

Responsible Infrastructure



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About the Report

Responsible Infrastructure 2017-18 is the ninth annual sustainability report of Hindustan Construction Company Ltd, Engineering & Construction business. This report has been prepared in accordance with the GRI Standards: Core Option. The report presents management disclosure and performance highlights on the key sustainability issues material to the company. The reporting period is the financial year ending on March 31, 2018.

This report includes the tenth consecutive annual 'Communications on Progress' (COP) on the United Nations Global Compact's CEO Water Mandate Initiative, covering the same reporting period.

The report has undergone limited assurance (as per AA 1000 AS standard) by Thinkthrough Consulting Pvt. Ltd., an independent professional services firm.

Our reporting boundary is inclusive of all HCC (Engineering & Construction) projects in progress during the reporting year. Any exceptions in the boundary with respect to specific performance disclosures are clearly mentioned within the report.

We will strive to continue enhancing our sustainability disclosures going ahead. Any feedback and queries are welcome, and may be directed to:

Aditya Patwardhan
Assistant General Manager – Corporate Social Responsibility
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Message from the Chairman & Managing Director

Dear Reader,

I am happy to present HCC's 9th Sustainability Report. The report tracks our performance across the triple bottom-line, including environmental responsibility, stakeholder engagement, and business sustainability. The report adheres to the Global Reporting Initiative (GRI) Standards and is independently assured by a third party agency. It is also our annual communication on progress, in line with the United Nations Global Compact, to which HCC is a signatory.



As a pioneer and trendsetter in the construction industry in India, HCC is aware of the social responsibilities that accompany its leadership status. The Company remains steadfast in its objective of pursuing holistic growth with responsibility towards people and environment. This report highlights several crucial infrastructure projects that showcases how we integrate sustainability into the way we work - delivering better results for our customers and the societies that benefit from them.

Over the years, our in-house water stewardship programme has helped enhance sustainability of our projects. This has been achieved by rainwater harvesting, recycling and reusing wastewater generated in the operations. With these initiatives, accompanied by a community-based water conservation intervention, we have maintained Water Positive status for the fourth year consecutively with a neutrality index of over 1. Our initiative 'Beyond Bread' in the field of education, health, environment, sports support and disaster relief have also supported the communities around our project sites.

On the economic front, the company has weathered the financial storm that beset it over the last three years and is now set on a path of profitable growth. HCC has had to strike a fine balance between maintaining the pace of execution activities, closing completed projects and growing the order book while carefully managing the limited working capital available.

Besides meeting all the statutory norms in the project operations, HCC is continuously honing its abilities to develop technologically-enhanced solutions for improved environmental outcomes. We use innovations and technology absorption and adaptation that improves efficiency and optimal use of natural resources. Simultaneously, social factors such as the inclusion of the local communities, maintenance of a high standard of safety and human capital development had also been our focus area.

This report showcases our sustainability activities of the year, illustrates our philosophy at work and the difference we make to the lives of people. We look forward to your continued engagement in our journey towards a sustainable future.

Ajit Gulabchand
Chairman and Managing Director

Organisational Overview

Founded by Industrialist Seth Walchand Hirachand in 1926, HCC Ltd, headquartered in Mumbai, has constructed a majority of India's landmark infrastructure projects - 25% of India's hydro power and over 65% of India's nuclear power generation capacities, over 3800 lane kilometres of expressways and highways, more than 335 km of complex tunnelling of which over 183 km are in the Himalayan region and over 365 major bridges. Today, HCC Ltd. serves the infrastructure sectors such as transportation, power, water solutions, buildings and industrial plants.

Landmark projects executed by HCC include the Bandra Worli Sea Link – India's first and longest open sea cable-stayed bridge; the Farakka Barrage – world's longest barrage; the Kolkata Metro – India's first metro; a section of the Mumbai-Pune Expressway – India's first six-lane concrete expressway and the Kudankulam Nuclear Power Plant – India's first and largest light water reactors, having a capacity of 2X1000 MW.

HCC is the first construction company in India to implement ISO certified Quality, Occupational Health & Safety and Environment Management systems. HCC has also achieved the fastest implementation of SAP- ERP across all its project locations, some even at record-breaking altitudes of 11,000 feet in the Himalayan ranges.

The Company has invested in the early adoption of advanced engineering equipment, new and innovative technology and strategic international associations. HCC's order book as of March 31, 2018, is Rs 19,188 crore (\$2.95 billion). The company has registered revenue of Rs 4,575 crore (\$ 704 million) and a net profit of Rs 77.5 crore (\$11.92 million) during FY 2017-18, with a total workforce of 21,069.

Committed to building 'Responsible Infrastructure', at HCC, social commitment and environmental responsibility are integral principles of the business goals. Our initiatives encompass Disaster Relief, Water Sustainability and Community Initiatives. Disaster Relief forms a significant area of focus at HCC's CSR by way of being a founder member of Disaster Resource Network of India. HCC's emergency response teams volunteered during a number of natural disasters in India and abroad. The Company is also engaged in national and international forums, such as the World Economic Forum, The Energy and Resources Institute, the World Business Council for Sustainable Development etc.

Recognizing the emerging water crisis and with a view to make water sustainability a corporate priority, HCC became the first Asian company to endorse the United Nations' Global Compact (UNGC)'s CEO Water Mandate. HCC has demonstrated its water consciousness by implementing a series of rigorous and improved water management practices at its project sites.

HCC's sustainability reports from 2010 to 2018 are made as per the GRI (Global Reporting Initiative) guidelines.

The Board of Directors of HCC

Ajit Gulabchand	Promoter, Chairman & Managing Director
Arjun Dhawan	Group CEO & Whole-time Director
Shalaka Gulabchand Dhawan	Whole-time Director
Rajas R. Doshi	Non Executive Independent Director
Ram P. Gandhi	Non Executive Independent Director
Sharad M. Kulkarni	Non Executive Independent Director
Anil C. Singhvi	Non Executive Independent Director
Harsha Bangari	Non-Executive Nominee Director
Dr. Omkar Goswami	Non Executive Independent Director
Acharyulu Nateri	Non-Executive Director

Further details of our corporate governance are available in the Annual Report FY 2017-18 on our website:

http://www.hccindia.com/hcc_admin/data_content/investor_pdf/HCC-Annual-Report-FY-2017-18.pdf

Our Equity Share is listed on the Bombay Stock Exchange (BSE) as well as the National Stock Exchange of India Limited (NSE).

HCC Clients:



Strategic International Associations

Joint Venture Partners (Execution / Risk sharing / Resource sharing)					
ALSTOM	DSO	TAISET	John laing		
BHEL	Mosmetrostroy	SKANSKA	HYUNDAI		
ÖZALTIN	NOVA CONSTRUCTION	ANDRITZ	KUMAGAI GUMI	SAMSUNG	
Technology Partners					
Halcrow	Van Oord	MN	SNC-LAVALIN	HALCON	Frischmann Prabhu
COLONCO	SELI	SOGREAH	CCBE	GC	Freyssinet

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.

Mission

- To be the customer's preferred choice for providing construction services
- Constantly assess the needs, realities and values of the customer and set goals to satisfy their needs
- Continually innovate, develop and adopt state-of-the-art technologies, methodologies and materials to deliver customer satisfaction through better, faster and cheaper construction
- Continually aspire to deliver higher standards of safety, occupational health and environment protection at work
- Continually develop and maintain a robust supply chain that will help us deliver value to the customer on time and to expectations
- Continually improve the competence of our people through education and by inculcating strict principles of conduct and responsibility, high standards of performance, and respect for individuals and their work.
- Organize work for effectiveness in delivering results and always look to commit today's resources to the future
- To build a reputation of trust and reliability amongst our customers, other stakeholders and society.

