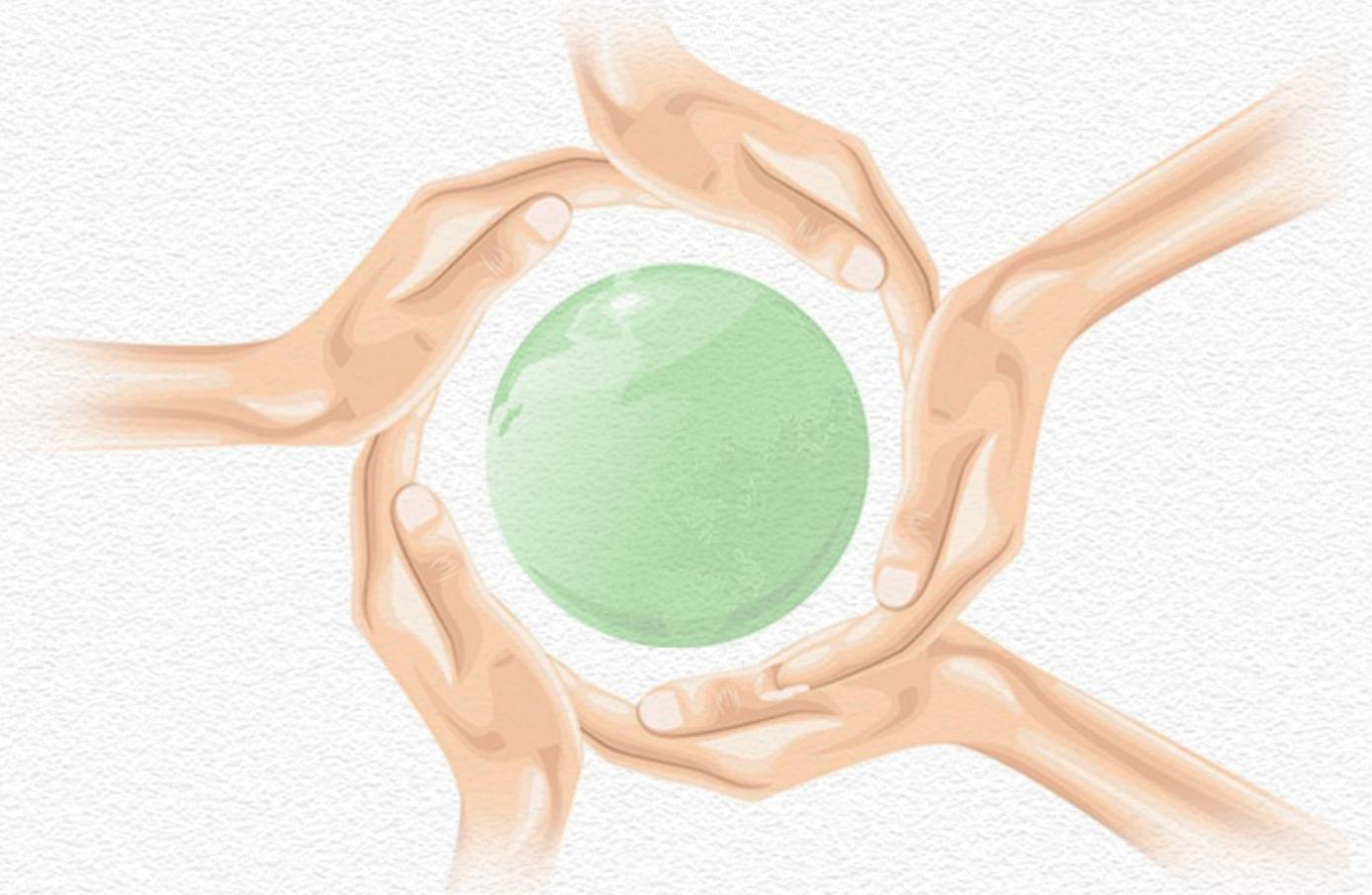


Sustainability Report 2013-14

Working together for a
sustainable future



PETRONET LNG LIMITED

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“We are continuously working towards empowering our employees and developing their skill set for them to realize their true potential and in turn drive Petronet’s growth.”

Dear Stakeholders,

We are committed in our journey of becoming a strong and sustainable organization. In our endeavours we are constantly striving to run a successful business, contribute towards nation building, support inclusive community growth model, and create a healthy work environment for our people. Discussing in details on these aspects, we present to you our second sustainability report for FY 2013-14.

From business sustainability perspective, FY 2013-14 was a year of ups and downs for us. The Company achieved net revenues, from operations, of INR 37,747.58 Crore crore up from INR 31,467.44 crore during 2012-13. The positive for the year was that Company continued to penetrate markets and grow its sales volume. On the negative side, while net revenues increased by 20%, Profit after tax (PAT) decreased by 38% from INR 1149.30 crore in FY 2012-13 to INR 711.90 crore in FY 2013-14.

