during the World Water Week in Stockholm on September 5, 2013. The day also saw the Council launching the manifesto for WASH. By becoming the first and only Indian signatory company so far, HCC reiterates its commitment towards its large, diverse workforce. The WASH pledge will remain in force over the next three years. We are a strong believer in implementing strategic processes for sustainable development that put people right at the center of attention and subsequent development. Through effective planning, investments and actions, responsible corporates such as HCC define a society’s joint economic, social and ecological goals.

h) India Water Tool

The World Business Council for Sustainable Development (WBCSD) launched the India Water Tool on July 23, 2013 to help companies better assess their water risks and manage their water use more efficiently in India. The tool is the first national customization of the WBCSD’s widely acclaimed Global Water Tool launched in 2007. Fourteen companies from different industrial sectors, including HCC, have collaborated under the umbrella of the WBCSD to develop the India Water Tool (IWT). The development of IWT is part of the industry’s response to the Government of India’s National Water Mission. The IWT version 1 is an India specific, free, online tool, which helps companies understand potential water availability and quality risks across their plant/ project sites.

Community Engagement

a) Rejuvenation of Canal system at Ashapur village, Sinnar

We have engaged with an NGO – Yuva Mitra – based in Sinnar Taluka of Nasik district to work on community based water intervention. HCC has funded the work of de-silting of a check dam at Ashapur village and rejuvenation of associated canal system. Built in pre-independence era, this canal system deteriorated over the years due to poor maintenance and lack of awareness. Once an ever-green plateau where the farmers use to grow sugarcane had become a water distress area.



All it required was rejuvenate the canal system so that the farmer's dependency on ground water extraction in all seasons reduces. After rejuvenation of the system, the flow of water in canal would help to conserve water through percolation in ground and increase ground water table. Canal system would also help to irrigate 102 Hectares of land by use of surface water flow and lift irrigation. Hence, apart from water conservation; this intervention would help to boost the socio- economic condition of the village. The results of the work undertaken would be visible post monsoon in FY2014-15.

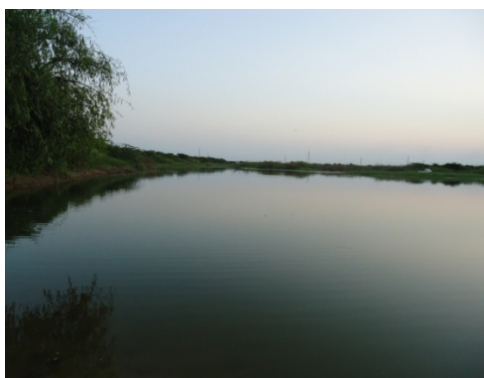
b) Rejuvenating rainwater harvesting ponds – Aditya pot shell project site, Orissa

Around six ponds developed by the village panchayat in Niktimal and Baghapara villages of the Laikera thesil, Jharsiguda district of Orissa, were defunct due to silting. The villagers were therefore, facing acute water scarcity in the summer season. HCC, working on Aditya Aluminium Project in the vicinity, was approached by the local MLAs for rejuvenating these defunct ponds. We deployed one excavator and three Hyva dumpers and worked relentlessly for 25 days to de-silt these ponds and increased the water holding capacity by increasing the ponds' depth.



These ponds were about circular in shape with a diameter ranging from 70 to 120 metres. Each of these ponds was excavated to a depth of around 1.5 to 2.5 metres. Post monsoon, the rainwater harvested in these ponds is being used for farming and other day-to-day use. Around 60,000 locals have benefitted from this rainwater harvesting.

Rejuvenating community water ponds – Katchch branch Canal project site (KBC), Gujarat.



We are executing an EPC contract by Sardar Sarovar Narmada Nigam Ltd., a Government of Gujarat undertaking, to construct 57 km of Kachchh Branch Canal (Package II). Our site team took initiative to de-silt in all 5 irrigation ponds located in villages Karmaria and Kharoi (in Bhachau tahsil) and village Nandasar (in Rapar Tahsil). The pond excavation work 50m x 50m x 1.2 m helped to increase the water holding capacity of the each silted pond to around 2.5 ML benefiting the villagers of surrounding area. We were also benefitted as the excavated material was used for Canal embankment.

At KBC project, the water diversion system is a part of the project work to interconnect the lands on either sides of the canal. The excavation for the work helped to create water pond, which helped to serve the drinking needs of around 2000 cows for around 3 months. The stored water was also consumed by farmers of the region for agriculture purpose

Transparency: Communication on Progress (COP)

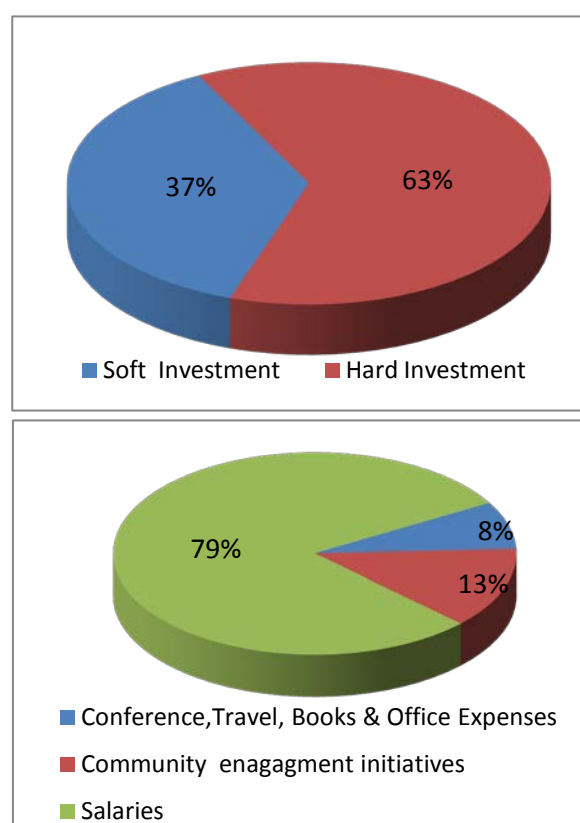
We continue to support the United Nations Global Compact's CEO Water Mandate initiative and will continue to promote water consciousness and internalize water efficiency at all our direct operations. This chapter serves as Communication on Progress (COP) for reporting period as April 2013 to March 2014.

Investments for implementing "The CEO Water Mandate"

We invested INR 14.1 millions in implementing "The CEO Water Mandate". The investment covered various soft activities and installation of hardware for water interventions.

Soft Investments

The soft investments include sponsoring /participation in conferences / workshops, travel expenses, books and periodicals, salaries, community engagement initiatives. Our total soft investments stand at INR 5.2 million.



Hard Investments

The investments made in execution of water consciousness proposals of 4 R water interventions at HCC project sites are reported under hard investments, which amount to Rs. 8.9 million for this reporting period. We installed two new waste water treatment plants at its Kishanganga site.

Engagement with CDP on water reporting –

As response to the invitation from CDP to disclose water-related information, we have submitted all relevant information pertaining to the water questionnaire.

Review by E&Y assurance Team

As part of their limited assurance of our Sustainability Report Responsible Infrastructure 2013-14, Ernst & Young LLP has reviewed the water related performance indicators as per GRI G3.1 CRESS guidelines. During the assurance process, EY team also reviewed the initiatives undertaken by HCC for water conservation at the project sites mentioned in the Independent Assurance Statement.

Our Employees

Our people are critical to the growth and success of the Company, and we remain committed to the creation and retention of best-in-class workforce. Employee well-being, health and safety, learning and development, equal opportunity and non-discrimination are some of the key tenets of our human resource practices. We have adopted policies and instituted several initiatives to this end.

We have a streamlined and efficient recruitment and selection process to identify and attract the best talent, thereby creating competitive strength and strategic advantage for the Company. Considering that our project sites are often located in remote and difficult geographical locations, we ensure that our employees deployed at these projects are provided with high quality facilities as well as a safe and secure living environment. We have also standardized the camp amenities for workers across all our project sites.

The safety, health and well-being of all our employees and workers is given the utmost priority in all our operations and activities. We conduct safety and health related trainings and awareness drives at all our project sites for our employees, contract workers and members of the surrounding communities. The safety performance across all project sites is monitored centrally at the corporate office on a continual basis and is reported to the senior management.

