



Commitment to Global Compact : Communication on Progress at Hindustan Petroleum Corporation Ltd.

Hindustan Petroleum Corporation Limited is committed to the principles of Global Compact. This is evident from the various policies pursued by the Corporation. In fact, our VISION Statement encompasses Principle 7, 8 & 9 of the Global Compact.

Hindustan Petroleum Corporation Limited's

VISION

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

Global Compact Principles addressed in our **MISSION** statement :

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

- To foster a culture of participation and innovation for employee growth as an employee caring Organisation



- To cultivate high standards of business ethics and Total Quality Management
- To protect customer interest as a customer caring organisation
- To take all steps for enriching quality of life of the community and protect the environment to preserve ecological balance.

The Corporation initiated the following actions in support of our commitment to the Principles of Global Compact :

1. Support and respect the protection of internationally proclaimed human rights:

- The Organization continued subscribing to internationally proclaimed human rights.

2. Ensure that the organization is not complicit in human rights abuses .

Hindustan Petroleum Corporation Limited conforms to human rights principles and has ensured that no violation has occurred during the year.

- The organization has an approved policy for handling grievances of employees, shareholders and customers. Issues raised by other stakeholders such as Contractors, Dealers, Vendors and surrounding villagers and public are also attended promptly.
- Our Conduct, Discipline & Appeal Rules applicable to Management employees and Standing Orders applicable to Non-Management employees are designed in such a manner that they take care of Human rights compliance across the Corporation.
- At our Mumbai Refinery, “DAKSHATA” – a unique Training Program for Contractors/ Labours regarding statutory benefits under ESIC/ PF Acts, also Health, Hygiene & Safety was designed and executed in-house.

3. Upholding the freedom of association and effective recognition of the right to collective Bargaining

Freedom of association is available to all 11,222 employees. The Corporation has established policies and practices through which the employees exercise the freedom of collective bargaining on issues of common interest. The issues are resolved through bilateral discussions with the Unions representing the employees by way of signing the Long Term Settlements for salaries, wages and perks, and settlements for career progression of employees, etc. During year 2009, election of Employees’ Union was held at our Visakh Refinery.



Management has continuous discussions with Unions at location, zone and Headquarters. During 2009-10, Management had 28 meetings with the Representatives of the unions representing the employees across the Organization. 27 spot settlements regarding issues on Career Development, Long Term Settlement and other working conditions have been signed with the respective unions.

Corporation strongly believes and recognize the right of the employees to know about their organization, keeping this in mind senior management, from time to time share the details of the prevailing business environment, Organization performance, growth strategies and future business plans with the employees through various meetings with the Office Bearers of the Unions and also through various communications in the form of circulars, etc.

It is pertinent to mention that the Corporation has co-created a Vision for the Corporation, where the Representatives of the employees were involved.

4. Organization supports the elimination of all forms of forced and compulsory labour

Corporation does not support forced or compulsory labour in any form and adheres to all labour laws in this respect.

During the year no instance of forced or compulsory labour has come to light.

The Corporation has systems and procedure in place, for ensuring the payment of minimum wages and other benefits provided under various Laws to the Contract Labour.

5. The Organization supports effective abolition of child labour

As per the Corporation's Recruitment Policy, no person below the age of 18 years is engaged as direct employee or even as a Contract Labour.

We adhere to Government laws in this regard i.e., "Child Labour (Prohibition and Regulation) Act, 1986. No child labour is engaged in our establishment.

6. Organization promotes elimination of discrimination in respect of employment

Hindustan Petroleum Corporation Ltd. is an equal opportunity employer.

Corporation policies are aimed at ensuring equal opportunities to all Indian citizens in its employment and avoid discrimination on any ground. Corporation gives equal opportunities of employment to all citizens of India. We ensure objectivity, fairness and equal chances to all in our hiring process.



Being a Central Govt. PSU, our Corporation strictly adheres to the Presidential Directives / Govt. Instructions scrupulously.

All Officers are governed by Conduct Discipline and Appeal rules and all workmen across the Corporation i.e., Refineries and Marketing locations are governed by applicable certified Standing Orders.

Corporation has employed maximum women Employees in Administrative offices and their percentage as compared to total employees is 7.14 % vis a vis 6.5% in the year 2007-08. During the year 2009-10, a total of 248 employees were recruited in which 38 are woman employees contributing to recruitment of 15.32 % of women employees.