Besides focussing on our own growth, Petronet’s operations and vision is also contributing towards nation building. We are a fast growing enterprise with our operational footprint ever increasing. In our wake we are creating numerous job opportunities for country’s eligible workforce. In FY 2013-14, Petronet commissioned its second terminal in Kochi, Kerala creating more than 200 permanent jobs and around 200 part time average monthly jobs. Further company has created opportunities for unskilled, semi-skilled and skilled workforce at its brownfield expansion project at Dahej terminal and will further create numerous opportunities during the upcoming construction and commissioning of its third terminal in Gangavaram, Andhra Pradesh, which is currently in planning phase. Further, the company is committed to the inclusive growth approach. We have initiated a number of ‘Corporate Social Responsibility’ programmes to improve the quality of life of the communities in the vicinity of our terminals. Over the years, we have been working on thematic areas such as supporting education, healthcare, rural infrastructure, and environment management beside others to create a sustainable environment.

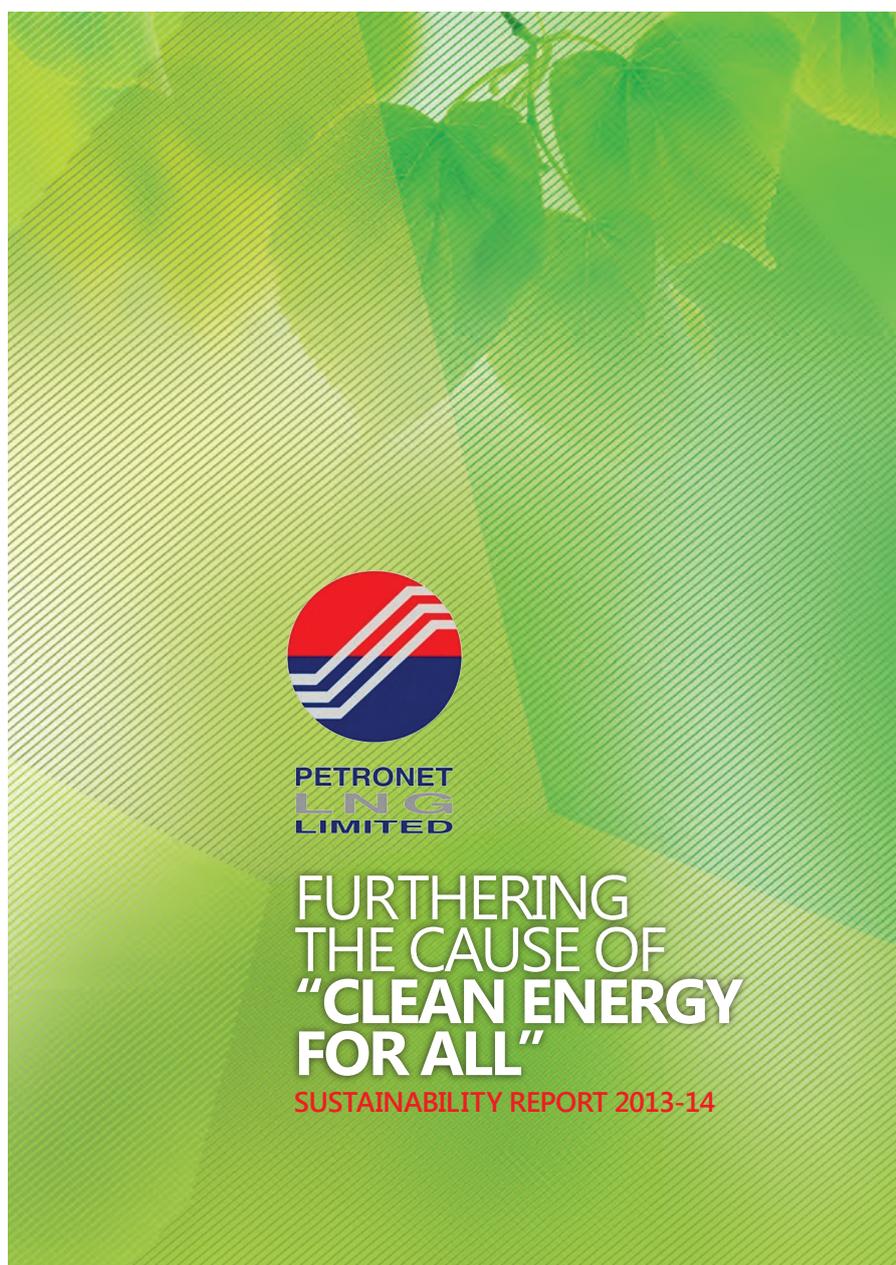
From human resources perspective we continue to believe that our employees are our strongest links in the path to a sustainable future. We are continuously working towards empowering our employees and developing their skill set for them to realize their true potential and in turn drive Petronet’s growth. In this regard during the FY 2013-14 period, company invested over 6 mandays of training per employee. Our focus on learning and development has been a key contributor in curbing attrition which is quite satisfactory as per industry standards. Further, we are constantly striving to provide safe and convenient working environment for our employees to be able to work at their optimal level. Here we pride ourselves at being an equal opportunity employer, committed to include human resources from diverse social, economic, cultural, educational and regional backgrounds, thus embracing inclusivity and diversity. In line with this thought process, recently we have also constituted an internal committee under the Sexual Harassment of Women at Workplace Act 2013 with the agenda of preventing and investigating acts of sexual harassment against women at our terminals and office premises.