Learning and Development continues to be an important aspect of our human resources strategy. Skill development not only enhances the personal growth of our employees but is also key to realizing our vision of being an industry leader renowned for excellence, quality, performance and reliability in engineering construction. A wide range of technical and managerial training programs, catering to specific needs of various business sectors, functions and individual employees, are conducted through both internal and external trainers.

Graduate and management trainees are provided a combination of classroom and on-the-job training as well as special assignments. These training programs, together with coaching and mentoring provided by seniors, help them transition smoothly into corporate life within HCC. We also focus on training the workers, including sub-contract and PRW staff, in order to upgrade their skills, creating a safe working environment and contributing to their continued employability.

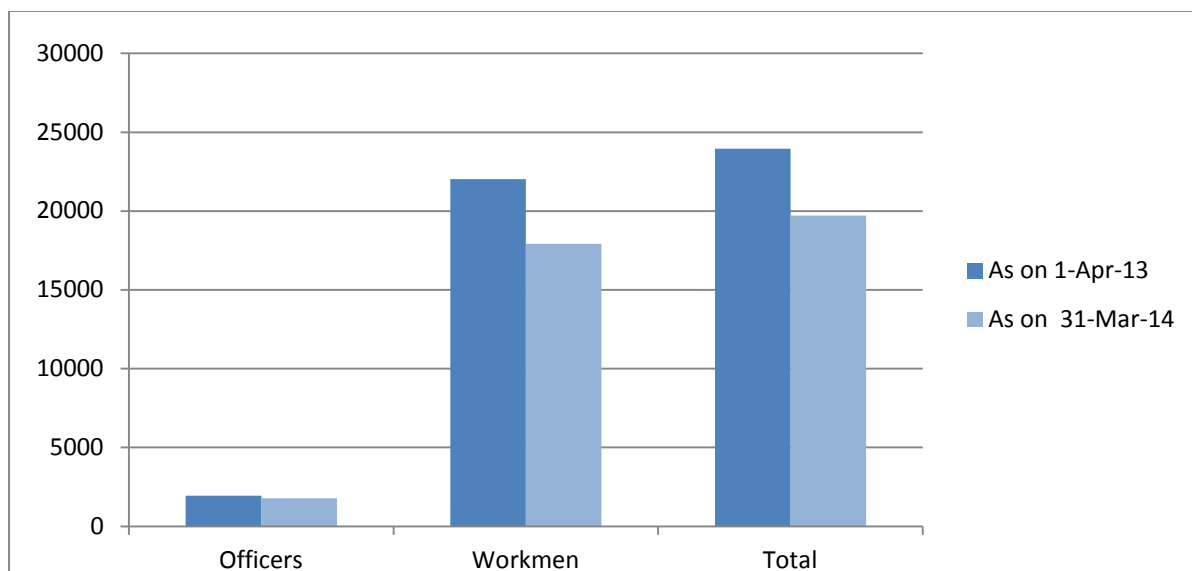
The Performance Management System at HCC provides a platform to employees for a transparent discussion and feedback on performance and development on an annual basis. To foster an environment of meritocracy and team work the rewards are linked to individual, functional / business and organizational performance.

As a responsible employer, we are committed to fair labour practices and are in compliance with all applicable laws. We follow a zero-tolerance approach on the issues of employee discrimination, bonded labour, child labour, corruption and unethical conduct. We strictly enforce age verification of employees and contract labourers at our project sites and provide the necessary training to our security staff in this regard.

Respect for gender diversity and equal opportunity is intrinsic to our philosophy and culture, including equal remuneration for men and women. In this regard, we go beyond legal requirements and follow global best practices, including the UN Global Compact Principles of Labour Standards and Human Rights. We have well defined systems in place for addressing any grievances. Our approach to protection of human rights extends to the local communities residing in the vicinity of our projects.

Employment

As of 31st March 2014, our total workforce strength (HCC Engineering & Construction business) was 19704. This comprised of 1700 Senior, Middle and Junior Management officers, 77 trainees, apprentices and short-term contracts, as well as 17927 workmen (on project rolls, sub-contracted and piece rate workers).



A snapshot of HCC's employment data in the reporting period is presented below:

Social Performance – Key Performance Indicators ¹		FY 2013-14
Total Workforce		19704
Workforce by Level of Employment		
Officers (Senior, Middle, Junior Management)		1700
Others (Short Term Contracts, Trainees etc.)		77
Workmen (Excluding FTC)		17927
Workforce by Type of Contract		
Permanent Employees		6583
Sub-contract		6137
Piece-rate Workers		5207
Fixed-term Contract		98
Workforce by Gender (excluding Workmen)		
Male		1696
Female		81

Given the continued adverse economic, financial and regulatory conditions witnessed by the Company in FY 2013-14, our focus was on improving efficiencies and reduction of costs which has allowed us to successfully handle the challenging economic environment. On account of this business strategy, we have focussed on positioning the right people for the right job with a strong emphasis on successful execution. This has been done to create greater accountability and develop

¹ All workforce figures are as of 31 March 2014 and pertain to all active project sites (thirty-one) of the Company; HCC has pan-India presence and does not report regional breakdown; None of our project sites fall within areas defined as insecure; HCC has pan India presence and does not report regional breakdown.

better proficiency in delivering the requirements. Hence, while the attrition level in the reporting year has gone up mainly on account of involuntary attrition (manpower rightsizing initiatives), we have continued to hire people with the right skill sets for efficient and timely execution of our projects.

The detail of new employee hires and attrition in FY 2013-14 is presented in the table below:

	Numbers left voluntarily in FY 13-14 (attrition rate)	Numbers left involuntarily in FY 13-14 (attrition rate)	Number of new hires in FY 13-14	Numbers of new hires, who voluntarily left in FY 13-14	Numbers of new hires, who involuntarily left in FY 13-14
By gender					
Male	388 (21.91 %)	153 (8.64%)	394	82	6
Female	13 (15.29%)	3 (3.53%)	6	0	0
By Age groups					
< 30 years	178 (45.52%)	12 (3.07%)	232	41	2
30-50 years	206 (16.65%)	91 (7.36%)	157	40	4
>50 years	17 (7.47%)	53 (23.3%)	11	1	0

Our workmen (both permanent and temporary) at offices and project sites have the right of collective bargaining. While the workers on HCC's rolls are fully unionized, the terms and conditions of the workmen on sub-contractor rolls and piece rate workers (PRWs) are bargained by their respective sub-contractors/PRWs.

Recognition and Reward

We are committed to the growth, progress and continuous improvement of all our employees in order to deliver world class performance as a Company. In order to recognize and reward outstanding contributions of individual and teams within the organisation, a Recognition and Reward Policy has been adopted by us for the past few years. Over the years, the policy has been fine tuned in order to make it more structured and well-defined. The scheme recognises performance in the following areas:

- Project performance with equal importance given to physical progress, financial performance and safety performance at the project level;
- Order acquisition / Order booking;
- Promoting a culture of safety and recognising projects that have achieved the desired safety standards;
- Claims & Collections

This policy also aims to institutionalize the brand values, promoting innovation, team work and recognising initiatives taken by teams / individuals on organisation's priority areas i.e. CSR etc.

The recognition is given on a quarterly / half yearly and an annual basis in the Project Managers conference and the half yearly and annual awards in the E&C Business Conference. This recognition scheme has resulted in continuous improvement in our productivity and performance.

Employee Benefits

Our full time employees enjoy the following benefits during their association with us:

- Medical Insurance Scheme
- Superannuation Scheme/ Pension Scheme
- Executive Health check-up facility (Senior & Middle Management)
- Employee Stock Options (Senior Management)
- Annual Performance linked incentive (Senior and Middle Management) & incentives for project sites.
- Additional allowance/ benefits for employees posted in difficult locations

All the above benefits are subject to company policies. The Provident Fund benefit is also extended to our contractual employees in addition to our full time staff.

