'0 hospitalization, 0 fatality' Goal – Policy Guidelines

It is the responsibility of each contractor to ensure a safe working environment for its staff and labour and ensure that necessary precautionary/pre-emptive measures are taken to minimize impact of any human error. Further, contractor is also responsible for ensuring that appropriate training and equipment is provided to his workforce (staff and labour) to enable them to carry out their responsibilities without endangering their safety or that of other people working on that site.

As a company which seeks to adhere to the highest standards of human safety and ensure a '**0 hospitalization, 0 fatality**' environment at all its sites, the Construction Management team of Lodha shall also be responsible for ensuring compliance with the aforesaid responsibilities by the respective contractors and to take any further required measures to achieve the goal of a '**0 hospitalization, 0 fatality'** site, including compliance with the minimum standards prescribed by the company's safety code. The company is very focussed on ensuring a safe working environment for our associates and labour and shall have a **0 tolerance policy for inaction / lack of concern about safety from the Construction Management team**. Safety is the joint responsibility of each member of the Construction Management team and should be taken with highest seriousness.

In order to guide and assist the Contractors and Construction Management team, Lodha shall have a small team of specialized safety experts who shall provide guidelines and technical guidance for implementation of those guidelines, provide practical on-site training/demonstration of how to implement safety best practice and how to minimize impact of human error, and also conduct audit and report potential threats / non-compliances to the Construction Management team, who shall thereafter be responsible for implementation of necessary remedial measures.

To incentivize credible adherence with the company's philosophy of doing all that is humanly possible to ensure a safe work environment, following incentives / penalties shall be followed:

Lodha Construction Management:

To reward / incentivize our goal of a '**0 hospitalization, 0 fatality**' environment, every site which remains free of any major accident (viz. no incident of hospitalization exceeding more than 48 hours and no fatality and generally observed attitude of maintaining a safe environment) for the 12 months from 1st April to 31st March, company shall pay a 'safety bonus' of Rs. 5000 to every confirmed Construction Management cell associate working on that project (same unit as applicable for STPI). The bonus shall be paid in the month of May. To qualify for this bonus, a site should be operational/under construction for minimum of 6

months in the relevant FY. For sites which are operational for > 6 months but <12 months in the said FY, bonus amount shall be paid on pro-rata basis calculated on basis of no. of months operational / 12.

In cases of hospitalization or fatality, which is attributable to failure / negligence of Lodha Construction Management cell associates to implement safety standards specified by the company's safety code (final determination to be done by HOC-Safety or COO):

a. Incident of hospitalization exceeding 48 hours but not leading to death:
    - Contribution of Rs. 10,000/- per incident (deducted from monthly salary) for each associate of Const Mgmt cell at level 0-1..
    - No payment of quarterly performance bonus for that project (as defined for purposes of Quarterly Bonus Calculation) in that quarter.
b. Incident leading to death:
    - Contribution of Rs. 25,000/- per incident (deducted from monthly salary) for each associateof Const Mgmt cell at level 0-1.. **This amount shall be paid in entirety to the family of the deceased.**
    - No payment of quarterly performance bonus for that project (as defined for purposes of Quarterly Bonus Calculation) in that quarter.

It shall be the responsibility of the Project Head from Const Mgmt (who is full-time on the site) to inform the COO and Director-Operations on occurrence of any incident involving hospitalization (of any duration) or death within 3 hours of the incident occurring (by sms or email).

Further, in case more than three incidents (five incidents in case of a large or very large project) of a. or more than one incident (two incidents in case of a large or very large project) of b. occur in the same project during the lifecycle of the project and these incidents are attributable to Lodha Const Mgmt's failure to comply with the company's safety code, the Project Head from Const Mgmt (who is full-time on that site) shall be relieved from the services of the company.

Contractor: In cases of hospitalization or fatality, which is caused on account of any work in the said contractor's scope OR caused by any workmen employed by the said Contractor (final determination to be done by level 0/1 of Const Mgmt (incharge of the site) or COO):

a. Incident of hospitalization exceeding 48 hours but not leading to death:
    - Debit / penalty of Rs. 50,000/- per case. In case of more than 3 such cases occurring on a given site under the same contractor, the said debit amount shall be increased by 100% for future incident. Further, all hospitalization expenses and lost wages by the hospitalized workman will be reimbursed in full by the Contractor.
b. Incident leading to death:

- Debit / penalty of Rs. 200,000/- per case. In case of more than 1 such case occurring on a given site under the same contractor, the said debit amount shall be increased by 100% for future incidents OR the contractor may be terminated (as per decision of Director / COO). In any case of fatality, the contractor shall reimburse an additional sum of atleast Rs. 200,000/- to the victim's family as one-time compensation, within 30 days of the fatality occurring – this would be in addition to any statutory compensation payable by the Contractor to the family of the deceased.

Implementation of the aforesaid shall be monitored / controlled by HR department in case of Const Mgmt cell associates and Const Mgmt department (level 2 or higher) in case of Contractors.

All aforesaid figures shall be increased by 10% in 2012 and thereafter, by 25% on 1st April of every leap year after 2012(rounded to nearest Rs. 5000).