This report is a summary of these and other similar stories of proactive action taken and progress made by the company over the last one year period. In essence, we are imbibing in our core strategic vision the concept of “financial returns” along with “social returns” to sustain the competitive advantages. We invite you to kindly go through the report and will appreciate your feedback on any relevant aspect. We sincerely hope you will find this report informative and useful, showing our resolve to do what is good for people, planet and society.

Sincerely,

Dr. A.K. Balyan
MD & CEO

About the report



LNG Ltd. (PLL) in the fiscal year 2013-14 besides highlighting on unique initiatives and projects undertaken by the company. The reporting boundary for FY 2013-14 report includes the corporate office in Delhi and the LNG Terminals at Dahej, Gujarat and Kochi, Kerala. Kochi terminal became operational from August 2013 onwards, and its performance data is for the period August 2013 to March 2014. Performance of PLL's JV company, i.e. Adani Petronet (Dahej) Port Private Ltd., does not form part of this year's report.

This report has been prepared in accordance with the Global Reporting Initiative's (GRI) – G3.1 Guidelines, and adheres to Oil and Gas sector supplement (OGSS). The report is in compliance with application level of "A+". We have engaged Ernst and Young LLP, to provide an independent external assurance for the data presented in the report. Further, the report has been conceptualised and articulated by Indian Centre for CSR (ICCSR). ICCSR promotes the four pillars of CSR i.e. workplace, marketplace, society and environment. Petronet believes in these intrinsic CSR values and in fact has embedded them in our core philosophy of being in service to the needs of people and society, as a responsive corporate citizen.

Based on feedback received last year, we have tried to improve upon this year's report. Going forward your feedback will be equally valuable for us to improve our reporting performance. Please send your feedback and we shall incorporate relevant suggestions and ideas in future reporting exercises as well. You can write to us at investors@petronetlng.com.

Furthering the cause of "Clean Energy for all" is Company's second sustainability report for the period FY 2013-14. Our previ-

ous sustainability report was released for FY 2012-13. This report documents the economic, environmental and social performance of Petronet

About PLL



Second Jetty at Dahej

Petronet LNG Limited (PLL), one of the fastest growing companies in the Indian energy sector, was incorporated on April 2, 1998, as a joint venture by the Government of India to import LNG and set up LNG terminals in the country.

PLL's commercial operations commenced in April 2004 with Country's first LNG receiving and regasification terminal established at Dahej, Gujarat. Since then company's second terminal has been commissioned in 2013-14 at Kochi, Kerala. While the Dahej terminal has a capacity of 10 MMTPA, equivalent to 40 MMSCMD of natural gas, the Kochi terminal has a capacity of 5 MMTPA, equivalent to 20 MMSCMD of natural gas.

VISION:

"To be a key energy provider to the nation by leveraging company's unique position in the LNG value chain along with an international presence."

MISSION:

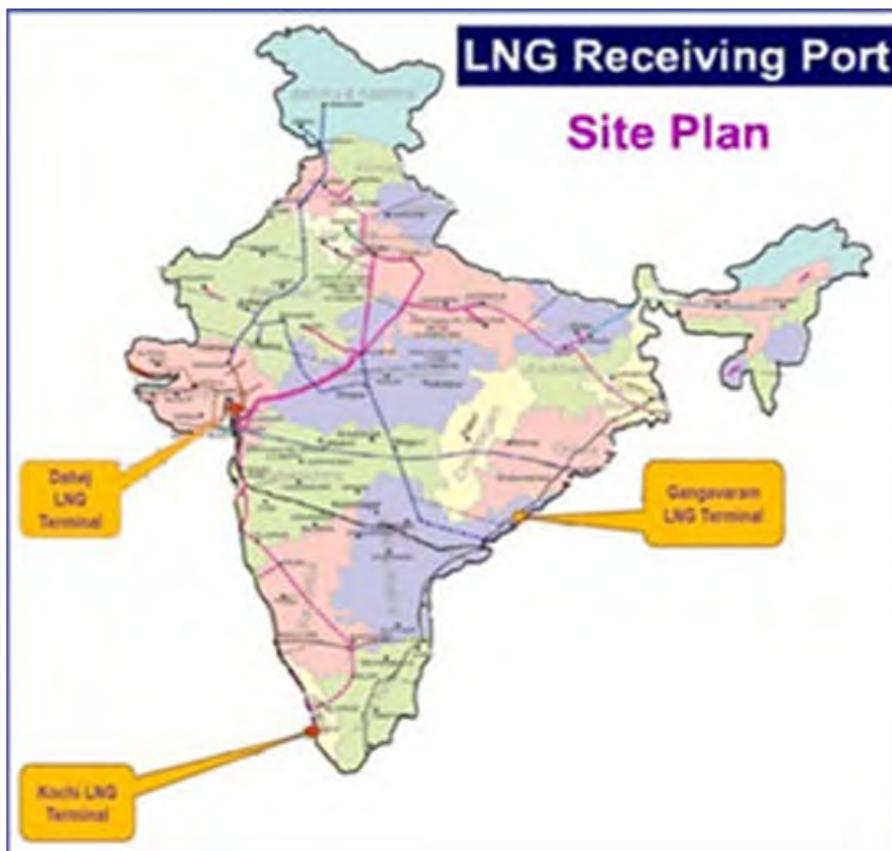
- Create and manage world class LNG infrastructure
- Pursue synergetic business growth opportunities
- Continue excellence in LNG business
- Maximize value creation for the stakeholders
- Maintain highest standards of business ethics and values

