

# Corporate Social Responsibility

Corporate social responsibility (CSR) is a top priority for Hirco and one of our core values. CSR encompasses the economic, environmental, and social benefits and impacts our company has for a wide range of stakeholders (see below). For Hirco, acting responsibly is a 'win-win'. The Company protects the environment and improves the quality of life for stakeholders and the people living and working in our townships, while also creating value.

## Hirco's Stakeholders

Hirco's stakeholders come from all over the world and from all walks of life and socio-economic backgrounds.

Investors in the Company

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Governments and regulators

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Our customers, employees, and business partners

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Contractors and their employees

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The people who will live, work, study and play in Hirco's vibrant township communities

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Our neighbours living in communities near Hirco townships.

## Our Economic Commitment

Through our business activities, Hirco has both direct and indirect impacts on the economies in which we operate. Our direct economic impacts include:

- revenues the Company generates;
- the purchase of goods and services from suppliers;
- job creation and employee compensation;
- income taxes paid to governments; and
- charitable donations and other community investments.

### 2009 UPDATE

As of 30 September 2009, the value of Hirco's investments in its four projects in Chennai and Panvel was £414.6 million, representing an 18% increase from the total acquisition cost of approximately £350.8 million.<sup>1</sup>

As of 30 September 2009, Hirco's net asset value (NAV) was £6.89 per share, which represents a cumulative increase of 45% from a NAV of £4.74 per share at the time of the Company's IPO on the London Stock Exchange's Alternative Investment Market (AIM) on 13 December 2006.

Through our township developments in Chennai and Panvel, we are creating jobs, making a positive impact on the local economy and building communities.

For example, at our Hiranandani Palace Gardens development in southeast India, there were approximately 2,500 people working on site by the end of 2009. Residents of nearby villages have been hired for a variety of contract labour, administrative and service roles. Some materials are being sourced from local vendors. The Company has contracted 10 vendors from local villages for water supply for both construction and drinking. Hirco has also provided employment indirectly through outsourcing agencies and contractors.

## Our Environmental Commitment

Hirco believes the quality of life in its townships is determined as much by the social environment we create as by the quality of the physical assets we build.

Hirco is a signatory of the Mission on Sustainable Growth (MSG), a voluntary initiative by the Confederation of Indian Industries (CII). MSG is a code that guides ecologically sustainable business growth and includes 10 commitments towards conservation of so-called 'natural capital'. As a signatory to MSG, Hirco is committed to demonstrate attainment of conservation of natural and other resources in its pursuit of sustainable growth. These resources include land, water, energy and construction materials.

### OUR PRACTICES

Through sustainable environmental practices at our Chennai and Panvel townships, we are committed to reducing our townships' dependence on the public infrastructure and making them self-sustaining. These practices include:

**Reduce** Converting biodegradable organic waste into manure for township gardens.

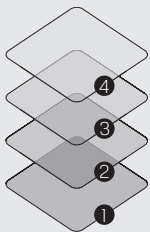
**Re-use** Harvesting millions of litres of rainwater and reusing it for construction, flushing and garden irrigation.

**Recycle** Sewage treatment and 100% recycling of treated sewage water for construction, flushing and garden irrigation. Our rule of thumb is to allocate 40% of each township to green space.

## Creating Value for Shareholders and Customers.

Hirco's unique real estate development model results in demonstrated and significant value creation as our master planned townships mature.

### HIRCO'S FOUR PILLARS OF VALUE CREATION



#### 1. LOCATION

We locate our township developments on large, undeveloped parcels of land in well-connected suburbs near major Indian cities, providing residents and commercial tenants all the advantages these cities offer.

#### 2. INFRASTRUCTURE

The scale of our undeveloped township sites enables us to develop local infrastructure and services from scratch with a single, unified vision and to the highest world-class standards.

We build the whole infrastructure from the ground up – roads, electrical power, telecommunications backbone, water and sanitation. By doing so, we reduce our townships' dependence on the public infrastructure and make them to a great degree self-sustaining.

#### 3. AMENITIES

We build each township to a unique master plan encompassing all facets of daily life – modern residences and offices; retail centres; large parks,

neighbourhood gardens and children's play areas; a club house; a hospital; schools; a hotel and convention centre; supermarkets; and restaurants, cafés and entertainment facilities.

#### 4. ENVIRONMENTAL SUSTAINABILITY

By adhering to sustainable environmental practices, we further reduce our townships' dependence on the public infrastructure and make them self-sustaining.