7. The organization adopts a precautionary approach to Environmental Challenges

- As a responsible corporate citizen, HPCL is committed to Safety and Health of all employees and public living in the vicinity of our installations and constantly endeavor to ensure that the highest safety standards maintained in all its operations. In line with the "Safety, Health & Environment Policy" adopted by it, HPCL is committed to conduct all its operations in a sustainable manner.
- HPCL is committed to environment protection and constantly endeavor to ensure that its increasing scale of operations does not lead to environment degradation. In line with its "Environment Policy", HPCL is committed to conduct all its operations in such a manner so as to be compatible with the environment protection.
- Drastic reduction in SO₂ emissions have been achieved in both Refineries inspite of significant increase in crude throughput. SO₂ emissions have reduced from 60 TPD in 1984 to less than 25 TPD now, inspite of capacity increase from 4.5 to 13 MMTPA and addition of various secondary processing facilities.
- Liquid fuel firing has been replaced with the natural gas firing at our Mumbai refinery which has again resulted in significant SO₂ emission reduction. These significant reductions have been achieved essentially by firing low sulphur fuels in the furnaces, putting up Sulphur Recovery Units and installing gas desulphurization facilities.
- Dependence on road transport for evacuation of products has been reduced drastically resulting in considerable reduction in auto emissions to atmosphere. Over 75% of products are being evacuated through pipelines from its petroleum refineries.
- Both our Refineries at Mumbai & Visakh and many of our marketing installations have implemented the Environment Management system and have been certified by M/s. SGS India Pvt. Ltd. for ISO 14001:2006 (Environment Management System Certified)
- HPCL has always been striving for environment protection and has established necessary hardware infrastructure as well as organizational structure for achieving the following objectives:



1. Commitment to environmental protection and preservation.
2. Identification, monitoring and control of pollution parameters.
3. Compliance of the stipulated statutory pollution norms.
4. Adaptation of eco friendly state of the art technologies.

- HPCL has implemented various environmental and energy conservation projects to control and minimize the detrimental effects of pollutants on the environment.
- HPCL complies with prescribed Minimal National Standards (MINAS) and other environmental standards.
- HPCL ensures safety during transportation/storage/use of products as precautionary and preventive measures.
- Volatile Organic Compounds study for the entire refinery has been completed to address the revised environmental norms and Leak Detection & repair programme has been put in place to quantify the VOC emissions and take preventive measures.
- Groundwater monitoring been undertaken as a part of monitoring strategy inside the refinery premises
- HPCL undertakes regular energy and environment audits by the private and Govt. Agencies.

Various Govt. as well as non-Govt. organisations has recognized HPCL's efforts towards Environment Protection and awarded prestigious awards instituted by them which are listed below:

1. **Greentech Environment Excellence Gold Award- 2009** for Outstanding Achievement in Environment Management in Petroleum sector for Mumbai Refinery . The award was constituted by Greentech Foundation and was presented on 6th September 2008 at Goa
2. HPCL, MR Bagged Golden peacock Award for Environment Management – 2009 instituted by IOD Delhi
3. "CSIR (Council of Scientific & Industrial Research) Technology Award" for the year 2001 for developing a technology for production of food grade hexane using environment friendly Normal Methyl Pyrolidone (NMP) as solvent.
4. "Golden Peacock Award" for the year 2002 innovative product service for using environment friendly Normal Methyl Pyrolidone (NMP solvent) treating technology to produce food grade hexane, instituted by IOD & WEF, New Delhi.
5. "Greentech Gold Award" for the year 2003, 2004, 2005, 2006, and 2007 for 'Environmental Excellence' by Greentech Foundation, New Delhi.



6. "Golden Peacock Award" for the year 2006, 2007 and 2008 for excellence in Environmental Management Systems, for the third consecutive year, under the category of Refinery Sector instituted by IOD & WEF, New Delhi.
7. Prize for Energy conservation in Petroleum Sector for the year 2007 to our Visakh Refinery.