Further, company is currently undertaking activities related to expansion of Dahej LNG Terminal from 10 MMTPA to 15 MMTPA. The same are progressing

well. The expansion project involves construction of two additional storage tanks, additional Re-gas facilities of 5 MMTPA capacity and four LNG Truck loading bays.



Term sheet signing with Gangavaram Port Ltd



Company's terminals (existing and proposed) and pipeline network spread across India

The construction of second jetty is almost complete. The same shall be commissioned before onset monsoon of 2014. The second LNG Jetty shall mitigate the risk in addition to berth the higher capacity Q-Max and Q-Flex LNG vessels.

Assessing the country's long term energy needs and to further the cause of clean energy for all, company is now in the process of building its third terminal at Gangavaram near Vishakhapatnam in Andhra Pradesh. The terminal's location is strategically selected on the east coast of India for catering to the demand on this area. In this regard, Petronet LNG Limited (PLL) has signed a term sheet for developing a land based Liquefied Natural Gas (LNG) Terminal at Gangavaram Port, Andhra Pradesh with an initial capacity of 5.0 MMTPA with Gangavaram Port Limited (GPL). Company is also exploring the possibilities of installing Floating Storage Regasification Unit (FSRU) for initial period of 3-5 years.

The Company strives to meet the ever-growing demand for natural gas pan-India, particularly in high-priority sectors such as power and fertilizer. PLL additionally provides an alternative fuel source for the automotive industry and feedstock for chemicals and petrochemicals. For consumers who are not associated with the gas pipeline, the Company has initiated measures to reach them through overland transportation using LNG trucks / hubs. As opposed to setting up a complex pipeline network, we make utilization of the already existing road network.

At present, we import 7.5 MMTPA of LNG from Qatar and have signed an LNG SPA with Exxon Mobil Corporation for supply of approximately 1.5 MMTPA of LNG from the Gorgon LNG Project, Australia on a long term basis for the Kochi LNG terminal.

Most recently PLL has also ventured into Solid Cargo Ports Business with its Joint Venture Company namely Adani Petronet (Dahej) Port Private Ltd. commencing Phase I operations at Dahej Port.

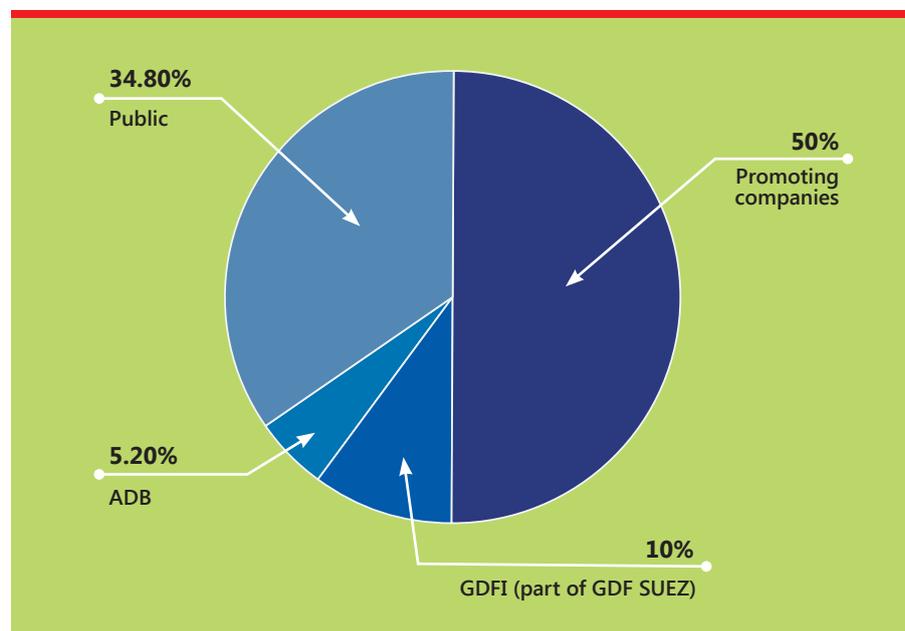
Shareholding structure

PLL is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). Our shareholding pattern, as on 31st March 2014, was as following:

The Company is promoted by GAIL (India) Ltd. (GAIL), Bharat Petroleum Corporation Ltd. (BPCL), Indian Oil Corporation Ltd. (IOCL) and Oil and Natural Gas Corporation Limited (ONGC). These four organisations hold 50% of PLL's shares.