Awards and Recognitions

- EPC World Awards 2017 - Outstanding Contribution in Power Generation to Sainj Hydro Power Project
- Dun & Bradstreet - Winner of Infra Awards 2017 under Power Category to Sainj Hydro Power Project
- Times Award - Best Executed Hydro Power Project of the Year to Sainj Hydro Power Project Construction
- Infosec Maestros Award 2017 for its IT Security Solutions implemented at the Tendering Department - IT Security Solutions
- Infosec Maestros Award 2018 for its IT Security Solutions

Memberships

HCC is represented by our CMD Mr. Ajit Gulabchand at several national and global, governmental, departmental and industries forums. Some of these key memberships are:

1. Member, CII National Council
2. Member, CII Associations Council
3. Signatory member United Nations' Global Compact's CEO Water Mandate
4. Signatory member of Caring for Climate, United Nation's Action Platform for Business
5. Signatory member of WEF's CEO Climate Leaders
6. Member of Governor's Steering Board of the Infrastructure and Urban Development (IU) Community at the World Economic Forum (WEF)
7. Member of Disaster Resource Partnership Board, IU, WEF

8. Member of Steering Board, Future of Urban Development Services, IU, WEF
9. Member of Steering Board, Partnering Against Corruption Initiative, WEF
10. Member of Steering Board, Future of Construction, WEF
11. Member of the Private Sector Alliance for Disaster Resilient Societies (ARISE), United Nations International Strategy for Disaster Risk Reduction (UNISDR)
12. Member of Board of Trustees – New Cities Foundation
13. Executive Committee Member of TERI's (The Energy and Resources Institute) Council for Business Sustainability (2015-18)

Advocacy

Mr. Ajit Gulabchand, Chairman and Managing Director has delivered numerous key note addresses and participated in several prestigious and internationally recognized sustainable development events. Some of his key participations in various global forums in FY 2017-18 are listed below:

21-23 April 2017	World Economic Forum, Community of Chairmen, Annual Retreat 2017
1-2 June 2017	Swiss Economic Forum 2017, Interlaken
25-26 June 2017	Horasis India Meeting, 2017, Interlaken
4-6 Oct 2017	Panelist: Water-Secure India, India Economic Summit, 2017
23-26 Jan 2018	Discussion leader - Urban Migration Peril or Promise?, World Economic Forum Annual Meeting 2018, Davos
13-16 March 2018	MIPIIM Fair, a real estate exhibition, Nice

Our Approach to Sustainability

Management Approach

As a responsible construction and infrastructure major in India, HCC is aware of its business responsibility. Our business vision has been closely woven around the triple bottom line approach. Environmental responsibility and social commitment is taken into account in addition to our financial performance as we pursue sustainable growth. We have adopted construction practices that are sustainable, ensure prudent use of natural resources, minimize the impact on the environment and preserve the eco-system. Sustainability is embedded in the core values of our work as we continue to innovate and apply next-gen practices to execute some of the largest projects in the country.

Stakeholder Engagement:

We identified key stakeholder groups considering the present and potential impacts of our business on them and vice versa. We continually engage all our stakeholder groups through various modes of communication. Our annual sustainability report is one of the tools to inform our various initiatives and progress to the stakeholders. We strive to align the report contents to the interest of our stakeholders.

Our assessment of sustainability issues is primarily shaped by the nature of our activities, degree of impact on business and stakeholder expectations. For purpose of adoption of the GRI Standards, this year, we undertook a review of our materiality and identification of stakeholders through a workshop with the company's senior management. The outcome reveals our Stakeholders and the modes of engagement with them.

Stakeholders	Modes of engagement
Customers/Clients	<ul style="list-style-type: none"> One-on-one engagement with the client Formalised Customer Feedback Systems
Suppliers/Subcontractors	<ul style="list-style-type: none"> Annual SRA program and periodic vendor meets One-on-one engagements Pre-assessment and feedback system
Employees	<ul style="list-style-type: none"> Regular interactions and communications HCC Newsletters and E&C Connect mailers Structured performance management systems Training programs
Investors and Shareholders	<ul style="list-style-type: none"> Quarterly analyst meets and regular communications AGMs and EGMs Publications, Annual Report, Sustainability Report Corporate Website Investors' and shareholders' grievances committee
JV Partners	<ul style="list-style-type: none"> On-going partner management approach Sustainable partnerships in strategic business sectors Effective communication channels
Local Communities	<ul style="list-style-type: none"> Interactions with local groups and individuals around the projects Needs assessment Communications with local government bodies

Material Topics

The material topics that have the impact on the business in light of guidelines by latest GRI standards are as follows

Economic Performance	Occupational Health and Safety
Procurement Practices	Training and Education
Materials	Diversity and Equal Opportunity
Energy	Equal Remuneration for Women and Men
Water	Non-discrimination
Emissions	Child Labour
Effluents and Waste	Local Communities
Employment	Compliance
Labour Management Relations	

The disclosures on our management approach as well as performance details on disclosures pertaining to the above aspects within the organisation are presented in this report.

Formalized Customer Feedback System

We obtain customer's feedback on various parameters of HCC's performance through a standard questionnaire every quarter, which are analysed to arrive at corrective measures. In case of project obtaining Customer Satisfaction Index (CSI) below 3 in any of the quarters, the Management Representative and the concerned Project Manager interact with the customer to have a better understanding of their expectations. The corrective actions to mitigate the causes of dissatisfaction are finalised and implemented.

Business Development:

As an essential part of the business development process, we interact with clients of our upcoming projects during prequalification, as well as at various stages of the bidding cycle, in order to understand their expectations. If needed, we form strategic partnerships with international contractors for a new technology or for sharing the expertise required to execute large and technically complex projects. We adopted a 'Partner Management' approach for bid specific interactions with our joint venture partners.

Over the last 3 years, HCC has aligned itself to the changing needs of Indian Infrastructure by focusing on transport and energy sectors. Our order book as on 31st March 2018 was Rs 191.88 billion and has increased by 25% as compared to order book on 31st March 2015. We have also constructed green buildings for nuclear power infrastructure and being environmentally conscious, we will look at securing more projects in this sector in the coming years.

Risk Management

The Company has established a well-documented and robust risk management framework under the provisions of Companies Act, 2013. This is executed through the Risk Management Committee that has been delegated with the authority by the Board to review and monitor the implementation of the

Risk Management Policy. It deals with enterprise and project level risks, which are further subdivided into operational, financial, contractual, procurement and human resources related.

Supply Chain

As a diversified infrastructure company, HCC's supply chain comprises of multiple suppliers/stakeholders that are spread across the country. Labour contractors, technology/equipment providers, joint venture partners and raw material suppliers are an integral part of our supply chain with cement, aggregates, steel being the most important raw materials for us.

Engineering Highlights

With growing sustainability challenges, at HCC, R&D focuses with greater rigor on costs of materials, process evolution and refinement, enhancement of construction output, quality and continual efficiency improvements.

Construction Research and Development (CR&D)

CR&D is through internal cross-functional team working with academia, vendors and other research organizations. Currently CR&D is focusing on

- 1) Exploring alternate construction materials and processes with lower carbon footprint with an objective of sustainable resource consumption and utilization. This includes selecting methods that have lesser energy foot prints while offering sustainability advantage. E.g. roller compacted concrete (RCC) over conventional dam concrete.
- 2) Philosophy of materials integrated design engineering is taking deeper roots within organization with increasing number of projects recognizing the significance of this philosophy.
- 3) Through collaborations and in various forums, HCC is promoting the philosophy of life-cycle thinking.
- 4) Alternate feasible designs with improved specifications are being explored with an objective of not only optimizing the designs and engineering, but also value engineering.

As a result of various R&D efforts, over 10 technical papers were presented in various forums including international and national research journals, periodicals, conferences and magazines.

Technological marvels

Efforts made towards to bring in latest and advanced technologies at various projects:

- 1) Design and construction of 17 m high RE block wall has been undertaken at NH34, Package-3
- 2) 125 m span double-decker steel bridge launching at Bogibeel Bridge - HCC with its consortium partner from Germany has finalized the method for continuous launching of ten nos. of 125 meter span each road cum railway double-decker steel bridge.
- 3) Optimized design for Tehri PSP - the powerhouse cavern has been designed by using FLAC-3D software for optimization of rock supports with other design concepts in collaboration with expert from France and Canada is under progress.
- 4) Top-down construction of bridge for Assam road project where the bridge was first constructed at the ridge of the mountain followed by excavation and the construction of the wall below it.
- 5) Simultaneous retrieval of twin tube TBM - For the first time in India, twin tube TBMs were retrieved at the Delhi Metro Railway Corporation (DMRC) project, CC34.
- 6) Technology for construction of concrete faced rockfill dam (CFRD) at Kishanganga HEP
- 7) Pumping of self contracting concrete at RAPP 7 and 8.

Our Employees

Management Approach

Our organisation believes in sustainable, yet competitive growth. Therefore, our focus always remains on development of Human Capital which we believe can make all the difference for our organisation and help achieve our objectives. We give prime importance to employee development, wellbeing thereby facilitating their growth. Safeguarding human rights (equal opportunity & non-discrimination), health & safety are also core to our human resource practices. We have adopted policies and instituted several initiatives to this end.

Quality of life of the employees, particularly at the sites, developing talent, building people skills, career progression, employee engagement initiatives, providing dignity at work, respect for diversity, communicating to employees through Newsletters, E-News etc are some of the methods we adopt to create a best-in-class and motivated work force.

Attracting Talent

We have a streamlined and efficient recruitment and selection process to find and attract the best talent, thereby creating competitive strength and strategic advantage for the Company. Considering that our project sites are often located at 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.

Employee Wellbeing

The safety, health and well-being of our employees and workers are 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.

Skills Development

Learning and Development continues to be an important aspect of our human resources strategy. Skill development not only enhances the personal and professional growth of our employees, but is also the key for 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 with focussed trainings through 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 piece-rate workers, in order to upgrade their skills, creating a safe working environment and contributing to their continued employability.

Performance Management System

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.

Zero Tolerance to Discrimination

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.