Diversity and Equal Opportunity

We remain committed to gender diversity and all our hiring and career progression activities, employee remuneration and benefits, initiatives and engagements are non-discriminatory. While the nature of our business and remote locations of our project sites does not allow for a suitable working environment for women employees, our corporate office employs 81 females, three out of which are in the senior management position, while 77 others are in the middle and junior management. There were 5 women employee participants in training programs conducted in FY 2013-14, amounting to 192 training hours. As of 31st March 2014, the Board of Directors had one female Director. The table below shows the ratio of basic salary and remuneration of women to men for each employee category across our project sites in India:

Ratio of Basic Salary and Remuneration of Women to Men	
Senior management	1.05
Junior and middle management	0.95

In line with our commitment to make the workplace diverse and conducive for our women employees and in order to meet the regulatory requirements, we have adopted a policy on Prevention of Sexual Harassment. This is in line with the statute enacted by the Govt. of India.

All our women employees are entitled to maternity leave. The table below shows data related to retention post maternity leave.

Return to Work after Parental Leave	
Number of Employees Entitled (all Women)	81
Number of Employees Availled and Returned	1
Number of Retentions 12 Months After Return	1

Training and Development

We strive to provide the best learning opportunities to our employees and workers. A variety of technical and functional programs catering to specific needs of various project sites, functional areas and individual development needs were conducted during the reporting period. Key training sessions conducted for officers during the reporting year include:

- Essentials, Trends and Issues in Concrete Construction
- Civil Construction in Hydropower
- Equipment Management
- Contracts Management
- Workshop on Hydraulics
- Accounts Managers Development Program
- Advanced Materials Management and Inventory Control
- Value Engineering Workshop
- Behaviour Based Safety
- Workplace Ergonomics
- Environment Protection at site

Key training sessions conducted for workers during the reporting year include:

- Basic Construction Safety
- Defensive Driving
- Construction Safety
- Operation and maintenance of various construction equipments
- Construction Methodology modules

The table below shows average employee training man-hours received by employees in FY 2013-14:

Average Employee Training Man-hours	
Officers	8.98
Trainees	95.69
Workers	2.73

Value Engineering Workshop

It is our belief that the attributes of quality management, customer focus and process approach are no longer sources of competitive advantage, but prerequisites for surviving in the industry. The ability to do new things and innovate faster than competition is an important tool to retain competitive advantage. While access to resources such as materials, equipments and money is available to many players, it is this organizational creativity of coming up with out-of-box solutions that will be the source of competitive advantage.

‘Value Engineering’ is the application of human ingenuity to increase value by either improving the function or reducing the cost while ensuring that the basic functions are preserved and not reduced as a consequence of pursuing value improvements

With the aim of guiding our engineers from the Engineering Management function to learn the science and art of innovation, we conducted one-day workshops on Value Engineering in Construction. Case studies drawn from engineering and project execution issues were presented in the workshop, which enabled the participants to appreciate how value engineering can be practically applied in their day-to-day work.

Workplace Ergonomics

The primary objective of Workplace Ergonomics training program is to align the work environment, work demands and work practices to the employee capabilities in order to maintain safety, productivity and quality of work.

This half-day program was launched for the officers across project sites to minimize the risk of work-related muscular-skeletal disorders through planning, designing, assessing and evaluating tasks, jobs, tools and systems. This is essential to ensure the work environment is compatible with an individual's abilities and limitations.

Behaviour Based Safety

Behaviour Based Safety (BBS) is a proactive approach to injury prevention that focuses either on "At-risk behaviours" that can lead to injury or on "safe behaviours" that contribute to injury prevention. Reduction in At-Risk behaviours is achieved through established strategy of observing behaviours, giving appropriate feedback, mapping progress & continually developing better strategies to bring in change in expected behaviours

This one day program was launched at our various project sites for our officers to provide a platform to have a thorough understanding of the process of BBS, essential factors for success, thus building preventive culture & attitudinal change through behavioural reinforcement.

The BBS would not only result in building positive safety culture but would also result in consequential benefits such as increase in productivity, job satisfaction, development of ownership, team work, confidence in carrying out assigned tasks fearlessly, openness, desire to help others through active caring and bottom-up driven philosophy.

Well-being of Contract workmen

We are committed to the safety, health and overall well-being of the third party contract workmen at our project sites. Some of the key initiatives in this regard are described below:

- Safety induction talks and tool box talks have been extended to contractors
- Joining Travel expense is provided to workers from their native to site provided they stay at site for six months
- Standardized shelters for workers across sites (pre-fab accommodation)
- Heaters are also provided in Sainj HEP and Kishanganga HEP sites
- Extended monitoring of equipment health of sub-contractor equipment which has resulted into lower accidents and emissions

Employee Health and Safety

Proactive Safety Observation Program

Proactive Safety Observation Program (PSOP) has been launched as a new initiative to improve the Safety culture at all projects. It is usually a dedicated PSOP round and is not combined with any other Safety Inspection round.

PSOP round consists of a cross functional team walking through the site on a weekly basis for site safety observations. During PSOP rounds, members of the team identify unsafe act, unsafe condition, unsafe practices adopted at site. Subsequently, Project HSE Head will document the observation in PSOP report detailing with action required to address the observations and responsibility given to section heads for taking corrective & preventive actions & their close out.

Project Manager also attends PSOP round at least once in a month to show his commitment for Safety to other site team members. PSOP observations discuss in Monthly safety committee meeting in presence of Project Manager. PM reviews all observations and gives direction to responsible person for their 100% compliances.

Strengthening of Near Miss Reporting

Near miss is define as sequential happenings that have not resulted in loss/or in injury but has the risk to do so. Loss can be personal injury, environmental damage and/or negative financial effect on trade.

In the view of its definition reporting near misses gains an important role in learning from mistakes, preventing accidents and suffering from their serious consequences. A key of any near miss report is lesson learnt.

We have established a procedure on Near Miss Reporting and investigation of hazardous situations together with the implementation of corrective actions. We have simplified our reporting system and make sure everyone knows about it.

We provide regular training on near miss reporting system to all employees and workers and shown them how easy and simple is to complete a report. We also tell them why it's so important, give them examples of near misses and also show them how previous reports have improved safety at the site.

By increasing the near miss reporting and investigation the near misses we are able to prevent more serious accident or even death from occurring. Today's near miss if left unhandled could be tomorrow's disastrous accident.

Safety Trainings

Training will contribute towards making our employees & workers competent in safety and can help to avoid accidents. We have started train the trainer program so that we can develop skill and competency level of our employees. We have conducted so many Internal & external training programs at our projects based on the project requirements.

Following are the detail of training program organized at our projects during FY 2013-14:

Training	Training programs at Projects site	Total No. of employees attended
External Training (Construction Safety , Defensive driving & Environment Protection)	197	1148
Internal Training conducted by Project HSE personnel	1337	36925
Internal Training conducted by IMS HO (Behaviour Based Safety ,Safety & Environment consciousness – Role of PEM)	32	577
Total	1566	38650

Monthly Safety Theme

We are celebrating first day of every month as a Safety day of the month followed by training based on Monthly safety theme.

First day of every month with the involvement of the client/sub-contractors and short speech/function by Project Manager and senior staff of the site along with workmen gathering together and having a celebration/function (max. around 45 minutes to 1 hr. duration).

Safety Theme Topic display at the prominent location of the site and notice board urging to get involvement of the staff and employees and giving wide publicity.