Other shareholders include GDF SUEZ (10%), Asian Development Bank (5.20%), while the rest are held by the public (34.8%). GDF SUEZ is the strategic partner of the Company.

CATEGORY OF SHAREHOLDER	TOTAL SHAREHOLDING AS A % OF TOTAL NO. OF SHARES
(A) Shareholding of Promoter and Promoter group	
1. Individuals / Hindu Undivided Family	00.00
2. Bodies Corporate	50.00
3. Others	00.00
Total (A)	50.00
(B) Public Shareholding	
1. Institutions (mutual funds, financial institutions / banks, insurance companies, foreign institutional investors)	24.27
2. Non institutions (Bodies corporate, individuals)	25.73
Total (B)	50.00
Total (A) + (B)	100



Product Profile



LNG Vessel 'Aseem'

PLL deals primarily in the import and re-gasification of Liquefied Natural Gas (LNG). The product composition is dominated by methane, with varying portions of ethane, propane and butane. To ease transportation, Natural Gas is cooled to -160oC to liquefy. It is transported in cryogenic tankers across seas to our Terminals, where it is re-gasified and afterward distributed. PLL has branded its product as 'Taral Gas' - the new-age eco-friendly fuel. Besides pipelines, the Taral Gas is likewise being delivered to customers not connected with pipeline from our Terminals, through truck loading. Here, our Dahej and Kochi Terminals are already installed with a full-fledged truck loading units.

Your Company has efficiently managed the transportation of 7.50 MMTPA

of LNG from RasGas, Qatar, to Dahej. Three LNG ships, namely 'Disha', 'Raahi' and 'Aseem', are operating on a long-term charter basis. The Shipping Corporation of India (SCI) is equity partner in the ship owning companies. Disha and Raahi have been manned, managed, maintained and operated by SCI since December, 2008, and the management of Aseem has also been transferred to SCI in March, 2013.

Petronet is proud to be of service to India in furthering the cause of "clean energy for all". Product responsibility forms the basis of the very presence of our Company and is engrained in our vision and mission statements. While our product itself is a clean fuel, we have added responsibility of its safe handling and supply. In spite of the fact that there are no major sustainability

challenges emerging from the transportation and use of our product, we are constantly living up to expectations towards decreasing the effect of our business and operations.

In this regard, we are improving green covers around our territories of significant operations, supporting initiatives of biodiversity and habitat protection, contributing for local community development, working towards reducing waste footprint, introducing efficient state-of-the-art technologies in our operations and continuously working towards improving health and safety practices around transportation, handling and dispersion of LNG.

For expanding the compass of this clean fuel source, LNG, we are presently taking a look at various routes for supplying RLNG to customers not connected through pipeline networks. At this point, we are looking at truck loading opportunities around the nation, and are seeing extraordinary interest for the same.

Likewise, we are looking at developing LNG hubs around the country, for better serving the pan-India demand. Bolstering concerns about release of greenhouse gases, the time is not far off for the conversion of shipping industry from conventional fuel to LNG. Sensing the opportunity, we have kept provision for reloading of small ships from Kochi Terminal for future necessity of coastal trade of LNG and bunkering.

On operational front we are proactively complying with all regulatory and statutory prerequisites applicable to our operations, central and state specific. There have been no major instances of non-compliance, environmental, social or marketing related, during the reporting period and did not pay any fine for non-compliance. Further there were no major operations related spills or accidents at our terminals during the reporting period.

Public policy stand

PLL is conscious of its position in the Oil and Gas industry, and in India by and large, and is mindful of its obligations towards being a responsible corporate citizen. Aware of our position, we stay clear of any activity that may adversely influence the Government or the policy of the country, so as to dodge any controversy regarding our vested

interests. Further, PLL does not make any in-kind or monetary contributions to any political parties or religious gatherings.

We, on the other hand, do engage with and form part of industrial associations and forums. Core management of the company represent PLL on different associations and panels, where we are dynamic on Oil and Gas sector related

and other applicable and discussions, and engage with our peers on best practices information sharing.

Some of these affiliations include:

- Standing Conference of Public Enterprises (SCOPE)
- The International Group of Liquefied Natural Gas Importers (GIIGNL)
- Global Compact Network (GCN)

Awards and accolades



In keeping with our firm belief that good work is always recognised, PLL has been rewarded time and again for consistent performance in the governance and sustainability field. A few of them are listed below:



Award received by Kaushik P Modi, Senior Plant Operator and S. Venugopal, Manager (HSE), Dahej.

SUMMARY OF KEY AWARDS RECEIVED IN LAST FEW YEARS

Year	Organisation	Award / Accolades
2013	Greentech Safety Award	12th Annual Greentech Safety Award 2013 awarded to Petronet's Dahej terminal.
2012	U.S Environment Protection Agency (EPA)	Letter of appreciation on joining Natural Gas STAR International and maintaining low methane emission footprint at Dahej facility.