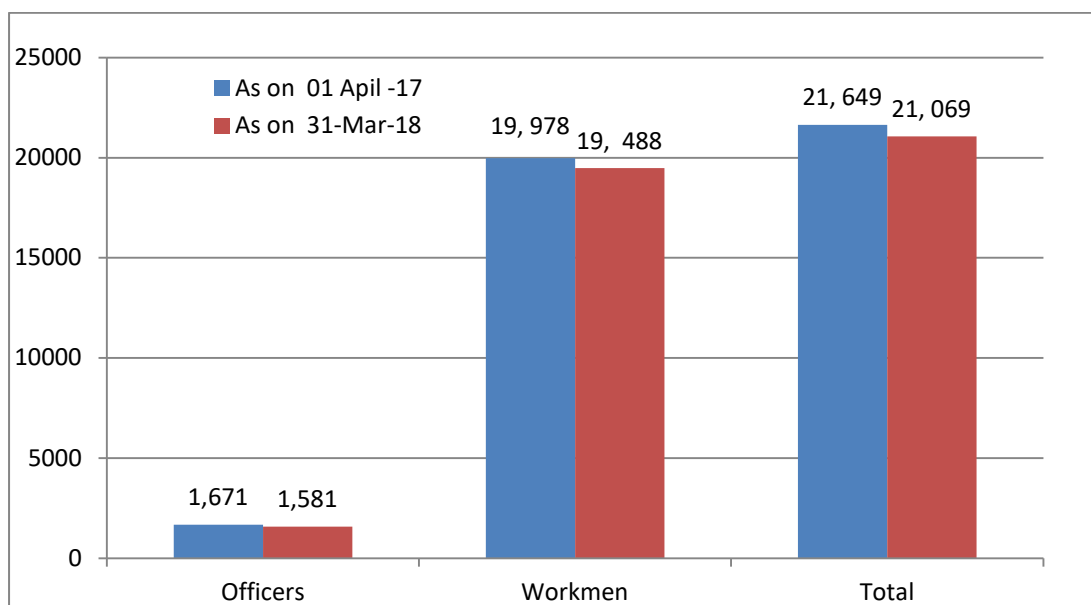
Workmen

Responsibility towards all our contract workmen is an important element of our responsible infrastructure philosophy. We remain committed to ensuring their health, safety, overall well-being, continual learning and development, equal opportunity and upholding all facets of human rights as per the law of the land.

Employment

Our human resources focus continued to be on improving efficiencies and reducing cost. While the trend of attrition continued, it remained within industry standard. At the same time, we continued to hire people with the right skill sets in order to ensure efficient, timely and high quality execution of our projects. We also ensured that existing benefits to our employees continue to remain available despite challenging business environment.

As of 31st March, 2018, our total workforce strength (HCC Engineering & Construction business) was 21,069. This comprised of 1,541 Senior, Middle and Junior Management Officers, 40 Trainees, Apprentices and Short-term Contracts, as well as 19,488 Workmen (on project rolls, sub-contracted and piece rate workers).



A snapshot of our employment data, as of 31st March 2018 is presented below:

Social Performance – Key Performance Disclosures¹	FY 2017-18
Total Workforce	
Workforce by Level of Employment	
Officers (Senior, Middle, Junior Management)	1,541
Others (Short Term Contracts, Trainees etc.)	40
Workmen (Excluding FTC)	19,488
Workforce by Type of Contract	
Permanent Employees	5,775
Sub-contract	4,937
Piece-rate Workers	8,776
Fixed-term Contract	116
Workforce by Gender (excluding Workmen)	
Male	1,514
Female	67

The details of new employee hires and attrition in FY 2017-18 are presented in the table below:

	Numbers left Voluntarily in FY 17-18 (attrition rate)	Numbers left Involuntarily in FY 17-18 (attrition rate)	Number of new hires in FY 17-18	Numbers of new hires, who voluntarily left in FY 17-18	Numbers of new hires, who involuntarily left in FY 17-18
By gender					
Male	452 (28.99%)	42 (2.69%)	400	87	8
Female	11 (16.42%)	1 (1.49%)	10	3	0
By Age groups					
< 30 years	188 (51.58%)	1 (0.27%)	190	42	0
30-50 years	245 (24.31%)	22 (2.18%)	196	47	6
>50 years	30 (11.83%)	20 (7.89%)	24	1	2

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

¹All workforce figures are as of 31 March 2018 and pertain to all active project sites 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.

Reward and Recognition

We have adopted a Recognition and Reward Policy that governs our approach to recognize and reward outstanding performance and contributions of individual employees and teams. The key areas in which performance is recognized under this policy are

- Project performance (physical progress, financial and safety performance),
- Order acquisition,
- Promoting safety culture at projects, and
- Claims and collections.

The policy also aims at institutionalizing the company's brand values, promoting innovation, team work and recognizing the contributions towards the company's priority areas.

The recognition is given on an annual basis. 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 and Middle Management)
- Annual Performance Linked Incentive (Senior and Middle Management) and 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

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. All our operations and contracts meet the appropriate human rights criteria as required by the applicable laws of the land. We have adopted a Policy on Prevention & Redressal of Sexual Harassment, in line with the statutory requirements. All 410 new hires have undergone awareness training on Human Rights and Prevention of Sexual Harassment. We have well defined systems in place for addressing any grievances.

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 around 70 women employees. There were 25 women employee participants in training programs conducted in FY 2017-18, amounting to 86 hours of training. The table below shows the ratio of basic salary and remuneration of women to men for each employee category:

Ratio of Basic Salary and Remuneration of Women to Men	
Senior Management	1
Junior and Middle Management	1

All our women employees are entitled to maternity leave. The table below shows the data pertaining to the return and retention of women employees post maternity leave:

Return to Work after Parental Leave	
Number of Employees Entitled (Women)	67
Number of Employees Aailed and Returned	Nil
Number of Retentions 12 Months After Return	1

Employee 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 2017-18.

Key training sessions conducted for officers include:

- Equipment Management
- Project Accounts Managers Development Program
- Advanced Materials Management & Inventory Control
- Project Planning & Control
- GST Implementation – Procurement Perspective
- Office Ergonomics & Healthy Work Postures
- Behaviour Based Safety
- Workplace Ergonomics
- Environment Protection at Site
- Housekeeping & Site Logistics
- Construction Safety

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

- Basic Construction Safety
- Defensive Driving
- Operation and maintenance of various construction equipment
- Construction Methodology Modules

The table below shows average employee training man-hours received by employees in FY 2017-18:

Average Employee Training Man-hours by Level of Employment	
Officers	5.74
Trainees	23.18
Workers	4.96

Average Employee Training Man-hours by Gender (Trainees included)*	
Officers (Male)	6.48
Officers (Female)	1.28

*We do not discriminate between male and female employees for training

Out of the programs organised for officers, some of them are central programs conducted at Head Office. These are primarily Functional & Technical Skills Development Programs and some Health & Safety programs. Highlights of these programs are given below:

Functional, Technical and Safety Training Programs

To enhance functional & technical skills, training programs like 'Advanced Materials Management & Inventory Control', 'Equipment Management', 'Project Planning & Control' etc, were conducted at Head Office for the officers working in those functions at project sites. These programs were designed to equip the officers to play effective role in project sites and make a positive impact in the day-to-day functioning. These programs were conducted by a team of internal and external experts.

A specialized program on 'Ergonomics and Healthy Work Postures' was conducted for the officers working at Head Office where the nature of work involves sitting at desk for a prolonged period of time. The objective of the program was to create awareness on this topic and help them plan and make small additions to their office routine that can help them to adopt a healthier lifestyle.

Health and Safety

Management Approach

At HCC, we are committed for effective Integrated Management System (IMS) at all levels for a process oriented approach. This approach, we believe continually leads us to business process improvements, resulting in improved profitability, employee engagement, reduction in wastages, customer satisfaction, as well as improvement in our Quality and HSE parameters.

Safety, as they say, is much more important than convenience and it is perhaps the most effective insurance policy. At HCC, paramount importance is given to safety at every juncture, every step of the way. The company advocates efforts to achieve zero accident at every project site. Several initiatives have been undertaken over the years to improve the safety performance at HCC including mandatory induction and training programmes, tool box talks, use of personal protective equipment etc., as well as adoption of a zero tolerance policy.

Proactive Safety Observation Program (PSOP)

The PSOP round consists of a cross functional team walking through the project site on a weekly basis for safety observations. Project Managers also attend PSOP round at least once in a month to show their commitment for safety to other site team members. During PSOP rounds, members of the team identify unsafe act, unsafe condition, and unsafe practices existing at the site. Subsequently, Project HSE head uploads the observations in online PSOP portal detailing actions required to address the issues found. The responsibility is given to section heads for taking corrective and preventive actions as well as their close out.

The observations of severity rating 5 are mailed to responsible person and an auto generated reminder escalation mail for closeout of the observation is sent to management.