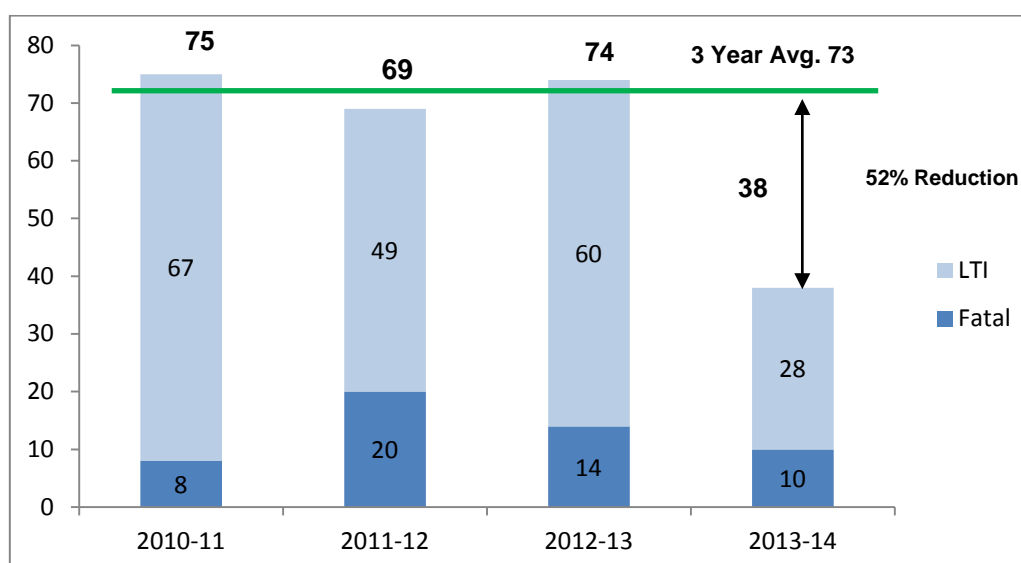
Motivational gift item (awards) have distributed to the workers/ staff who have taken active involvement for the betterment of safety in their respective work areas in the last month in this function.

List of Monthly Safety Theme celebrated at projects during FY 2013-14

FY 2013-2014	
Month	Safety Theme
July'13	Material Handling
Aug'13	Working at Height
Sept'13	Electrical safety
Oct'13	Near Miss
Nov.'13	Behaviour Based Safety -Part 1
Dec. '13	Ergonomics
Jan. '14	Behaviour Based Safety -Part 2
Feb. '14	Safety in Operation of Plant, Equipment, Machinery - Part 1
Mar '14	National Safety Week/PSOP

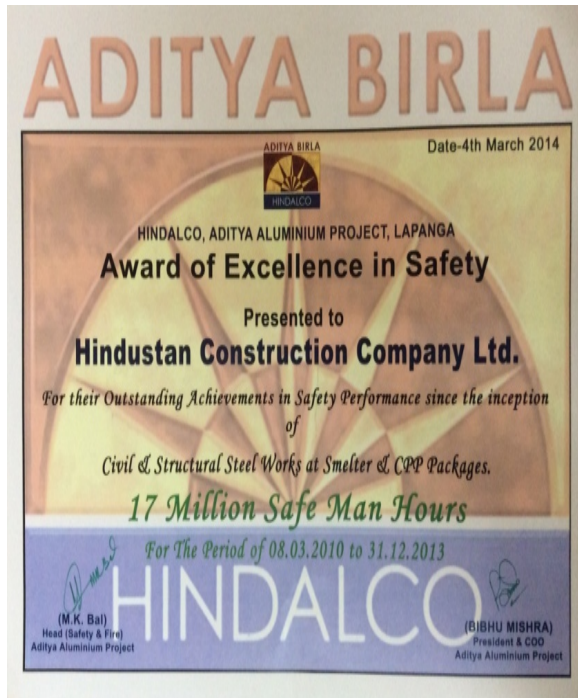
Trend of Incidents

Across our project sites, there has been a decreasing trend of incidents over the last 3 years, as depicted in the graph below:



Safety Achievements and Client Appreciation

Our safety performance at project sites continues to receive appreciation from our clients:



Beyond Bread

We have made significant contributions to communities in and around its project sites with an objective to provide services that will improve their quality of life. Our approach is on the lines of Public Private Partnership in accordance with the needs of the community. In order to ensure the sustainability and effectiveness of our community programs, we actively encourage community engagement. We help empower communities through providing skills, knowledge and experiences, enabling them to fully participate in a truly democratic way.

In line with our organizational ethics, we continue to proactively reinforce anti-corruption behaviour and competitive bidding practices, complying with all relevant legal requirements in this respect. Given the contractual nature of HCC's business, our clients/customers are liable for resettlement and displacement issues. However, we remain committed to minimizing the impacts of our construction activities on the surrounding population through proactive measures.

We recognize the importance of joint efforts through collective action, and have historically played a role in the public policy arena. In the past reporting year, we were involved in thought leadership, articulation of ideas and promotion of actions in partnership with the civil society, regulatory agencies, corporate groups and the academia. We also participated in various policy advocacy forums at the local, national and international levels.

We continue to intervene in several areas of social and environmental development and aim to impact our community positively. Responsible infrastructure development is at the heart of the Company's business ethos. Consequently, HCC has a slew of social responsibility related initiatives that complements its world class operational processes and systems to provide for responsible infrastructure development.

Corporate Social Responsibility (CSR) Committee:

In accordance with Section 135 of the Companies Act, 2013, the Board of Directors of the Company at their meeting held on May 2, 2014, have approved the constitution of the CSR Committee which comprises three directors viz. Mr. Ajit Gulabchand (Chairman), Mr. Rajas R. Doshi and Mr. Ram P. Gandhi and defined the role of the Committee, which is as under:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- Recommend the amount of expenditure to be incurred on the activities referred in the CSR policy
- Monitor the CSR Policy of the Company and its implementation from time to time.
- Such other functions as the Board may deem fit.

Our strategically undertaken initiatives broadly fall under the following categories:

- Water sustainability
- Disaster Response
- HIV/AIDS Awareness
- Community Development

Our water sustainability initiatives are described under UN CEO Water Mandate – CoP chapter.

Disaster Response

Disaster Relief

HCC's Tehri Project serves as a Nodal point for Uttarakhand Relief Operations



As the number and impact of natural disasters is increasing due to climate change, population increase and rapid urbanization, there has been a growing recognition of the scale and complexity of humanitarian response and commitment to greater involvement of the private sector in disaster prevention, response and reconstruction. Therefore, we proactively consider disaster risk as a part of sustainable business development agenda.

Mr. Ajit Gulabchand, Chairman and Managing Director, HCC believes that “as an engineering and infrastructure development group, HCC has the relevant resources and is well equipped to handle calamities and disasters with its trained engineers, project management capabilities and the heavy equipment needed for disaster response, evacuation and reconstruction and his vision is to build on these core strengths and existing capacity of the organization.”

We are a member of the Disaster Resource Partnership, an alliance initiated by the World Economic Forum and also the founder member of Disaster Resource Network India. Mr. Gulabchand is on the Steering board of DRP and the Chairman of DRN India. To further promote disaster risk reduction and mitigation HCC joined UNISDR's Private Sector Partnership for disaster risk reduction (PSP-DRR) and Mr. Gulabchand is on advisory board for Private Sector engagement with UNISDR.

We have been at the forefront of rescue and relief operations in a range of natural disaster scenarios and actively participated in relief efforts for Tsunami (2004), J&K Earthquakes (2005), Mumbai Floods (2005), Bangladesh Cyclone (2007), Leh Flash Floods (2010), Sikkim Earthquake (2011) and J&K Snow Avalanche (2012).

Torrential rains and cloudbursts occurred in the state of Uttarakhand and the neighbouring Himachal Pradesh from June 17-19, 2013 which triggered devastating floods and landslides. The scale of destruction has been huge – there has been a significant erosion of the river banks and major roads have been washed away, leading to heavy landslides. Many people died and thousands of people remain totally stranded, including pilgrims and residents. The timely arrival of help and relief was severely restricted due to sporadic landslides and consequent road blocks.

We are currently executing work on the Tehri Pump Storage Plant in Garhwal, Uttarakhand, encompassing the construction of an Underground Machine Hall on the left bank of River Bhagirathi. After the disaster struck no damages were reported at the project, and all the personnel of HCC were safe. As soon as Tehri project team got the information about the landslide, the project construction head immediately mobilized the equipments like dozers, loaders and a core team to be deployed at the disaster struck area. The team of 30 people includes engineers, medical officers, administrative and safety personnel operators and drivers.