8. The organization initiates promotion of greater environmental responsibility

The following initiatives highlight HPCL's greater environmental responsibility:

- HPCL has been the first to implement & commission its green fuels project in its Refineries for debottlenecking and process up gradation and to produce Euro III/IV diesel and petrol, to be in line with the national fuel policy to implement Euro III and Euro IV norms for fuel quality. As part of Green Fuels & Emission Control Project, Flue Gas Desulphurization Unit (Wet Gas Scrubber) is being put up in FCCU Unit for reducing the SO₂ emission and Particulate Matter.
- Continuous Ambient Air Monitoring Stations and on line stack monitoring stations have been installed at refineries which help in monitoring gaseous emissions at source. Ambient Air Quality Monitoring Station's (AAMS) has been upgraded to measure Respirable Suspended Particle Matter (less than 10 micron particulate size).
- HPCL was one of the first to adopt ECO-friendly technologies such as changeover from Phenol to NMP solvent in three lube extraction units and changeover from Oleum to NMP in the Hexane Treating Plant. These initiatives have been widely appreciated and have won for HPCL some national and international awards/citations.
- Adherence to stringent norms for liquid effluents, air emissions and hazardous waste management as stipulated by statutory agencies.
- Transportation through extensive, environment friendly network of pipelines.
- Minimizing environmental impacts arising out of use of our products/services by adopting state of the art technologies in our storage areas as well as during transfer. Transfer of products is through pipelines.
- HPCL has embarked upon the generation of Power through Wind Turbines and is in the process of implementation of 100 MW project.

9. Organization should encourage development and diffusion of environment friendly Technologies

Following initiatives highlight HPCL's efforts in encouraging development and diffusion of environment friendly technologies:

- Adoption of upgraded Fluidized Catalytic Cracking Technology consisting of Flue Gas desulphurization.



- Adoption of Diesel Hydro De-sulphurization at our petroleum refineries to produce ultra low sulphur bearing fuels known as Euro-II/III/IV High Speed Diesel.
- Adoption of latest state of the art technologies to produce ultra low sulphur bearing Euro-II/III/IV gasoline from our petroleum refineries.
- Online chemical cleaning of Atmospheric & Vacuum Furnaces was carried out by GTC, Korea using liquid spray effectively.
- Periodic steam leak surveys were carried out by M/s Forbes Marshall. About 1.2 T/Hr reductions in steam leak were achieved by arresting the leaks.
- Focusing on Research & Development activities for upgrading our products & technologies
- Adoption of latest state of the art technologies like membrane technologies for our Effluent Treatment plants to ensure compliance of liquid effluent norms at our petroleum refineries as well as to ensure the recycling of the treated effluent to process.
- Sponsoring and financing private and government research enterprises for development of eco-friendly technologies. Entered into agreement with TERI for financing Bioreactor for development of microorganism for oily sludge treatment at our petroleum refineries.

10. The organization should work against corruption in all its forms, including extortion and bribery

- As per the provisions of Conduct, Discipline and Appeal rules for Management employees and certified Standing Orders for Non-management employees giving or acceptance of bribes is misconduct.
- An employee violating the Code of conduct and ethics is subjected to investigation and appropriate action is initiated against him based on final report.
- Checks and measures are in-built in the organizational system that helps in preventing corruption.
- Numerous training programs and workshops are held for disseminating knowledge about organizational system, as also for checking corruption.
- In order to enhance Corporate Governance, Corporation has developed Whistle Blower policy during the year 2009 and circulated to all Employees.
- **Integrity Pact**

The Corporation has initiated the process of introducing “Integrity Pact” to bring in transparency and integrity in the process of warding of contracts. An MOU was signed with ‘Transparency International’. The integrity pact would be a part of tender documents to be signed by the Company and by the vendor / bidder. Failure by the bidder to return the integrity pact duly signed along with the bid shall lead to outright rejection of such bid. It provided for responsibilities and obligation for both the parties.



The integrity pact aims to achieve the following :

- To enable companies to achieve transparency in its functioning by providing assurances to them that:
 - Their competitors will also follow transparent process
 - Government procurement, privatization or licensing agencies will undertake to prevent corruption, including extortion, by their officials and to follow transparent procedures and
- To enable governments to reduce the high cost and the distortionary impact of corruption on public procurement, privatization and licensing.

Beyond the individual contract in question, the IP is also intended to create confidence and trust in the decision making process in general, a more ethical environment and public support in the country for the government's procurement, licensing activities etc.

AWARDS RECEIVED:

In the year 2009, our Corporation was awarded for Outstanding Industrial Relations for the year 2007-08 by AIOE (All India Organization of Employers)