Daily Safety Reporting

At HCC, we have initiated an online portal on daily safety reporting. This portal provides project wise consolidation of safety performance disclosures such as unsafe condition, unsafe act, near miss, first aid cases, tool box talks, trainings, penalty enforced etc. This consolidation with respect to the target is forwarded to the senior management through automatically generated mail. This helps to make site personnel accountable and hence more involved to achieve company's goal i.e. 'Zero Accident'.

Safety related Trainings:

To enhance the competency, we conduct training sessions through the experts of the field on the subjects like basic construction safety, behaviour based safety, environmental protection at site, workplace ergonomics, house keeping, defensive driving. This yields in enhanced skills and thus the productivity of the workmen.

Monthly Safety Theme:

The training sessions based on the monthly safety theme is conducted by the internal resources. Project Manager and senior staff, employees, workmen, client and sub-contractors at each project site are included in these sessions.

List of Monthly Safety Themes at projects during FY 2017-18

Month	Safety Theme of the Month
April	Vehicle Movement/Defensive Driving
May	Scaffolding Safety
June	Hazard Communication
July	Electrical Safety - Lock Out Tag Out (LOTO)
August	Fall Prevention & Protection
September	Material Handling, Mobile Crane Operational Safety, Safety in Equipment & Machinery Operation
October	Behaviour Based Safety (BBS)
November	Proactive Safety Observation Program (PSOP)
December	Piling
January	Welding & Gas Cylinders Safety
February	Environment Hazards and Prevention
March	Vision ZERO – 7 Golden Rule

Safety Statistics:

Safety Statistics *	
Man Hours Worked (Millions)	20.51
Injuries	04
Fatalities	01
Lost Days	6169
Frequency Rate	0.24
Severity Rate	300.65
Frequency Severity Index	0.36

* includes HCC employees

Behaviour Based Safety Programme:

Behaviour Based Safety (BBS) contemplates workman's ownership of his acts, essentially the unsafe acts. BBS begins with briefing sessions focusing on all activities at the work place. Observed unsafe and safe acts are communicated to the workmen. The unsafe acts are repeatedly highlighted for correction and safe acts are encouraged. BBS also discusses the unsafe conditions created due to the unsafe acts of others. Collecting information about at-risk behaviour helps the management determine the root cause of behaviour and develop a plan for preventive actions.

Safety Achievements and Client Appreciation:

- The Director General Naval Projects (DGNP) awarded a certificate of appreciation, for setting a record of 200 safe days without any Lost Time Injuries (LTI) at Dry Dock Project. The project has a workforce of around 1,200 working round the clock at the site.
- Delhi Metro Rail Corporation (DMRC), awarded certificate of appreciation for zero fatalities for Mukundpur –Yamuna Vihar corridor (line 7) DMRC CC 30 Project.
- Nuclear Power Corporation of India Ltd., awarded Project Safety Award 2017 and Housekeeping Awards to Rajasthan Atomic Power Project Unit 7 and 8.
- Reliance Industries appreciated achievement of 25 million safe man hours at Reliance J3 project.

HIV/AIDS education and awareness

In recognition of the serious impact of HIV/AIDS on migrant workers, HCC formed an HIV/AIDS workplace policy that focuses on educating and raising HIV/AIDS awareness amongst migrant workers that forms the core of the workforce at the Company's projects. HIV/AIDS awareness is now embedded in tool box talks to reach maximum workforce. The Company observes World AIDS Day every year on 1st December. Events are conducted with employee participation that involves pinning of red ribbons, awareness sessions, rallies etc. Posters and material given by NACO/ ILO and the state-level AIDS control societies are prominently displayed.

Quality Observation Tool (QOT)

At HCC, Quality Observation Tool (QOT) is adopted in which QC team along with other cross functional team members conduct quality inspection of construction activities periodically and corrective actions are taken to ensure conformance to quality standards. This helps to control the non conformances in execution of work. The project wise consolidation of QOT is analysed and reported to the management.

Upgrade to latest QMS and EMS ISO Standards

HCC's entire construction operations are optimised and governed through an Integrated Management System (IMS) based on standards stipulated by ISO 9001 for Quality; ISO 14001 for Environment, and BS OHSAS 18001 for Occupational Health and Safety.

HCC has undergone transition stage for updating its two systems: Quality Management System - QMS (ISO 9001:2015) and Environment Management System - EMS (ISO14001:2015). The company has completed this journey with committed efforts made by senior executives, cross functional departments and project sites. The sincere commitment shown at every level has been highly appreciated by the third party auditors during their audit.

HCC has adopted risk and process based approach for implementation of ISO standards and has identified two main core processes of its operations viz order acquisition and project execution.

The focus of new standards has shifted from document based to evidence based. The gap analysis of all departments at head office and project sites was conducted and the IMS system in the organisation was aligned to include organisational knowledge, context of organisation, identifying the interested parties, addressing their needs and expectations, internal and external issues of the

organisation, risk and opportunities for organisation and its mitigation plan, leadership effectiveness at all the levels, change management which addresses internal and external changes that impacts the performance of the organisation.

The certification body, TUV Nord conducted stage-I audit followed by stage-II audit at head office and randomly chosen projects.

Economic Performance

Management Approach

As one of the leading players in the Indian construction industry, HCC has been exposed to the vagaries of the external business environment faced by the industry in India. The Company has continuously recrafted its strategic positioning and calibrated its business objectives in line with the evolving business environment.

In 2017-18, this strategic intent translated into further enhancing focus on the core construction business. In effect, HCC has had to strike a fine balance between maintaining pace of execution activities, closing completed projects and growing the order book while carefully managing the limited working capital available. The Company has also undertaken several initiatives to monetise the non-core businesses.

With concerted efforts, even while focusing on selective orders that meet strict risk return equations, HCC has successfully increased the order book of its construction business to Rs 191.88 billion as of March 31, 2018. This includes Rs 22.77 billion of new orders received in 2017-18.

Financial Review

The Highlights of the financial performance for 2017-18 are:

- Total income increased by 8% to Rs 48.26 billion in 2017-18.
- Given a change in the mix of projects operating margins (EBITDA margins excluding other income) reduced from 17.9% in 2016-17 to 14.1% in 2017-18. EBITDA in 2017-18 was Rs 6.44 billion.
- With reduction in overall debt levels, finance costs reduced by 14.5% to Rs 6.60 billion in 2017-18.
- Profit after Tax (PAT) increased by 30.5% to Rs 780 million in 2017-18. However, after accounting for loss on fair valuation of equity instruments represented in other comprehensive income, comprehensive PAT reduced to Rs 660 million in 2017-18.

Figures in INR Crore	2017-18	2016-17
Total Income	48.26	44.58
Construction Cost (including materials/other expenses)	34.93	30.46
Employee Cost	4.38	3.97
EBITDA (excluding other income)	6.44	7.54
EBITDA margins (excluding other Income)	14.1%	17.9%
Finance Cost	6.60	7.72
Depreciation	1.23	1.25
Exceptional Items	-	0.21
Profit before Tax	1.12	0.97
Tax	0.34	0.38
Profit after Tax	0.78	0.59
Other comprehensive income (after Tax)	(0.12)	0.22
Total comprehensive income (after Tax)	0.66	0.81

Economic Performance - Key Performance Disclosures	Value (Million INR) (FY 2017-18)
Economic Value Generated	45,750.84
Revenues	45,750.84
Economic Value Distributed	47,142.72
Operating Costs	34,888.61
Employee Benefits and Wages	4,379.67
Payment to Providers of Capital	6,599.74
Payments to Government (Indian)	1,273.52
Economic Value Retained	(1,391.88)

Environmental Performance

Management Approach

We have imbibed the principle of optimal utilization of critical natural resources in our material procurement practice. This includes reuse of materials, minimizing waste generation, sourcing locally to the extent possible to decrease avoidable long-distance transport. We are also cognizant of our energy consumption and aim to optimize it by adoption of energy efficient practices through the use of latest technology and engineering innovations.

We do not have any construction project located in ecologically sensitive areas. However our on-site teams remain sensitive to the local ecology, landforms and communities and take several proactive initiatives to conserve the local environment.

Resource Optimization Initiatives

We have adopted centralised purchase system to cater all the projects spread across the country. We strive to adhere to our aim of maximising local purchases, which helps us to get the supply of major raw materials from the nearest terminals of the suppliers. Aggregate, sand etc are procured locally at project sites, as well as general stores material required for workmen and officers camps, which impacts the local market in positive way. Further, all the significant suppliers are Indian from whom 75% of the major raw materials are procured. Following are some of the resource optimisation initiatives.

A. Cut to length plates at Bogibeel Rail-cum-Road Bridge Project

At the Bogibeel Rail-cum-Road Bridge project, instead of using the readily available standard size plates, about 95 different variants of make-to-order sizes were procured in order to reduce the wastage of steel. In addition, HCC used 'Most 2D' automatic nesting software to generate efficient two-dimensional cutting plans for fabricating the steel superstructure for the bridge. The software generates high-utilization layouts, significantly reducing waste and maximizes productivity.