The relief operation started on 18th June from Tipri village, located at a distance of 3.5 km from the Tehri project site, heavy rains together with landslides occurred on June 18, 2013 at 0800hrs, resulting in the blockage of roads connecting Tehri with the city of Shrinagar - the largest city in Garhwal, Uttarakhand. The need-of-the-hour was to swiftly clear the road blockade so that government teams could then move towards Kedarnath to rescue the stranded pilgrims there. Further, Tehri project team led by the project construction head approached the district administrative authorities to explore avenues for executing relief, restoration work and logistics support. The District Magistrate requested HCC to continue support to government and army in evacuation and management of the rescued pilgrims. Our team set up relief camp catering to food, water and sanitation needs and also provided medical assistance in the form of an ambulance and a medical team comprising of the site medical officer and other local doctors.

Our team closely worked with the army for clearing the rescue routes and enabled the army to go up and start evacuation and saving lives. Tehri served as a base camp for all the pilgrims who were rescued in the region. All the pilgrims were provided with food, water, sanitation, shelter and medical facilities at HCC's Relief camp at Tehri.

Some of the highlights of the operations are-

- Clearing of the main road that connects Tehri to the city of Srinagar (the largest city in Garhwal Uttarakhand) using equipments like dozer and dumpers
- *Assistance to the government teams* to move towards Kedarnath to rescue the stranded pilgrims by clearing the debris. Three landslides took place between 18th & 19th June and the team continuously worked to clear severe accumulation of rock and debris. A government rescue team fleet comprising of around 500 vehicles and 1500 personnel including 75 NDRF (National Disaster Response Force) could finally move towards Kedarnath the worst affected region.
- Over 23000 people availed the free food facility set up at the Langar (food camp) from 18th June onwards.
- Team & equipments deployed for clearing of rescue route obstructed by fuel tanker.
- Over 3000 pilgrims treated at the 24 hour medical facility which included an ambulance and site medical officers.
- Sanitation facility provided for affected persons.
- The project team arranged shelter for women and children at the project office complex.
- The District Magistrate, The Superintendent of Police, Ministers from West Bengal used the HCC Project office as their camp to monitoring the complete relief work.

Our efforts in the Uttarakhand relief work was very much appreciated by the local government, ministries and the rescued pilgrims thanked the team for all support and care which they got at the our camp.

Disaster Risk Reduction

Shift from Response to Disaster Risk Reduction and Building Resilience

Today the worldwide focus towards disaster management is now taking a transition from relief and rehabilitation to awareness towards Disaster Risk Reduction. The private sector is usually supportive when some catastrophes occurs and actively participate in humanitarian emergencies till the response phase, limiting its overall potential for effectiveness and efficiency.

The private sector needs to think beyond immediate relief and response and demonstrate its commitment in the risk reduction which would result in reducing the vulnerability of communities, better risk assessment and the overall reduction of the potential impact of disaster on their own businesses. Corporates are also expected to engage more in the risk reduction and building resilience across their business and communities around. The private sector has a vital role to play in averting disasters, safeguarding economies, nations, communities, and themselves. Keeping, this view, HCC has increased its engagement with UNISDR to support disaster risk reduction.

➤ HCC invited to lead UNISDR's Private Sector Advisory (PSAG) Working Group

Keeping in view, the important role of private sector in achieving a substantial reduction of disaster losses in lives, social economics and environmental assets, UNISDR established a Private Sector Advisory Group (PSAG) in 2011. A majority of the members are from the private sector and some from foundations and governments. The PSAG represents the wider private sector and works with UNISDR to address disaster risk reduction in the sector. Mr. Ajit Gulabchand, Chairman and Managing Director is a member of the advisory group since 2011. Considering the long term initiatives taken by HCC in disaster response, UNISDR has invited HCC to lead PSAG working group to encourage private sector partnership in building resilience.

➤ HCC led Private Sector Workshop for Disaster Risk Resilience in India



In support of UNISDR, HCC in collaboration with UNGC organized the India workshop on disaster risk resilience on 27th February 2014 in Mumbai. It was a day long workshop organized in the premises of HCC. There was a mix of participants from the corporate sector, Government and NGO's. The workshop aimed at strengthening the disaster risk reduction by showcasing the paradigm shift in disaster management from relief centric approach to the holistic approach and how corporate sector can play a vital role. It was a great success. The India workshop was the first meeting in Asia and we look forward to incorporating some of the recommendation in the forthcoming Asia Ministerial Conference for DRR in June in Thailand and subsequently to the UN World Conference on DRR in March 2015 in Sendai, Japan.

➤ **Facilitation meeting of Ms. Margareta Wahlstrom, Special Representative of UN Secretary-General for Disaster Risk Reduction on visit to India**

HCC being a PSAG member of UNISDR was requested to organize a meeting for Ms. Margareta Wahlstrom, Special Representative of UN Secretary-General for Disaster Risk Reduction who visited India in December '13. HCC with the support of Confederation of Indian Industries (CII) organized the meeting on 18th December at New Delhi. The meeting focused on a dialogue on Private sector engagement in the Post 2015 framework for Disaster Risk Reduction. The discussion was on exploring opportunities to engage CII and private sector in India in the Global and Asia Business Partnerships and exchange views on disaster risk trends and current global and regional initiatives of private sector working on reduction of disaster and climate risks.

➤ **HCC invited by National Disaster Management Authority (NDMA), India to represent private sector in National Consultation while drafting the policies for disaster management.**

As HCC has been taking up many interventions in disaster management, National Disaster Management Authority (NDMA), India's apex government body for disaster management invited HCC to share the corporate perspective while formulation of government policies. There was a two days consultation process to take the final recommendations on two policy guidelines. Two draft policies "Policy Guidelines Community Based Disaster Management" and "Policy Guidelines on Role of NGO Sector in disaster management" were discussed. HCC actively participated in the meetings and shared how private sector is important stakeholder in disaster management and can be an important partner in handling disasters in partnership with the government and humanitarian agencies. HCC's recommendations on behalf of private sector were highly appreciated and the government representatives have assured that the suggestions will be incorporated while finalizing both the policies.

HIV/AIDS Awareness

Work Place Intervention Program – Capacity Building and Sensitization

Recognizing the serious impact that HIV/AIDS has amongst migrant workers who are intrinsic to the construction industry, HCC has formulated the HIV/AIDS Workplace Policy and adopted a Workplace Intervention Programme (WPI) that focuses on prevention programmes and zero tolerance of stigma and discrimination at the workplace. The WPI focuses on enhancing awareness and education about HIV/AIDS, creating a supportive and safe environment for workers and preventing discrimination. In this endeavor, the Company is partnered by the International Labour Organization (ILO). The programme aims to sustain optimal workplace productivity by conducting prevention, education and awareness training. The WPI model is based on three tier system viz. Training of Trainers, Creating trained Peer Educators and Sensitization of Management (Officers), so that their support to the programme percolates down to all beneficiaries.

Over the past ten years, we have been implementing the HIV/AIDS Work Place Intervention (WPI) program at our project sites in association with the International Labour Organization – India, Avert Society – USAID-India project, Maharashtra and FCB Suraksha. In the past year, the WPI program was extended to four project sites: Bogibeel, Tehri and DMRC 30 and 34 where the Peer Educators were trained, who in turn will extend the reach to the workers at site. In addition officers were sensitised.

Observance of World AIDS Day:

Every year we observed World AIDS Day on 1 December. The theme for this year is Getting to Zero: “Zero new HIV infection. Zero discrimination. Zero AIDS-related deaths”. This year various activities were conducted viz. Putting up awareness posters, pinning of red ribbon and distribution of Information Education and Communication (IEC) material on HIV/AIDS amongst the employees.

Community Development Initiatives

➤ At Bogibeel “Tatisal” women empowerment project:

HCC took-up Project Tatisal to help revive this traditional art in the neighbouring communities of the Bogibeel project (Assam) in November 2013. Tatisal is an Assamese word for hand-made weaving loom made up of bamboo or wood. Handloom weaving forms a cultural constituent of the woman of Assam. In earlier days most of the cloth required for the family was produced in the family itself. With modernization and urbanization, this tradition is now followed only in remote villages in Assam.