Business Risks and Opportunities



The Kochi LNG Terminal

LNG contributes around 2.4% of global fuel mix, with Asia emerging as its largest consumer. Besides traditional consumer such as Japan, Korea and Taiwan, China and India have now emerged as new powerhouses with growing demand for LNG. India's natural gas demand is expected to exceed its domestic supply, with gap projected around 131MMTPA by 2029-30¹. This represents a huge opportunity for energy suppliers. Here, by being the first Company to import LNG into the country, PLL has proved to be instrumental in meeting the requirements of Natural Gas in India. Our Company has set industry benchmarks in LNG operational efficiency and market development. This is clearly evident as we berthed our 1,000th cargo in a span of only 9 years, thereby achieving a world record.

Risks

Despite India being an open market, it is still a relatively late entrant in the LNG sector and still needs to work significantly towards creating infrastructure and policy platform for enabling Indian firms to complete and flourish in this globally competitive industry. Some of these viewpoints incorporate securing access to LNG supplies and creating contracts that distribute risks and ensure viability for end users. The focus

ought to be on developing physical infrastructure alongside empowering regulatory landscape for creating a robust LNG supply and commercialization chain. Further, we anticipate that LNG demand in India is sensitive to the end user segment economics. Here, LNG supply must account for price sensitivity of customers for ensuring viable business solution and long term acceptance². Fertilizer, power, city gas and petrochemicals are some key sectors with high gas demand. Here, regulatory policies and customer preferences and price sensitivity can be some critical factors determining accomplishment of LNG in advancing years.

Likewise, we comprehend that with more players entering the gas market, the competition is going to be stiff. The discovery of gas in K G Basin, and plans by IOCL, GAIL and GSPC to establish LNG facilities further adds to the competition. Nonetheless, as more national and international players will enter the market, competitive pricing will be the clear winner. At PLL, we are functioning in the direction of ensuring the optimum usage of our plant capacity, operational efficiency and other productivity measures. In the years to come, these measures will help us to price leadership and sustain competitive advantages.

Opportunities

With the objective to achieve the strategic goal of developing storage and re-gassification capacity of 30 MMTPA by 2020, PLL is keeping provision for further enhancement of Dahej Terminal capacity from 15 to 20 MMTPA. In addition, Company is discussing with the concerned authorities of Andaman & Nicobar Islands regarding feasibility of supply of LNG through small barges

and creating LNG hubs in the Island. In view of increasing concerns about release of greenhouse gases, the time is not far off for the conversion of shipping industry from conventional fuel to LNG. Your Company has kept provision for reloading of small ships from Kochi Terminal for future requirement of coastal trade of LNG and bunkering.

Further, PLL has identified opportunity for RLNG supply through truck loading. In line with the same, truck loading facility was first commissioned at company's Dahej Terminal in 2007, as a pilot project. A total of around 2000 trucks have been loaded in FY 2013-14 for catering to medium and small scale industries in western India. Analysing the growing demand, the truck loading is being expanded from 1 loading bay to 4 loading bays at Dahej. Fast developing market with several new consumers (up to 800 KMS) is being lined up for off-take of LNG for industrial.

Also, company is looking foray into direct marketing by focusing on direct RLNG marketing by signing HOA with bulk end consumer such as Power producers, Industrial consumers, Fertilizers Producers etc., supply of LNG through Trucks and supplies at LNG hubs, customer's premises in regions not serviced by pipelines and LNG/RLNG trading on International and domestic platform.

1. Petrotech 2014, 'LNG – Global Challenges and Opportunities and Imperatives for India', BCG, January 2014. 2. Petrotech 2014, 'LNG – Global Challenges and Opportunities and Imperatives for India', BCG, January 2014

Corporate Governance

PLL is considered a leading organization for its corporate governance approach and policies. Our corporate governance strength derives from our Board which consists of distinguished individuals with enormous experience in their respective areas and are instrumental in determining PLL's decision making process.

Board of Directors

PLL's Board of Directors consists of 13 personnel selected based on their diverse knowledge and expertise in the industry. Shri Saurabh Chandra, an Independent Director and Secretary (MOP&NG) Govt. of India, is the serving Chairman of the Company, having taken over from Shri Vivek Rae on 25th March 2014. Our Managing Director and CEO, Dr. A. K. Balyan, is a whole-time Director of the Company. The remaining 11 members of the Board consist of two whole-time directors, five non-executive directors nominated by our promoting companies and strategic partners, and four independent directors.

The details of our Board's composition are as following:

During the FY 2013-14, the Board met four times on following dates: 30th April 2013, 30th July 2013, 18th October 2013 and 31st January 2014. In accordance with the Clause 49 of the Listing Agreement, the gap between any two meetings did not exceed four months.

Ethical conduct

Code of Conduct

As part of our Company's endeavor to set high standards of conduct for its employees, a Code of Business Conduct and Ethics has been laid down for all Board members and Senior Management personnel.