## Our Environmental Commitment continued

### 2009 UPDATE

In December 2009, we completed construction of the water treatment plant (capacity: 2.3 million litres per day) that will serve our Chennai township. Construction of the sewage treatment plant for Chennai township was completed in January 2010.

Landscaping work at Hiranandani Palace Gardens Chennai is already in progress, and current designs call for planting 30,000 new trees in addition to transplanting any trees that are uprooted during construction.

For our Hiranandani Palace Gardens Panvel township, we have created a nursery in which 45,000 trees and plants are growing in preparation for re-planting in the gardens.

We also continued to work towards LEED certification for the residential and commercial buildings we are constructing at our Chennai township.

### LEED CERTIFICATION

The green building rating system known as leadership in energy and environmental design (LEED) has become the accepted benchmark worldwide for certifying the design, construction and operation of high-performance green buildings.

Hirco is aiming to achieve LEED Gold certification ratings from the Indian Green Building Council (IGBC) for all the residential buildings we are building in Phase 1 at Hiranandani Palace Gardens Chennai. Hirco has registered with IGBC with the goal of receiving certification at the design phase and the IGBC will be auditing construction.

Moreover, at our Hirco Business City commercial townships in Chennai and Panvel, we are aiming to achieve LEED certification for our office buildings. BG House, which is located at Hiranandani Business Park in Powai near Mumbai, was the first building in Mumbai to achieve LEED Platinum certification.

A green building is one that follows the practice of increasing building efficiency, while reducing its impact on human health and the environment. This is achieved through selection of site location, building design, construction, operation, maintenance, and reuse of materials.

Before receiving LEED certification, a building project must satisfy a number of green building criteria, including those pertaining to: sustainable site development; water savings; energy efficiency; materials selection; indoor environmental quality; and innovation in design.

Hirco and its stakeholders derive multiple benefits from green buildings. LEED compliant buildings result in operational savings, consuming on average 40-50% less energy and 20-30% less water compared with conventional buildings. Green buildings also increase productivity and quality of life for the people working and living in them; and LEED certification can help drive sales and have a positive impact on Hirco's brand image.

We establish our own nurseries to grow the tens of thousands of trees and plants that we plant in our townships' gardens.



## Our Social Commitment

### SAFETY FIRST

Occupational health and safety is at the top of Hirco's CSR agenda. Our aim is to ensure the best possible workplace health and safety for all Hirco employees, contract workers, customers and visitors.

### HSE POLICIES AND SYSTEMS

Health, Safety and Environment (HSE) is a core value for Hirco and is enshrined in the Company's Code of Conduct. Adopted in 2007, the Code defines the required employee behaviours and practices expected in a sustainable company, including how to maintain a good work environment and be a good member of the local community. (Please see page 24 for more information about Hirco's Code of Conduct.)

Hirco has an integrated Health, Safety & Environment Policy in which we affirm our commitment to provide a safe and healthy environment and to build sustainable communities in a socially and environmentally responsible manner.

Through the policy, we commit to:

- Prevent environmental pollution, injury and ill health to all stakeholders.
- Continually improve HSE performance by adopting economically viable best available technology.
- Comply with applicable laws and other HSE requirements to which we subscribe.
- Optimize use of natural and man-made resources by effective planning, implementation and operation.
- Instill HSE accountability amongst employees and other associates by way of collaboration, consultation and active engagement.

To ensure that HSE management is ingrained in our business processes and work culture, Hirco has implemented an Occupational Health & Safety (OH&S) Management System based on international standard BS OHSAS 18001:2007, the internationally recognized assessment specification for OH&S systems. BSI ([www.bsi-global.com](http://www.bsi-global.com)) designed OHSAS 18001 to be compatible with ISO 9001.

In 2009, Hirco was awarded OHSAS 18001:2007 certification for compliance with occupational health and safety standards by the certifying agency, Det Norske Veritas (DNV). The certificate is valid up to 31 May 2012.

We have set down detailed criteria for selection of construction contractors on the basis of their commitment, capabilities and past performance on OH&S. Contract conditions that include control measures ensure contractors are aware of and fulfill their OH&S obligations. Implementation of safety control measures is ensured by continuous supervision, interaction with the contractors and regular audits. Engineering measures are given precedence so as to eliminate or minimize risk.