Activities undertaken

- Needs Assessment: A needs assessment study was undertaken to prioritize the activities benefiting the local community in the vicinity of the project.
- NGO Engagement: The project was done in collaboration with an N.G.O. Aurobindo Choudhuri Memorial Great India Dream Foundation (GIDF). GIDF deployed a four member team to mobilize the women group and to facilitate formation of Self Help Groups. Training was organized for the local women to access the credit linkages through banks, accounting and operation of Self Help Groups (SHG). The plan is to form 34 Self help groups in the neighbouring communities covering target population of 682 women weaver community.
- Women Empowerment: This activity will help women to take up employment-cum-income generation programmers by enhanced production skills and improved access to market.
- Opening Bank Accounts: Opening of Bank account of new SHG's. It is intended to target around 682 women in the project intervention.
- NABARD Support: We are seeking support from National Bank for Agricultural and Rural Development and Handloom and Textile Department for women Empowerment project,
- Many of the SHGs under 'Tatisal Project' have started weaving different types of clothes.

➤ At Dagachhu 114 MW Hydro Electric Power project, Bhutan:

- Drinking Water supply to the Local community and School: The drinking water supply provided to local villages viz. Dala, Khebisa and Baleygang supporting around 220 people.
- Health and Sanitation: The health support like ambulance facility, medical assistance was provided to the local from Dala, Khebisa, Baleygang and Guithang covering 210 people. Financial assistance provided to Road safety and Transport authority to facilitate sanitation campaign to raise awareness about waste management and cleanness. Total 200 people participated in the program.
- Support for communal peace and Harmony: The financial support was given to Dharma Session to maintain communal peace and prosperity at Dagapela.

- Provision of Infrastructure facility and disaster relief: Free electricity was provided to the locals from Dala, Khebisa Gewog. Financial support was given to Royal Bhutan Police for renovation and maintenance of police station and school. 50 HCC employees were deployed for two days to support in stopping the wild fire.

➤ **At Punatsangchhu-1: 1200 MW Hydro Electric Project:**

- Skill development: HCC supported 50 Bhutanese youth to participate in Training programs in Mechanic Trade & Lab Technician.
- Medical Facility: Provided free medical check-up, medicines and free Ambulance facility to the locals. HCC along with Punatsangchhu Hydroelectric Project Authority (PHPA-I) Administration Wing/ Ministry of Health, Royal Government of Bhutan (RGoB) supported various tests like Hepatitis B, STD, Diabetes, HIV test benefitting around 450 people.
- Drinking Water Facility: Drinking water provided to the local communities through tankers.
- 500 People were provided with agro shed net roll to the Langlytsawa settlement (local public) with collaboration of PHPA-I
- HCC provided Sponsorship for the 17th National Yangphel Archery Tournament- 2013.
- Participated in Move for Health Walk -2013 with collaboration with Ministry of Health and local Administration RGoB. Honourable Lyonchen Thering Tobgay, Prime Minister of Bhutan, Lyonchen Tandin Wangchuk, Health minister and other high ranking dignitaries together with PHPA-I Management team participated in the said walk.
- Sponsored prizes for the India House Golf Club, Embassy of India Thimphu –Around 150 participants include Royalty, Ministers, Senior Civil Service Officers, and Officers of the armed forces of RGoB, Luminaries from the corporate world and Business Personalities.
- HCC supported an Indo-Bhutan joint initiative “6th Hydro Vision Conclave 2013” as an associate partner along with Enertia Foundation. Some of the other community development activities beyond fence taken up during the financial year 2013-14 are listed below.

➤ **Navagaon’s waste management project is replica of Kihim project.**

HCC in partnership with Kihim Group Grampanchayat successfully implemented a variety of environmental and socio-economic programs for the local community. Now, this successful community development model is being replicated in the neighbouring villages with active support from Government and other stakeholders. The Grampanchayat from one of the adjacent village, Navagaon, approached HCC to support them to set up a project of a similar nature at their village. A majority of the population of Navagaon are from the fishing community from the low income group. HCC helped the villager to get a sponsor by initiating discussion with Rashtriya Chemicals and Fertilizers (RCF) Ltd.

Our Sustainability Performance

Economic Performance - Key Performance Indicators	Value (all Million INR)
Economic Value Generated	
Revenues	40425.20
Economic Value Distributed	
Operating Costs	31687.60
Employee Benefits and Wages	3884.60
Payment to Providers of Capital	6079.40
Payments to Government (Indian)	103.10

Environmental Performance – Key Performance Indicators	Unit	FY 2013-14
Materials		
Raw Materials	Tons	428550
Semi-manufactured Goods or Parts	Tons Meters	326752 16593
Associated Materials	Tons	26092
Energy		
Diesel	L GJ	30357747 1176666
ATF	L GJ	236853 8217
Total Direct Energy	GJ kWh	1184883 329133322
Total Indirect Energy (Purchased electricity)	GJ kWh	175012.89 48614555
CO₂ Emissions		
GHG emissions due to direct energy use	Ton CO ₂ eq	79929482.2278
GHG emissions due to indirect energy use	Ton CO ₂ eq	48614555
GHG emissions intensity from construction ²	Ton CO ₂ eq/ INR Million [Turnover]	1944.08
GHG saved on account of Fly Ash Utilization and ground granulated blast furnace slag	Ton CO ₂ eq	16112.5

² GHG emissions intensity has been calculated using a sum of emissions from direct and indirect energy use at our project sites in scope. Scope 3 emissions have not been accounted for. Emission factors for direct energy have been used as per the IPCC Guidelines for GHG Inventories (2006), while the emission factor for indirect energy (i.e. purchased electricity) is taken from the Indian Central Electricity Authority (CEA)'s 2009 Baseline Carbon Dioxide Emission Database Version 9.0. Annual turnover of HCC's (E&C business) was taken from our Annual Report available on the web-link mentioned on Page 22 of this Report.

Emissions from Stacks		
SPM	Kg	0.92
SO _x	Kg	0.07
NO _x	Kg	0.32
Waste Disposed		
Solid Hazardous Waste (Empty drums, batteries, E-waste)	Numbers	353
Liquid hazardous waste (Used oil)	KL	27
Non-hazardous Waste (Used oil filters, tyres, cement bags) ³	Numbers	654549
Non-hazardous waste (Steel Scrap, used spares)	Tons	25587
Environmental Expenditure⁴		
Waste disposal, emissions treatment and remediation costs	INR Million	13.5
Prevention and environmental management costs	INR Million	4.2

Social Performance – Key Performance Indicators		FY 2013-14
Total Workforce		
Workforce by Level of Employment		
Officers (Permanent Employees)		1700
Others (Short Term Contracts, Trainees etc.)		77
Workmen (Excluding FTC)		17927
Workforce by Type of Contract		
Permanent Employees		6583
Sub-contract		6137
Piece-rate Workers		5207
Fixed-term Contract		98
Workforce by Gender (excluding Workmen)		
Male		1696
Female		81
New Employee Hire and Turnover		
Total Number of New Hires (excluding Workmen)		400
Male		394
Female		6
<30 years		232
30-50 years		157
>50 years		11
Total Number of Employees Leaving Employment (Officers only)		557
Male		541
Female		16
<30 years		190
30-50 years		297
>50 years		70
Return to Work after Parental Leave		
Number of Employees Entitled (all Women)		81

³ Non-hazardous waste data reported pertains to 14 of our project sites from where we are currently collecting this information centrally.

⁴ Environmental protection expenditure data reported pertains to 14 of our project sites from where we are currently collecting this information centrally.

Number of Employees Aailed and Returned	4
Number of employees who availed such leave that have returned	1 (other 3 are yet to complete their leave)
Number of Retentions 12 Months After Return	1
Ratio of Basic Salary and Remuneration of Women to Men	
Senior management	1.05
Junior and middle management	0.95
Average Employee Training Man-hours by Level of Employment	
Officers	8.98
Trainees	95.69
Workers	2.73
Total Employee Training Man-hours by Gender	
Male	75772
Female	192
Safety Statistics	
Man-hours Worked	71661780
Injuries	28
Fatalities	10
Lost Days	71305
Frequency Rate	0.53
Severity Rate	995.02
Frequency Severity Index	0.72

Independent Assurance Statement

The Board of Directors and Management
Hindustan Construction Company Limited
Mumbai, India

Ernst & Young LLP (EY) was retained by Hindustan Construction Company Ltd. (the 'Company') to provide independent assurance to its Sustainability Report (the 'Report') for its Engineering and Construction Business for the financial year 2013 - 14.