Our Code of Conduct came into effect on 1st April 2005 and aims to guide the company to enhance further an

COMPOSITION OF THE BOARD AS ON 31 MARCH 2014	
Chairman	Shri Saurabh Chandra (Secretary, Ministry of Petroleum & Natural Gas, Government of India)
MD & CEO	Dr. A. K. Balyan
Director (Finance)	Shri R. K. Garg
Director (Technical)	Shri Rajender Singh
Directors (Non-Executive)	Shri B. C. Tripathi (Nominee Director of GAIL (India) Ltd.)
	Shri D. K. Sarraf (Nominee Director of ONGC)
	Shri A. M. K Sinha (Nominee Director of IOCL)
Directors (Independent)	Shri S. Varadarajan (Nominee Director of BPCL)
	Shri Tapan Ray (Nominee Director of Gujarat Maritime Board/Govt. of Gujarat)
	Shri B. C. Bora
	Shri Ashok Sinha
	Shri R. Ram Mohan

ethical and transparent process in managing its affairs. The code is applicable for all top management of the company including the whole-time Directors, CEO & Managing Director, part-time Directors, President, Sr. VPs, VPs, GM, and Chief Managers of Petronet LNG Limited (hereinafter referred to "Senior Management Personnel"), who allege compliance with the same on annually. Here, the Company Secretary, Mr. K. C. Sharma, is the compliance officer for the purposes of the code and has the responsibility to report any breach of code if it comes to his notice. During the FY 2013-14 no case of breach of Code of Conduct was reported. As required by clause 49 of the listing agreement the Code of Conduct and any amendments thereto are posted on the website of the Company.

Conflict of interest:

The Code of Conduct has a number of clauses, adherence to which ensures no cases of conflict of interest. It clearly states, for instance, that the members

of our Board or Senior Management must avoid any personal financial interest in works or contract awarded by the Company or any personal relationships with significant contractors / suppliers. Further, our Audit Committee does screenings of any related party transactions, i.e., transactions of the Company of material nature, with Promoters or the Management, or relatives, etc., that may have potential conflict with the interest of the Company at large.

Insider trading:

We also have a separate code of internal procedures and conduct for prohibition of insider trading in dealing with the securities of PLL. Compliance to this is the responsibility of the Compliance Officer, who is our Company Secretary.

Anti-corruption practices

PLL strongly believes in upholding integrity and work ethics to protect not just the reputation of the Company but also the interests of its shareholders. We have distinguished that the major

potential source of corruption could be contracts awarded for construction of various facilities in an LNG Terminal. So as to mitigate the risk, the EPC Sub-Committee of the Board, which is in charge of assessing and proposing huge EPC contracts for Board approval, has an Independent Director as a Member. Notwithstanding this, we additionally have safeguards in place in the tender documents which discourages bidders from indulging in any fraudulent practice and cartelization. In case of any such act of misconduct, it is within our rights to reject the bid or contract, as the case may be.

Further, to strengthen our commitment to anti-corruption practices and principles, we have been a member of Global Compact Network (GCN) since the last four years. We have committed to the principles and practices of the

Global Compact Network that includes the 10 principles pertaining to human rights, labour standards, environment and anti-corruption (Page 56 for more details).. PLL submitted its first Communication on Progress (CoP) in April 2013 for FY 2011-12 period. The details of the CoP can be found here:

Committees of the Board

• Audit Committee

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to any Government Body or to the investors or the public; the company’s system of internal controls regarding finance, accounting and legal compliances that the Management and the Board have established.

• Shareholders / Investors Grievance Committee

PLL received 1202 shareholder complaints during the FY 2013-14, while 5 complaints were pending from previous financial year. 1206 complaints were successfully resolved during the year while 1 compliant was pending as on 31st March 2014.