B. Cut and bend rebars at Mumbai Metro 3

The rebars of prefixed length and definite bends are procured that helps to avoid material wastage due to cutting the rebars.

C. Tighter tolerances of steel plates for Sawarakuddu Hydro Power Project

At Sawarakuddu Hydro Power Project, steel plates from Essar Steel are procured for construction of steel liner in the pressure shaft and penstock. Manufacturer, Essar Steel, was instructed to manage tighter tolerances on thickness, width and lengths of steel plates. This resulted in huge savings in material rejection.

D. Coupler use for savings

Reinforcement couplers were used at DMRC66, BARC Tarapur and Mumbai Metro Projects helped us to achieve huge reduction in the cost.

Conservation of Energy

HCC is continuing with energy saving measures like usage 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 & EOT/ Gantry Cranes and Use of Energy Efficient Motors in Gantry Cranes.

A. Usage of Load Sharing System in D.G. sets

DG Sets of various ratings are provided with synchronized arrangement. Based on the load, the operators switch 'on' or 'off' the DG Sets without interrupting the load. With this arrangement, the DG loading can be controlled to ensure better productivity.

B. APFC (Automatic Power Factor Controller) panels

As a practice, we are installing APFC panels at site electrical installations at strategic locations, in order to improve the power factor. Further, we also install additional 'capacitor banks' at high inductive load ends. At construction sites, motor load (i.e. inductive load) is prominent and hence installing power factor correcting devices result in substantial cost savings. Improvement in power factor has following effects:

- Reduced reactive current, thus reduction in I²R losses
- Reduction in reactive current, which results in lesser IR Voltage drops
- Lower expenditure for electricity consumption

C. FCMA (Flux Compensated Magnetic Amplifier) Starter for Main Crusher Motors

Main crusher motors have high ratings due to starting torque requirement. To start a crusher motor, the transformer, DG set and switchgear configuration in conventional systems require very high rating. The use of FCMA starters, the requirement of transformers, DG Set and Switchgear ratings have been lowered in comparison to the conventional system. This indirectly trickles down the electricity consumption.

D. Variable Frequency Drive (VFD) Starting System for Ventilation Fans and EOT/ Gantry Cranes

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 runs at reduced loads. The use of VFD has resulted in reduced electricity consumption at the idle time or at the time when there is lowered load. 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.

E. Use of Energy Efficient Motors in Gantry Cranes

This is a continuous process and all new cranes are procured with Energy Efficient Motors.

F. Use of LED lights and tubes at all the new coming projects

Use of LED lights and tubes instead of previously used mercury tubes or CFL bulbs at all the new sites.

World Water Day

As a proponent of the CEO Water Mandate of the United Nations and WASH (Water, Sanitation and Hygiene) initiative of the World Business Council for Sustainable Development, HCC observes the world water day across all project sites and head office on March 22. This year's theme focussed on 4 Rs (Reduce Reuse Recycle and Replenish) of water management. The theme emphasised on the practices that are presently followed at various project sites.

World Environment Day

The World Environment Day was celebrated across our project sites on June 05, 2017. To mark this day, a communication was sent by the Chairman and Managing Director, Mr. Ajit Gulabchand to all employees. The UN Theme for the year was 'Connecting people to nature'.

Our Environmental Footprint

Environmental Performance – Key Performance Disclosures	Unit	FY 2017-18
Materials		
Raw Materials	Tons	271247.84
Semi-manufactured Goods or Parts	Tons	2734775.507
Associated Materials *	Tons	2614
Energy		
Total Direct Energy	GJ kWh	634275.47 176187630.84
Aviation Turbine Fuel	KL GJ	72.15 2620.76
Diesel	KL GJ	17281.93 631654.72
Total Indirect Energy (purchased electricity)	kWh	41985859.59
Greenhouse Gas Emissions		
GHG emissions due to direct energy use	Ton CO ₂ eq	46989.07
GHG emissions due to indirect energy use	Ton CO ₂ eq	34222.67
GHG emissions intensity from construction ²	Ton CO ₂ eq/ INR Million [Turnover]	1.04
GHG saved on account of Fly Ash Utilization and ground granulated blast furnace slag	Ton CO ₂ eq	11085
Waste Disposed		
Solid Hazardous Waste (empty drums)	Numbers	360
Liquid Hazardous Waste (used oil)	KL	31.70
Non-hazardous Waste (cement bags)	Numbers	406000
Non-hazardous Waste (steel scrap, used spares)	Tons	9100

²GHG 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 (E&C business) was taken from our Annual Report available on the web-link mentioned in this Report.

Communication on Progress (COP): UN CEO Water Mandate

Management Approach

HCC was the first Indian company to endorse United Nations Global Compact's 'The CEO Water Mandate' and is an industry partner of the World Economic Forum (WEF). We have adopted 4 R (reduce, reuse, recycle, replenish) approach of water management at project sites. In this 10th Communication on Progress (CoP), we present the efforts made by the company towards propagating water consciousness in FY 2017-18.

Direct Operations

At HCC, we have a Water Policy which is being implemented at all project sites. The trained team of water champions deployed across all project sites is responsible for accounting of water withdrawal, the implementation of the 4Rs and water sensitization among all employees.

At each project, initially, water source tagging and utility mapping is carried. Water withdrawal from all sources is monitored.

Batching plants at every project are equipped with sedimentation tanks. The supernatant water is reused for dust suppression. This helps eliminate use of fresh water for the said purpose.

At Bogibeel Road cum Rail Project, Decentralised Waste-Water Treatment System (DWTS) is installed for the treatment of the sewage water which after the treatment is being recycled for gardening and sprinkling on road for dust suppression. Wherever possible, roof top water harvesting is done at offices and camp buildings.

This Communication on Progress pertains to the data from the following 20 project sites of the company:

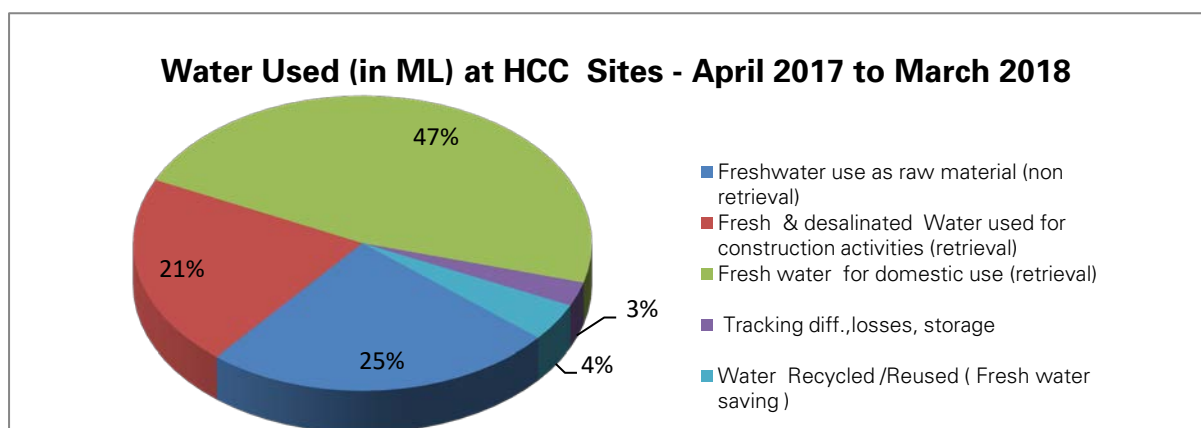
Transport		Hydro		Nuclear and special	
1	Ramban Banihal NH44	12	Punatsangchhu HEP	17	MTPP
2	Kolkata Elevated Corridor	13	Kishanganga HEP	18	RAPP
3	NH 34 Pkg 3	14	Pare HEP	19	DGNP
4	NH 34 Pkg 4	15	Tehri HEP	20	BARC Tarapur
5	Bogibeel	16	Sawrakuddu HEP		
6	Mumbai Metro Rail Corp Pkg III				
7	Delhi Metro Rail Corp CC34				
8	T - 48 Tunnel				
9	T - 49 / A Tunnel				
10	Numaligarh Johrahat Road Project				
11	Munirka Elevated Corridor Project				

Water management scenario at HCC's direct operation

Sr.	Description	QTY in ML
1	Fresh Water Withdrawal	425.74
	Freshwater use as raw material	217.43
	Fresh and desalinated Water used for construction activities	185.06
	Tracking difference, losses, storage	23.25
2	Water Recycled / Reused (fresh water saving)	36.24
3	Total Water used at HCC sites	461.97
4	Water disposal in natural water bodies after treatment	170.93
5	Net water use at HCC sites	254.80
6	Consolidated Water use efficiency at HCC sites (water reuse/net water use) x 100	14%

Domestic Water Management

1	Water consumption for domestic use at officers colonies and worker's camps	413.43
2	Domestic sewage from colonies and worker's camps	294.32



Supply Chain and Watershed Management:

HCC is conscious of watershed management around its project sites. While extracting water from the natural resources, proper monitoring systems are put in place for judicious water utilisation. During times of water scarcity, the local communities are supported by the company by providing drinking water supply. For example, at the Kishanganga Hydro Power Project, HCC has been providing drinking water to 5 villages around the project site by purchasing water from the Public Health Engineering Department.