The development of the Report is based on the Global Reporting Initiative (GRI) G3.1 Guidelines (2011) and the Construction and Real Estate Sector Supplement (CRESS); its content and presentation are the sole responsibility of the management of the Company. EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the report content as described in the scope of assurance. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

Scope of Assurance

The scope of assurance covers the following aspects of the Report:

- Data and information related to the Company's sustainability performance for the period 1st April 2013 to 31st March 2014;
- The Company's internal protocols, processes, and controls related to the collection and collation of sustainability performance data;
- Review of information on sample GRI G3.1 (2011) core indicators covering the Company's Corporate Office at Mumbai and the following project sites within its Engineering and Construction business:
 1. Kachchh Branch Canal (Gujarat);
 2. Bogibeel Bridge (Assam);
 3. Sainj Hydroelectric Power Project (Himachal Pradesh).

Limitations of our review

The assurance scope excludes:

- Operations of the Company other than those mentioned in the 'Scope of Assurance';
- Aspects of the Report and data/information other than those mentioned above;

- Data and information outside the defined reporting period i.e. 1st April 2013 to 31st March 2014;
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company;
- Data and information on economic and financial performance of the Company;
- CRESS (Construction and Real Estate Sector Supplement) indicators included in the Report.

Assurance criteria

The assurance engagement was planned and performed in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000). Our evidence gathering procedures were designed to obtain a 'limited' level of assurance (as set out in ISAE 3000) on reporting principles as well as conformance of sustainability performance indicators as per GRI G3.1 (2011) Guidelines.

What we did to form our conclusions

In order to form our conclusions we undertook the following key steps:

- Interviewed select key senior personnel of the Company to understand the current processes in place for capturing sustainability performance data as per GRI G3.1 Guidelines, the Company's sustainability vision and the progress made during the reporting period;
- Reviewed the Company's approach to stakeholder engagement and processes for determining material issues through interviews and review of associated documents with issue owners at the corporate office at Mumbai (Maharashtra);
- Reviewed relevant documents and systems for gathering, analyzing and aggregating sustainability performance data in the reporting period;
- Interviewed the top management to understand their commitment to sustainability, systems for sustainability performance management and the future outlook.

Our Observations

- The Company continues to disclose its sustainability performance by publishing its fifth sustainability report using the GRI G3.1 (2011) Guidelines at the 'A+' Reporting Application Level;
- The Report describes the Company's ongoing efforts for water conservation at its project sites, including Kishanganga Hydro-electric Power Project, Padur Rock Cavern Project and Bogibeel Bridge Project. Community level water conservation projects carried out by the Company at Sinnar (Maharashtra), Kachchh Branch Canal Project and Aditya Pot Shell Project are also described in the Report;



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The Company has enhanced the completeness of its Report by expanding the reporting boundary for certain GRI G3.1 indicators to all its active project sites in the reporting year. These indicators include materials used, direct energy consumption, indirect energy consumption, direct and indirect greenhouse gas emissions and waste disposal;

- Certain data revisions occurred during the assurance process at the project sites mentioned under the Scope of Assurance above. There is scope for improving the internal data controls and documentation management.

Our Conclusion

On the basis of our review scope and methodology, nothing has come to our attention that would cause us not to believe that the Report presents the Company's triple bottom-line performance, in material respect, in line with the GRI G3.1 reporting principles and criteria.

Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our climate change and sustainability network and undertakes similar engagements with a number of significant Indian and international businesses. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics¹ for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

for Ernst & Young LLP

Sudipta Das
Partner
12 September 2014
Kolkata

¹ International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants (2013) establishes ethical requirements for professional accountants.

GRI G3.1 and CRESS Content Index

Profile Disclosure / Key Performance Indicator	Description	Reported	Cross Reference / Direct Answer
1.1	Statement from the most senior decision-maker of the organization.	Fully	Message from the Chairman and Managing Director's Desk (2), President and CEO – E&C (4)
1.2	Description of key impacts, risks, and opportunities.	Fully	Message from the Chairman and Managing Director's Desk (2), President and CEO – E&C (4)
2.1	Name of the organization.	Fully	About the Report (1)
2.2	Primary brands, products, and/or services.	Fully	Organizational Overview (5 – 8)
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Organizational Overview (5 – 8)
2.4	Location of organization's headquarters.	Fully	Organizational Overview (5)
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	About the Report (1), Organizational Overview (5 – 8)
2.6	Nature of ownership and legal form.	Fully	Corporate Governance (13)
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	Organizational Overview (5 – 8)
2.8	Scale of the reporting organization.	Fully	Organizational Overview (5 – 8), Revenues - Economic Performance: Key Performance Indicators (56), Total Workforce - Social Performance: Key Performance Indicators (56)
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	No significant changes in the reporting entity, including ownership, during the reporting period.
2.10	Awards received in the reporting period.	Fully	Awards and Recognition (11)
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	About the Report (1)
3.2	Date of most recent previous report (if any).	Fully	FY 2012-13
3.3	Reporting cycle (annual, biennial, etc.)	Fully	About the Report (1)
3.4	Contact point for questions regarding the report or its contents.	Fully	About the Report (1)
3.5	Process for defining report content.	Fully	Material Issues (15)
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	About the Report (1) Organizational Overview (5 – 8)

3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	About the Report (1)
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	About the Report (1) Organisational overview Page (5 to 8)
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	The report follows the GRI G3.1 CRESS guidance. Any exceptions or deviations are specified at the respective places in the report.
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	No re-statements to this effect.
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	About the Report (1)
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	GRI G3.1 and CRESS Content Index (61)
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	Independent Assurance Statement (58)
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	Corporate Governance (13). Refer to HCC's Annual report for Board of Directors - (Page 28,29), Code of Conduct (Page 31), Board Committee (32)
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Corporate Governance (13)
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	Corporate Governance (13)
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Corporate Governance – Stakeholder Relationship Committee (13 – 14). Also refer to HCC's Annual Report 2013-14 (Page 34)
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	Corporate Governance (13) However, currently there is no linkage with the social and environmental performance of the company.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Corporate Governance (13). Also refer HCC's Annual Report (Page 31)
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of	Fully	Corporate Governance (13) Also refer HCC's Annual Report (Page 28)

	gender and other indicators of diversity.		
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	Vision, Mission and Values (10). Also refer HCC's Annual Report (Page 31)
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.	Fully	Corporate Governance – CSR Committee (48) Also refer HCC's Annual Report (Page 30, 36)
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	Currently, the company does not have a defined oversight on the Board's performance in this regard.
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	Corporate Governance (13 – 14)
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	GRI G3.1 CRESS, UNGC, UN CEO Water Mandate, ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007, National Voluntary Guidelines for Environmental, Economic and Social Performance for Businesses (NVG).
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	Advocacy (11, 12)
4.14	List of stakeholder groups engaged by the organization.	Fully	Stakeholder Engagement (15, 16)
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	Stakeholder Engagement (15, 16)
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Stakeholder Engagement (15, 16)
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	Stakeholder Engagement (15, 16)
Disclosures on Management Approach	DMAs for EC, EN, LA, HR, SO, PR indicators	Fully	Economic Performance (23) Environmental Performance (25) Our Employees (39) Beyond Bread (48)
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	Fully	Economic Performance (23), Economic Performance - Key Performance Indicators (55)