### HSE ORGANIZATION AND PRACTICES

Hirco's HSE organization includes a team of HSE professionals reporting to the Chief Technical Officer. At the construction site level, both Hirco and each contractor has its own HSE management team including safety managers/engineers and safety stewards. Each project site has an HSE Committee comprising workers and management representatives in equal numbers. Each Committee meets once a month and provides a forum for involvement of workers in HSE management. Safety stewards monitor work sites to identify and rectify unsafe activities and conditions. Health and safety precautions are conspicuously advertised at work sites.

Our aim is to ensure the best possible workplace health and safety for all Hirco employees, contract workers, customers and visitors.



## Our Social Commitment continued

We use HSE training to create and sustain awareness among employees at all levels. All Hirco and contractor employees are provided with HSE induction training. Frequent 'Toolbox Talks' by Hirco's and contractors' safety professionals help ensure that every worker learns the basics of workplace safety. Customers and other visitors are briefed on safety procedures prior to touring a construction site. They are also provided with safety shoes and helmets.

All workers are provided with the necessary personal protective equipment such as helmets, safety shoes, reflective jackets, body harnesses, gloves and safety goggles. They are also trained in the correct use of equipment.

Hirco conducts both planned and surprise audits and inspections to assess health and safety performance.

### SAFETY PERFORMANCE

Safety performance is measured by the Incident Rate (IR) and the Frequency Severity Index (FSI). The incident rate is expressed as the number of injuries per 1,000 persons employed. The FSI is a composite of the frequency of the accidents and their severity.

We aim to maintain an FSI and IR below 0.5 and 0.02 respectively regardless of the breadth and volume of our construction activities. In the year ended 30 September 2009, we achieved an FSI of 1.62 and IR of 0.02.

On 30 September, our Hiranandani Palace Gardens Chennai site reached the milestone of one million safe man hours, indicating there had been no reportable lost-time injuries during the 85-day period between 7 July 2009 and 30 September 2009.

### COMMUNITY INVESTMENT

As a responsible corporate citizen, community service initiatives are an important aspect of Hirco's operations.

#### CHENNAI ACTIVITIES

##### CHILD-CARE CENTRE

Many labourers work as couples and are on site with their children, so we ensure these children receive the educational and health services they need and, above all, live in a safe environment.

At our Hiranandani Palace Gardens Chennai township project site, we are providing a crèche and schooling, including computer-based learning, for over 60 children of construction staff in collaboration with Children of the World India ([www.cwindia.org](http://www.cwindia.org)), a Chennai-based charitable trust.

Hirco and CWI are delivering various welfare, nutrition and health care programmes for these children to help them grow into healthy individuals.

CWI has appointed three qualified teachers and two supervisors for the day-care centre.

Children aged 18 months up to four years learn such basics as hygiene and participate in reading and writing activities based on the Montessori method. Children aged between 4 and 10 years are taught reading and writing, as well as practical skills. All ages also participate in indoor and outdoor games. English is the common language of instruction, given the multilingual background of the children.

All the children are provided with a nutritious snack in the morning and evening, as well as a nutritious meal at lunchtime.

CWI specializes in providing training and development programmes for youth, including embroidery technology, fashion apparel technology, leather goods technology, organic agriculture, graphic design and desk-top publishing, and food and beverage production and service.

## Supporting our community stakeholders

As a responsible corporate citizen, Hirco believes it is an essential priority to support the communities in which we operate.

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**VILLAGE SCHOOL**

Hirco has taken several initiatives to support Vadakkupattu School, which is located near Hiranandani Palace Gardens Chennai. These include: the installation of a new main gate at the school; painting of the school buildings; providing financial assistance to top students; and provision of books and stationery, scout uniforms, and National Cadet Training for the students.

**THRIVENI ACADEMY**

Hirco has assumed management of Thriveni Academy, a large school located in Vadakkupattu Village.

The academy offers affordable education for children from families who have never had formal schooling. There are now over 500 students attending the Academy.

The institution offers both primary and higher secondary education. Teachers from the school visit neighbouring villages to enroll children and promote awareness among villagers about the importance of education and how it can help improve their lives. Supported by Hirco, the school is equipped with a language laboratory for English and Hindi as well as a playground and garden.

**FLOOD RELIEF**

On 15 November 2009, almost 200 families living in the vicinity of Vadakkupattu Village lake were put at risk when incessant rain caused the lake to overflow and caused a partial collapse of the lake's boundary wall.

Acting quickly, Hirco staff arranged relief measures. They first safeguarded the lake wall with three truckloads of sand infused into 500 empty cement bags. This was followed by the quick repair of the lake wall. Hirco also extended assistance in the form of food and snacks to the relief workers from the Chennai site canteen. Vadakkupattu Village council extended its thanks and gratitude for the timely help extended by the Hirco team.