Community Engagement:

Case Study: Rejuvenation of Diversion Based Irrigation System on Mhalungi River

Ashapur, a village located in Sinnar taluka of Maharashtra, had been suffering from acute water scarcity which severely affected cultivation, and fodder availability for the cattle. HCC, with the help

of Yuva Mitra, an NGO Based in Sinnar, rejuvenated the diversion based irrigation system which had become defunct due to siltation. This initiative helped to enhance the ground water table and rejuvenate the wells (more than 60 across 135 hectares of farms). This year it helped conserve more than 1000 million litres through percolation and irrigation. Thus HCC has maintained water positive status (by way of offsetting) with water index > 1.

This initiative was beneficial for the farmers to extend cultivation seasons and to expand their range of crops. The rejuvenation of canal at Ashapur village proved to be a good example of socio-economic improvement.

Transparency

This chapter serves as Communication on Progress (COP) for reporting period as April 2017 to March 2018. As part of the limited assurance of HCC's Sustainability Report 2017-18, TTC has reviewed the water related performance disclosures as per AA 1000 Standards. The assurance process included field visits to the project sites as specified in the assurance statement.

Community Sustainability

Management Approach

HCC remains steadfast on its holistic approach to support the community around. Our CSR philosophy is 'Do Good to Do Well and Do Well to Do Good'. The CSR Policy aims at implementing CSR activities in accordance with Schedule VII of Section 135 of the Companies Act 2013 and the notified Rules. The CSR Committee reviews the implementation of CSR Policy.

Summary of our CSR initiatives at Project Sites in FY 2017-18

- Beach clean up activity during and after Ganesh Festival at sea shore in Mumbai, Maharashtra
- Free heart care awareness camp and medical check-up for more than 100 elderly persons at Mumbai, Maharashtra
- Distribution of essential goods and food for flood affected community during the floods at Araria, Bihar
- Provision of transport facilities, supply of food and water for pilgrims affected due to land slides at Joshimath, Uttarakhand
- Provision of drinking water, basic food and refreshment and temporary shelters to over 700 families for 5 days during floods at Farakka, West Bengal
- Educational support for poor and needy students from Ramssoo and Bandipora in Jammu & Kashmir and also in Assam

Disaster Relief and Response

HCC is a founding member of the World Economic Forum's Disaster Resource Network (DRN India).

In 2017, Disaster Relief work was undertaken by the Vishnugad Pipalkoti Hydro Power Project in Uttarakhand. The site team took the initiative during a natural disaster which happened near Vishnuprayag on 12 May 2017. The incident happened at around 4 pm, and the ongoing Shri Badrinath Dham Yatra was halted due to heavy landslides between Joshimath and Shri Badrinath Dham. About 15,000 pilgrims were stranded at various places because of the road blockages. The HCC team arranged for their commute towards the destination and also provided them food and water.

During floods in Bihar, Sone Bridge project team distributed over 2000 bags containing rice, chickpeas, vegetable oil, pulses, milk powder and other daily requirements along with fresh drinking water among the flood affected families in Araria district. During the floods at Malda, (West Bengal), our team at Farakka Raiganj Highway project (NH34) provided temporary shelters, drinking water and food to over 700 families for 5 days, until the water in their villages receded.

Our Sustainability Performance

Economic Performance - Key Performance Disclosures	Value (Million INR) (FY 2017-18)
Economic Value Generated	45,750.84
Revenues	45,750.84
Economic Value Distributed	47,142.72
Operating Costs	34,888.61
Employee Benefits and Wages	4,379.67
Payment to Providers of Capital	6,599.74
Payments to Government (Indian)	1,273.52
Economic Value Retained	(1,391.88)

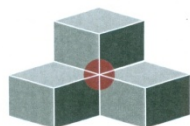
Environmental Performance – Key Performance Disclosures	Unit	FY 2017-18
Materials		
Raw Materials	Tons	271247.84
Semi-manufactured Goods or Parts	Tons	2734775.507
Associated Materials	Tons	2614.00
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Diesel	KL GJ	17281.93 631654.72
Total Indirect Energy (Purchased electricity)	kWh	41985859.59
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³GHG 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 (E&C business) was taken from our Annual Report available on the web-link mentioned in this Report.

Social Performance – Key Performance Disclosures	FY 2017-18
Total Workforce	
Workforce by Level of Employment	
Officers (Senior, Middle, Junior Management)	1541
Others (Short Term Contracts, Trainees etc.)	40
Workmen (Excluding FTC)	19488
Workforce by Type of Contract	
Permanent Employees	5775
Sub-contract	4937
Piece-rate Workers	8776
Fixed-term Contract	116
Workforce by Gender (excluding Workmen)	
Male	1514
Female	67
New Employee Hire and Turnover	
Total Number of New Hires (excluding Workmen)	
Male	452
Female	11
<30 years	188
30-50 years	245
>50 years	30
Total Number of Employees Leaving Employment (Officers only)	98
Male	95
Female	3
<30 years	42
30-50 years	53
>50 years	3
Return to Work after Parental Leave	
Number of Employees Entitled (Women)	67
Number of Employees Aailed and Returned	Nil
Number of Retentions 12 Months After Return	1
Ratio of Basic Salary and Remuneration of Women to Men	
Senior Management	1
Junior and Middle Management	1
Average Employee Training Man-hours by Level of Employment	
Officers	5.74
Trainees	23.18
Workers	4.96
Average Employee Training Man-hours by Gender (Trainees included)	
Male	6.48
Female	1.28
Safety Statistics⁴	
Man-hours Worked (millions)	20.51
Injuries	4
Fatalities	1
Lost Days	6169
Frequency Rate	0.24
Severity Rate	300.65
Frequency Severity Index	0.36

⁴Includes HCC Employees only

Independent Assurance Statement (TTC)



TTC
connecting ideas
for impact

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ASSURANCE STATEMENT

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

Introduction and objective of engagement

Thinkthrough Consulting Pvt. Ltd. (TTC) was engaged by Hindustan Construction Company Ltd, Engineering and Construction Business ('HCC' or 'Company'), to provide independent assurance to its Sustainability Report titled "Responsible Infrastructure" (the 'Report') for the financial year 2017-18. The Report has been developed by HCC based on Global Reporting Initiative (GRI) Standards (2016) and Construction and Real Estate Supplement (CRESS). The report has been self-declared to comply with the 'in accordance - core' requirements of the GRI Standards.

Respective responsibilities

The Report content and its presentation are the sole responsibility of the management of HCC. Company management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement, whether due to fraud or error.

TTC's responsibility, as agreed with the management of HCC, is to provide assurance on the Report content as described in the 'Assurance scope and Criteria' given below. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance a third party may place on the Report is entirely at its own risk.

Assurance scope and criteria

The Report of HCC covers its Engineering and Construction Business, including their Head Office, and all functional project sites, for the period 1st April 2017 to 31st March 2018.

- › The scope of our assurance was limited to assurance for the sustainability performance data and information as per GRI disclosures, namely: Company's management approach of material issues;
- › Statements, information and performance data and information included in the report;
- › Alignment of reported data and information to the requirements of the GRI Standards (2016) and CRESS indicators.

The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (2008) Type 2 assurance¹. We applied a moderate² level of assurance.

Limitations and exclusions

We conducted our review to express a moderate assurance conclusion. A moderate level assurance engagement relies on a risk based chosen sample of the selected information and the associated limitations that this entails. Our work was limited to two sample sites visited by us as stated in 'Summary of key assurance procedures'. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

Following are specifically excluded from our assurance scope:

- › HCC's disclosures for financial performance;
- › Aspects of the Report other than those mentioned in assurance scope;
- › The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company;
- › Operations of the Company and aspects of data/information other than those mentioned in Scope of Assurance;
- › Data and information outside the defined reporting period, i.e., 1st April 2017 to 31st March 2018.

Summary of our key assurance procedures

Our assurance processes involved performing procedures to obtain evidence about the reliability of specified performance information. The nature, timing and extent of procedures selected were based on our professional judgement, including the assessment of the risks of material misstatement of the performance indicators; the steps are outlined below:

- › Assessment of HCC's reporting procedures for sustainability reporting regarding their consistency with the reporting criteria;
- › Verification of systems and procedures used for quantification, collation, and analysis of sustainability performance data that are included in the Report;
- ›

¹ Type 2 Assurance: an engagement in which the assurance provider gives findings and conclusions on the principles of Inclusivity, Materiality and Responsiveness, and verifies the reliability of specified sustainability performance information AA1000AS (2008) Standard.