	and governments.		
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change and other sustainability issues.	Fully	Message from the Chairman and Managing Director's Desk (2), President and CEO – E&C (4), Economic Performance (23)
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	Our Employees (39), Employee Benefits (42)
EC4	Significant financial assistance received from government.	Fully	Economic Performance (23). Government is not present in the share-holding structure. Also refer to the HCC Annual Report (64).
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Fully	For all sites reported on, we have met or exceeded the local wage requirement.
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	Given HCC's extensive project footprint across the country, our definition for local sourcing continue to remain India-wide. Almost 100% of the significant procurement budget at the projects in scope for this report was sourced locally (within India).
EC7	Procedures for local hiring and proportion of senior management and all direct employees, contractors and sub-contractors hired from the local community at significant locations of operation.	Fully	Given the pan-India presence of the company, our employees are hired from across the country, while contracted and sub-contracted workforce are predominantly hired from near our project sites to the extent possible.
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	HCC Group's Sustainability Footprint (9).
EN1	Materials used by weight, value or volume.	Fully	Our Sustainability Performance (55)
EN2	Percentage of materials used that are recycled and reused input materials.	Fully	Supply Chain Management Initiative for Resource and Cost Saving (26)
EN3	Direct energy consumption by primary energy source.	Fully	Environmental Performance - Key Performance Indicators - Energy (55)
EN4	Indirect energy consumption by primary source.	Fully	Environmental Performance - Key Performance Indicators - Energy (55). The estimated corresponding primary energy consumed in the production of the electricity consumed amounts to 184986891 kWh (equivalent to 665954.67 GJ). This has been calculated using transmission & distribution losses of 27% (as per World Resources Institute report) and assuming 36.1% efficiency of electricity generation from coal, which accounts for about 55%

			of India's electricity generation.
CRE1	Building energy intensity.	Not	Not relevant - HCC does not manage building use and occupancy.
EN5	Energy saved due to conservation and efficiency improvements.	Fully	Energy Saving Initiatives (27)
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	Energy Saving Initiatives (27)
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	Energy Saving Initiatives (26 – 27)
EN8	Total water withdrawal by source.	Fully	Water Intake by Source (29)
EN10	Percentage and total volume of water recycled and reused.	Fully	Water Intake by Source (29)
CRE2	Building water intensity.	Not	Not Applicable - HCC does not manage building use and occupancy
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	None of HCC's project sites fall within the specified criteria
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	None of HCC's project sites fall within the specified criteria
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Our Sustainability Performance (55)
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	Our Sustainability Performance (55)
CRE3	Greenhouse gas emissions intensity from buildings.	Not	Not Applicable - HCC does not manage building use and occupancy.
CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity.	Fully	Environmental Performance - Key Performance Indicators, Footnote on GHG emissions intensity (55)
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	Energy Saving Initiatives (26 – 27), Conservation of Energy (20)
EN19	Emissions of ozone-depleting substances by weight.	Fully	We do not use any ODS in our operations
EN20	NOx, SOx, and other significant air emissions by type and weight.	Fully	Our Sustainability Performance (56)
EN21	Total water discharge by quality and destination.	Fully	Water Intake by Source (29)
EN22	Total weight of waste by type and disposal method.	Fully	Our Sustainability Performance (56)
EN23	Total number and volume of significant spills.	Fully	No significant spills in the reporting period
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water	Fully	No instances of significant impacts of water bodies and biodiversity habitats

	and runoff.		
CRE5	Land and other assets remediated and in need of remediation for the existing or intended land use according to applicable legal designations.	Fully	Construction activities by HCC has not resulted in any significant land contamination and need for remediation
EN26	Initiatives to enhance efficiency and mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	As a construction company, we do not manufacture any products or deliver services. We have however included initiatives to use environmentally friendly materials wherever possible and minimize impacts from the construction activities in the section. Examples of environmentally friendly practices reported under Environmental Performance (25 – 27)
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not	Not Applicable - As a B2B company, we do not sell any products directly to the consumers. Additionally, as a construction company, the issue of reclamation of packaging materials is not material.
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	No such fines or sanctions during the reporting period.
EN30	Total environmental protection expenditures and investments by type.	Fully	Our Sustainability Performance (56)
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	Our Employees (39 - 47), Social Performance - Key Performance Indicators (57 – 58). Total number of permanent employees (Officer level) are 1700, comprising of 1620 males and 80 females. All our permanent employees are employed full-time.
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Fully	Our Employees (39 - 47) Our Sustainability Performance (57 – 58)
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	Our Employees (39 - 47) Benefits are reported for employees across HCC projects in India. We strive to provide camp amenities beyond compliance levels at all our sites.
LA15	Return to work and retention rates after parental leave, by gender.	Fully	Our Employees (39 - 47) Our Sustainability Performance (56 – 57)
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	Our Employees (39 - 47)
LA5	Minimum notice period(s) regarding significant operational changes, including	Fully	No such changes during the reporting period. As

	whether it is specified in collective agreements.		prescribed under the Industrial Disputes Act, 1947, 21 days notice period is given.
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	All our project level health and safety committee have an equal management and worker representation.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully	Our Sustainability Performance (57)
CRE6	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system.	Fully	Environmental Performance (25)
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	Beyond Bread (48 – 54)
LA10	Average hours of training per year per employee by gender, and by employee category.	Fully	Our Sustainability Performance (57)
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	Training and Development (42 – 43)
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	Our Employees (39 - 47)
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	Corporate Governance (13) Our Employees (Page 56)
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Fully	Our Sustainability Performance (57)
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Fully	Our Management Approach and Commitment to NVG Principles - Principle 5 (18 – 19). Currently, our investment agreements do not have human rights clauses.
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Fully	Our Management Approach and Commitment to NVG Principles – Principle 5 (18 – 19). We have not conducted any human rights assessment of our suppliers and contractors so far.
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.	Fully	No specific training pertaining to human rights were conducted. However, sensitisation in this regard is regularly provided to all employees.
HR4	Total number of incidents of discrimination and corrective actions taken.	Fully	No incidents of discrimination have been reported during the reporting period.
HR5	Operations and significant suppliers	Fully	No operations and suppliers

	identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.		with significant risks have been identified yet.
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	Fully	Our Management Approach and Commitment to NVG Principles – Principle 5 (18 – 19). No operations and suppliers with significant risks have been identified yet.
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	Fully	No operations and suppliers with significant risks have been identified yet.
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	Our Management Approach and Commitment to NVG Principles – Principle 5 (18 – 19).
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	Our Management Approach and Commitment to NVG Principles – Principle 5 (18 – 19).
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	There have been no instances of human rights related grievances filed against us in the reporting period.
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Fully	Beyond Bread (48 – 54). community engagement and development programs at all our project sites. Given our contractual nature of work, these programs last through the construction phase.
SO9	Operations with significant potential or actual negative and positive impacts on local communities.	Fully	Beyond Bread (48 – 54). Given the contractual nature of our work, our focus is currently limited to the immediate impacts that may occur during the construction phase of infrastructure.
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	While there have been no instances of significant negative impacts of HCC projects, our engagement with local communities for water conservation is described in our UN CEO Water Mandate CoP (36 – 37)
CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project.	Not	Not Applicable (Given the contractual nature of our business, any resettlement of local communities falls within the purview of our clients. As per regulations, construction activities by the company begins after and necessary resettling has been completed by the client. Hence such information does not reside

			with HCC, and is not applicable.)
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	We have not analysed our business units for corruption related risks.
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	Corporate Governance (13)
SO4	Actions taken in response to incidents of corruption.	Fully	In this reporting year, there were no reported incidents of corruption in the organization.
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	Advocacy (11), Collective Action and Public Policy (33 – 35)
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	There were no financial contributions of such kind in the reporting period.
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	No significant fines or sanctions during the reporting period.
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	As a construction company, we do not manufacture products or deliver direct services. We ensure that our structures are safe from the design up to completion stage, though we do not carry out life cycle assessments at this point.
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	No incidents of noncompliance.
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	Not	Not Applicable - As a construction company, we do not manufacture a product or deliver a service, hence this indicator is not applicable.
CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment.	Fully	Environmental Performance (25)
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	Not	Not Applicable (As a construction company, we do not manufacture a product or deliver a service, hence this indicator is not applicable.)
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	Formalized Customer Feedback System (16 – 17)
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	The Corporate communications practices of HCC conform to the laws and acts that govern corporate advertising, promotion and sponsorship.
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	No such fines paid during the reporting period.



Statement GRI Application Level Check

GRI hereby states that **Hindustan Construction Company Ltd.** has presented its report "Responsible Infrastructure 2013-14" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 20 August 2014

A handwritten signature in dark ink, appearing to read "Ásthildur Hjaltadóttir".

Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative



The "+" has been added to this Application Level because Hindustan Construction Company Ltd. has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 05 August 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

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