**MUMBAI ACTIVITIES****GARDEN AT INDIAN CANCER SOCIETY**

Hirco has developed a garden at the Indian Cancer Society's Rehabilitation Centre building at Parel, Mumbai, for the use of children undergoing cancer treatment. Hirco is also supporting the ongoing maintenance of the garden.

**GIVEINDIA**

Hirco has linked up with the not-for-profit organization GiveIndia to make it easy for employees to contribute to causes of their choice.

GiveIndia is dedicated to helping the public donate to NGOs that are aiding the poorest of the poor in India. All NGOs on GiveIndia have been screened for transparency and credibility. In essence, GiveIndia is a "philanthropy exchange" that lists over 200 trustworthy charities on its website - [www.giveindia.org](http://www.giveindia.org) where the public can select causes and then make donations. Donors receive a report informing them how their donation has been utilised.

GiveIndia has a Payroll Giving Programme through which corporate employees can contribute a small amount from their salary every month to a cause of their choice. By November, approximately 60% of Hirco employees had signed up to participate and contributions are ranging from Rs.50 to Rs.100,000 per month.

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- 1 The crèche at Hiranandani Palace Gardens Chennai township project site
- 2 Hirco employees provide flood relief at Vadakkupattu Village
- 3 By November, approximately 60% of Hirco employees had signed up to participate in the GiveIndia organization.

# Our Code of Conduct

Hirco's Code of Conduct guides our decision-making process. The following sections of the Code are most relevant to corporate social responsibility's triple bottom line – economic, environmental and social.

## MAINTAINING A GOOD WORK ENVIRONMENT

Our productivity and quality of work are significantly impacted by the work environment. If the work environment is not appropriate, productivity and quality suffer. The work environment consists of both the physical environment and what is generally referred to as the office atmosphere. We will ensure that the environment we create will be such as to achieve maximum productivity and quality. The Company will meet all legal responsibility to provide a safe and secure workplace for all employees.

- We will ensure that our offices and project sites meet health and safety policies established by the Company.
- We will ensure all staff are aware of the Company's plans for dealing with disasters – fires, earthquakes, and disruptions due to unrest. Individuals will be trained in the roles they are expected to play in such events to ensure minimum disruption to the business and our customers.
- We will follow appropriate directions regarding use of protective gear such as hard hats, goggles and stay away from off-limits areas when we are at work sites.

## BEING A GOOD MEMBER OF THE LOCAL COMMUNITY

No business operates in a vacuum. Our project sites will be located in or near major metropolitan areas. We must contribute and be seen to contribute to the well-being of the communities of which we are a part. We will strike a balance between the needs of the business and that of the local community.

- We will minimize the environmental impact of our operations on the local communities. There are a number of ways we will explore to achieve this, including the use of renewable energy sources such as solar power, and the recycling of water to minimize the additional demand we place on the water and sanitation systems.
- We will look to build sustainable communities where families can live, work, play, shop, and study without having to travel long distances. This will reduce the consumption of non-renewable energy.
- Wherever possible we will seek to create employment opportunities for local people. This will make us a good corporate citizen but also makes business sense as we minimize relocation costs.
- Any member of our staff that wishes to take part in local community work will be encouraged to do so without disrupting operations.
- India is a country of diverse cultures, beliefs, and languages. We will respect the character and traditions of the communities in which we work.

## MEETING OUR CUSTOMERS' NEEDS

The most critical community for us is that of our customers. Without customers business has no reason to exist. We will always place the customer's needs first.

We will always be responsive to our customers. When we receive feedback – positive or negative – we will act on it as promptly as possible. We will close the loop by advising the customer of the action taken and thanking the customer for it.

Our communication with our customers is an important aspect of our relationship with them. In the event of any dispute, such communication will be of importance in the resolution process. We will endeavour at all times to be objective and factual in our communication.

## WORKING TOGETHER WELL

Hirco is engaged in many highly complex and large projects. Such projects can only succeed when large numbers of people work together well. This will only happen in a supportive environment.

- We will help each other succeed so all of us can succeed.
- We recognize that the Company's success depends on each employee being allowed to realize his/her full potential. We value the work of each person regardless of title or position.
- We treat each other with respect.
- We treat all people fairly regardless of race, religion, colour, language, nationality in matters of employment, promotion, and compensation.