² A moderate level of assurance as per AA1000 (2008) Standard is commensurate with "limited" assurance as defined in the International Standard on Assurance Engagements 3000 (Revised) - Effective for assurance engagement dated on or after December 15, 2015.



- › Understanding the appropriateness of various assumptions, estimations and thresholds used by HCC for data analysis;
- › Discussions with the key personnel responsible for data compilation on sites;
- › Discussion on sustainability with key executives at Head Office to understand the risk and opportunities from the sustainability context and the strategy HCC is implementing to manage the same;
- › Verification of sustainability performance data, on sample basis, through site visits undertaken at two project sites namely: (i) Munika Elevated Corridor Project, Munirka (New Delhi); (ii) DGNP - Dry Dock Project, Mumbai (Maharashtra); The review of information and data for other facilities and project sites was done during visit to HCC's Head Office in Mumbai.

Appropriate documentary evidences were obtained to support our conclusions on the information and data verified. Where such documentary evidence could not be collected on account of confidentiality of information, our team verified the same at HCC's project sites.

Our conclusions

Based on the scope of our review, our conclusions are outlined below:

- › **Inclusiveness:**
We are not aware of any matter that would lead us to conclude that the Company has not applied the principle of inclusivity in engaging with key stakeholder groups. The company transparently disclosed its stakeholder engagement approach and activities in the Sustainability Report. The Company's engagement with some key stakeholder groups, such as local communities, suppliers, etc., and efforts to address their concerns were evidenced during the assurance process.
- › **Materiality:**
Nothing has come to our attention that causes us to believe that any material issue has been excluded from Sustainability Report of the Company. The Company has mapped its material issues as a materiality matrix, which is disclosed in the Sustainability Report.
- › **Responsiveness:**
We are not aware of any matter that would lead us to believe that the Company has not applied the responsiveness principle for dealing with stakeholders (such as customers, suppliers, and local communities) on material aspects covering its sustainability performance.
- › **Reliability of sustainability performance information:**
We reviewed the accuracy and completeness of sustainability information in the Report. Nothing has come to our attention that causes us not to believe that the data has been presented fairly, in material respects, in keeping with the GRI Standards guidelines and the Company's reporting principles and criteria.

Our observations

Without qualifying our *Conclusions* above, we draw attention to the points stated below:

- › Nature of HCC's business is such that its operational locations, i.e., their project sites are not permanent. Despite this, the Company has made noteworthy progress in setting up reasonably robust sustainability data management systems at project locations;
- › The Company has made significant progress in establishing processes for identifying material issues through stakeholder engagement. Going forward, strategic approach can be taken towards management of 'material' issues by taking specific targets against select material topics; eventually, disclosures regarding progress on these topics would add substantial value to sustainability report;
- › During the course of our review, we had a few observations related to data correctness, transcription and analysis. These were discussed with the Company's management and appropriate actions to rectify the same are being taken either in the current or next reporting cycle.

Our assurance and independence

TTC is a professional services firm that specialises in accountability on sustainability issues. The assurance was performed by our multi-disciplinary competent team of experts in AA1000 Assurance Standard, who has extensive experience in conducting independent assurance of environmental, health, safety, social, economic and ethical data, systems and processes. We have implemented measures to ensure that we follow the applicable independence procedures.

For Thinkthrough Consulting Pvt. Ltd.

Dipankar Ghosh, Partner
New Delhi
1st October 2018



AA1000
Licensed Assurance Provider
000-223

GRI Content Index



GRI	Standard Titles	Page Number
GRI 101:	Foundation 2016	
GRI 102:	General Disclosures 2016	
GRI 102-1	Name of the organization	1
GRI 102-2	Activities, brands, products, and services	1,3
GRI 102-3	Location of headquarters	3
GRI 102-4	Location of operations	1 (Projects spread Pan India)
GRI 102-5	Ownership and legal form	4
GRI 102-6	Markets served	3
GRI 102-7	Scale of the organization	3
GRI 102-8	Information on employees and other workers	13
GRI 102-9	Supply chain	9, 23
GRI 102-10	Significant changes to the organization and its supply chain	No significant changes
GRI 102-11	Precautionary Principle or approach	Risk Management (8)
GRI 102-12	External initiatives	3
GRI 102-13	Membership of associations	5,6
GRI 102-14	Statement from senior decision-maker	2
GRI 102-15	Key impacts, risks, and opportunities	Risk Management (8)
GRI 102-16	Values, principles, standards, and norms of behavior	5
GRI 102-17	Mechanisms for advice and concerns about ethics	Annual Report Page no 66 http://www.hccindia.com/hcc_admin/data_content/investor_pdf/HCC-Annual-Report-FY-2017-18.pdf
GRI 102-18	Governance structure	4
GRI 102-22	Composition of the highest governance body and its committees	Annual Report (P20-24)
GRI 102-23	Chair of the highest governance body	4
GRI 102-24	Nominating and selecting the highest governance body	Annual Report (P37-38)
GRI 102-28	Evaluating the highest governance body's performance	Annual report P39
GRI 102-30	Effectiveness of risk management processes	Annual Report (P42,24)

GRI 102-35	Remuneration policies	Annual Report P20-21
GRI 102-36	Process for determining remuneration	Annual Report P20-22, 39
GRI 102-38	Annual total compensation ratio	Annual Report P20-22
GRI 102-39	Percentage increase in annual total compensation ratio	Annual Report P48
GRI 102-40	List of stakeholder groups	7
GRI 102-41	Collective bargaining agreements	13
GRI 102-42	Identifying and selecting stakeholders	7
GRI 102-43	Approach to stakeholder engagement	7
GRI 102-44	Key topics and concerns raised	8
GRI 102-45	Entities included in the consolidated financial statements	Annual Report P141-145
GRI 102-46	Defining report content and topic Boundaries	1, 34
GRI 102-47	List of material topics	8
GRI 102-48	Restatements of information	No
GRI 102-49	Changes in reporting	No
GRI 102-50	Reporting period	1
GRI 102-51	Date of most recent report	Financial Year 2016-17
GRI 102-52	Reporting cycle	Annual (1)
GRI 102-53	Contact point for questions regarding the report	1
GRI 102-54	Claims of reporting in accordance with the GRI Standards	1
GRI 102-55	GRI content index	35
GRI 102-56	External assurance	Yes. 32
Economic performance		
GRI 201: Economic performance 2016		
GRI 103-1	Explanation of the material topic and its Boundary	8
GRI 103-2	The management approach and its components	21
GRI 103-3	Evaluation of the management approach	Board Committees on all the Material aspects are formed (refer Annual Report P22-24), Corporate Governance (Annual Report 37), Performance Evaluation of these committees (refer to Annual report P39) http://www.hccindia.com/pdf/HCC-Annual-Report-FY-2017-18.pdf
GRI 201-1	Direct Economic Value generated and distributed	21, 22
GRI 201-3	Defined benefit plan obligations and other retirement plans	employee benefits (14)
GRI 201-4	Financial assistance received from government	Nil
GRI 204: Procurement Practices 2016		
GRI 103-1	Explanation of the material topic and its	8

	Boundary	
GRI 103-2	The management approach and its components	23
GRI 103-3	Evaluation of the management approach	Board Committees on all the Material aspects are formed (refer Annual Report P22-24), Corporate Governance (Annual Report 37), Performance Evaluation of these committees (refer to Annual report P39) http://www.hccindia.com/pdf/HCC-Annual-Report-FY-2017-18.pdf
GRI 204-1	Proportion of spending on local suppliers	As HCC has an extensive pan- Indian project footprint, our definition for local sourcing continues to remain nation-wide. Almost 100% of the significant procurement budget at the projects in this reporting period was sourced locally (within India).
Environment performance		
GRI 301: Materials 2016		
GRI 103-1	Explanation of the material topic and its Boundary	8
GRI 103-2	The management approach and its components	23
GRI 103-3	Evaluation of the management approach	Board Committees on all the Material aspects are formed (refer Annual Report P22-24), Corporate Governance (Annual Report 37), Performance Evaluation of these committees (refer to Annual report P39) http://www.hccindia.com/pdf/HCC-Annual-Report-FY-2017-18.pdf
GRI 301-1	Materials used by weight or volume	30
GRI 302: Energy 2016		
GRI 103-1	Explanation of the material topic and its Boundary	8
GRI 103-2	The management approach and its components	23
GRI 103-3	Evaluation of the management approach	Board Committees on all the Material aspects are formed (refer Annual Report P22-24), Corporate Governance (Annual Report 37), Performance Evaluation of these committees (refer to Annual report P39) http://www.hccindia.com/pdf/HCC-Annual-Report-FY-2017-18.pdf
GRI 302-1	Energy consumption within the organization	30
GRI 302-4	Reduction of energy consumption	Conservation of Energy(24)
GRI 303: Water 2016		
GRI 103-1	Explanation of the material topic and its Boundary	8
GRI 103-2	The management approach and its	26

	components	
GRI 103-3	Evaluation of the management approach	Board Committees on all the Material aspects are formed (refer Annual Report P22-24), Corporate Governance (Annual Report 37), Performance Evaluation of these committees (refer to Annual report P39) http://www.hccindia.com/pdf/HCC-Annual-Report-FY-2017-18.pdf
GRI 303-1	Water withdrawal by source	CEO Water Mandate (27)
GRI 303-2	Water sources significantly affected by withdrawal of water	No
GRI 303-3	Water recycled and reused	CEO Water Mandate (27)
GRI 305: Emissions 2016		
GRI 103-1	Explanation of the material topic and its Boundary	8
GRI 103-2	The management approach and its components	23
GRI 103-3	Evaluation of the management approach	Board Committees on all the Material aspects are formed (refer Annual Report P22-24), Corporate Governance (Annual Report 37), Performance Evaluation of these committees (refer to Annual report P39) http://www.hccindia.com/pdf/HCC-Annual-Report-FY-2017-18.pdf
GRI 305-1	Direct (Scope 1) GHG emissions	30
GRI 305-2	Energy indirect (Scope 2) GHG emissions	30
GRI 305-4	GHG emissions intensity	30
GRI 305-5	Reduction of GHG emissions	30
GRI 305-6	Emissions of ozone-depleting substances (ODS)	No ODS involved in the operations
CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity	30
GRI 306: Effluents and Waste 2016		
GRI 103-1	Explanation of the material topic and its Boundary	8
GRI 103-2	The management approach and its components	17, 23, 26
GRI 103-3	Evaluation of the management approach	Board Committees on all the Material aspects are formed (refer Annual Report P22-24), Corporate Governance (Annual Report 37), Performance Evaluation of these committees (refer to Annual report P39) http://www.hccindia.com/pdf/HCC-Annual-Report-FY-2017-18.pdf
GRI 306-1	Water discharge by quality and destination	CEO Water Mandate (27)

GRI 306-2	Waste by type and disposal method	30
GRI 306-4	Transport of hazardous waste	30
CRE5	Land and other assets remediated and in need of remediation for the existing or intended land use according to applicable legal designations.	HCC activities have not caused any significant land contamination, hence there is no need for remediation
GRI 307: Environmental Compliance 2016		
GRI 103-1	Explanation of the material topic and its Boundary	8
GRI 103-2	The management approach and its components	7, 29
GRI 103-3	Evaluation of the management approach	Board Committees on all the Material aspects are formed (refer Annual Report P22-24), Corporate Governance (Annual Report 37), Performance Evaluation of these committees (refer to Annual report P39) http://www.hccindia.com/pdf/HCC-Annual-Report-FY-2017-18.pdf
GRI 307-1	Non-compliance with environmental laws and regulations	No case of such environmental noncompliance in reporting year.
Social performance		
GRI 401: Employment 2016		
GRI 103-1	Explanation of the material topic and its Boundary	8
GRI 103-2	The management approach and its components	11
GRI 103-3	Evaluation of the management approach	Board Committees on all the Material aspects are formed (refer Annual Report P22-24), Corporate Governance (Annual Report 37), Performance Evaluation of these committees (refer to Annual report P39) http://www.hccindia.com/pdf/HCC-Annual-Report-FY-2017-18.pdf
GRI 401-1	New employee hires and employee turnover	13
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	14
GRI 401-3	Parental leave	15, 31
GRI 402: Labour/Management Relations 2016		
GRI 103-1	Explanation of the material topic and its Boundary	8
GRI 103-2	The management approach and its components	11
GRI 103-3	Evaluation of the management approach	Board Committees on all the Material aspects are formed (refer Annual Report P22-24), Corporate Governance (Annual Report 37), Performance Evaluation of these committees (refer to Annual report P39)

		http://www.hccindia.com/pdf/HCC-Annual-Report-FY-2017-18.pdf
GRI 402-1	Minimum notice periods regarding operational changes	No such changes during the reporting period. As prescribed under the Industrial Disputes Act, 1947, 21 days' notice period is provided.
GRI 403: Occupational Health and Safety 2016		
GRI 103-1	Explanation of the material topic and its Boundary	8
GRI 103-2	The management approach and its components	11, 17
GRI 103-3	Evaluation of the management approach	Board Committees on all the Material aspects are formed (refer Annual Report P22-24), Corporate Governance (Annual Report 37), Performance Evaluation of these committees (refer to Annual report P39) http://www.hccindia.com/pdf/HCC-Annual-Report-FY-2017-18.pdf
GRI 403-1	Workers representation in formal joint management-worker health and safety committees	All our project level health and safety committees have an equal representation of management and workers.
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	31
CRE6	Percentage of the organization operating with verified compliance with an internationally recognized health and safety management system.	Management Approach(17), Making the transition to latest QMS and EMS ISO Standards (19-20)
GRI 404: Training and Education 2016		
GRI 103-1	Explanation of the material topic and its Boundary	8
GRI 103-2	The management approach and its components	11
GRI 103-3	Evaluation of the management approach	Board Committees on all the Material aspects are formed (refer Annual Report P22-24), Corporate Governance (Annual Report 37), Performance Evaluation of these committees (refer to Annual report P39) http://www.hccindia.com/pdf/HCC-Annual-Report-FY-2017-18.pdf
GRI 404-1	Average hours of training per year per employee	15, 16
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Functional, Technical and Safety Training Programs (16)
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	employee benefits (14)
GRI 405: Diversity and Equal Opportunity 2016		
GRI 103-1	Explanation of the material topic and its Boundary	8

GRI 103-2	The management approach and its components	11
GRI 103-3	Evaluation of the management approach	Board Committees on all the Material aspects are formed (refer Annual Report P22-24), Corporate Governance (Annual Report 37), Performance Evaluation of these committees (refer to Annual report P39) http://www.hccindia.com/pdf/HCC-Annual-Report-FY-2017-18.pdf
GRI 405-1	Diversity of governance bodies and employees	Diversity and Equal Opportunity (14)
GRI 405-2	Ratio of basic salary and remuneration of women to men	Diversity and Equal Opportunity (14, 15)
GRI 406: Non-Discrimination 2016		
GRI 103-1	Explanation of the material topic and its Boundary	8
GRI 103-2	The management approach and its components	11
GRI 103-3	Evaluation of the management approach	Board Committees on all the Material aspects are formed (refer Annual Report P22-24), Corporate Governance (Annual Report 37), Performance Evaluation of these committees (refer to Annual report P39) http://www.hccindia.com/pdf/HCC-Annual-Report-FY-2017-18.pdf
GRI 406-1	Incidents of discrimination and corrective actions taken	There was no such incidence reported in reporting period. (12)
GRI 408: Child Labour 2016		
GRI 103-1	Explanation of the material topic and its Boundary	8
GRI 103-2	The management approach and its components	11
GRI 103-3	Evaluation of the management approach	Board Committees on all the Material aspects are formed (refer Annual Report P22-24), Corporate Governance (Annual Report 37), Performance Evaluation of these committees (refer to Annual report P39) http://www.hccindia.com/pdf/HCC-Annual-Report-FY-2017-18.pdf
GRI 408-1	Operations and suppliers at significant risk for incidents of child labour	Zero Tolerance to Discrimination (12)
GRI 412: Human Rights Assessment 2016		
GRI 103-1	Explanation of the material topic and its Boundary	8
GRI 103-2	The management approach and its components	11

GRI 103-3	Evaluation of the management approach	Board Committees on all the Material aspects are formed (refer Annual Report P22-24), Corporate Governance (Annual Report 37), Performance Evaluation of these committees (refer to Annual report P39) http://www.hccindia.com/pdf/HCC-Annual-Report-FY-2017-18.pdf
GRI 412-2	Employee training on human rights policies or procedures	Diversity and Equal Opportunity (14)
GRI 413: Local Communities 2016		
GRI 103-1	Explanation of the material topic and its Boundary	8
GRI 103-2	The management approach and its components	29
GRI 103-3	Evaluation of the management approach	Board Committees on all the Material aspects are formed (refer Annual Report P22-24), Corporate Governance (Annual Report 37), Performance Evaluation of these committees (refer to Annual report P39) http://www.hccindia.com/pdf/HCC-Annual-Report-FY-2017-18.pdf
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	29
GRI 419: Socioeconomic Compliance 2016		
GRI 103-1	Explanation of the material topic and its Boundary	8
GRI 103-2	The management approach and its components	7, 29
GRI 103-3	Evaluation of the management approach	Board Committees on all the Material aspects are formed (refer Annual Report P22-24), Corporate Governance (Annual Report 37), Performance Evaluation of these committees (refer to Annual report P39) http://www.hccindia.com/pdf/HCC-Annual-Report-FY-2017-18.pdf
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	No significant fines or sanctions were levied on HCC during the reporting period.

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