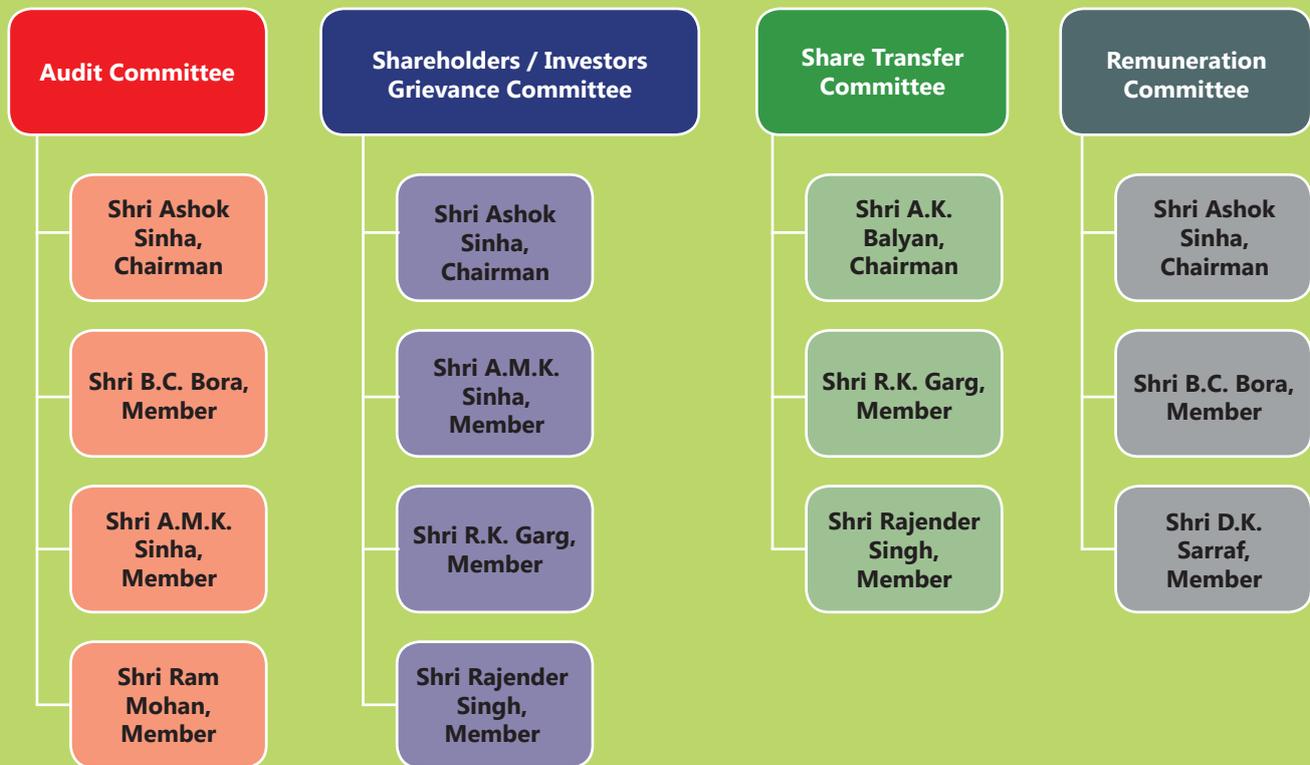
• Share Transfer Committee

Share Transfer Committee was constituted to deal with the cases like re-materialization of shares, transfer, transposition & splitting of shares in physical mode.

• Remuneration Committee

The Remuneration Committee was constituted by the Board to determine the Remuneration Package for Executive Directors.

COMMITTEES OF THE BOARD:





Beside these key Board committees, PLL Board has installed additional committees for effective governance and oversight of its operations. These include:

- **Technical Audit Committee**
- **EPC Committee**
- **HR Committee**

Risk Assessment and Minimization Procedure

Besides the mentioned committees of the Board, the Company has also laid down procedures to inform the Members of the Board about the risk assessment and minimization procedure. These are referred to as Risk Assessment and Minimization Procedure.

A Risk Management Committee consisting of Whole-time Directors periodically reviews the procedures to ensure that Executive Management controls risk through properly defined framework. The risk assessment framework encompassed, inter-alia, methodology for assessing risks on ongoing basis, risk prioritization, risk mitigation, monitoring plan and comprehensive reporting system.

Transparency and accountability

The selection of our Board members is

done on the basis of their experience, qualifications and leadership positions held in the industry. The whole-time Directors are appointed by a Search Committee comprising Directors nominated by the Board. Other than that, each promoter of PLL has nominated one Director; in addition, GDF International has nominated one Director and similarly for the lender. Our Independent Directors are hired on the merit of their credentials and expertise in the hydrocarbon sector.

We actively leverage the value of their vast experience to guide our Company and devise strategy for sustainable growth. In keeping with our transparent corporate governance stance, we disclose our Board's remuneration in our Annual Report.

Striving to maintain transparency, we are firm believers of constructive feedback. There were four Board meetings over the course of the reporting year, wherein the Board discussed all matters of importance to the Company including feedback from various stakeholder groups. Our Investor/Shareholder Grievance Committee is also very active in this regard and makes sure that all registered feedback/complaints are accorded adequate priority.

Approach to Sustainability

As part of compliance and risk mapping exercises, company ensures regular evaluation of the sustainability performance and risks as well. We have a Risk Management Committee to distinguish and mitigate all types of risks pertaining to the business of the Company. The Committee meets regularly to examine and discuss various risks and mitigating factors. The Board reviews and approves the annual business plans. The decisions on all strategic matters related to capital expenditure, revenue, etc. are taken with the approval of the Board. It additionally discusses and deliberates on issues pertaining to risk management, safety performance, and monitors compliance to applicable statutes and norms.

According to the processes at present in place in the Company, the Board does not rate the sustainability performance of its Members according to a defined framework. On the other hand, there is a persistent exertion by the Members to altogether evaluate the performance of the Company and take appropriate actions for effectively addressing the acknowledged aspects. The Members recommend and implement appropriate actions to raise the standards of sustainability performance.

Further, we believe that regular and continuous stakeholder engagement plays a vital role in convalidating sustainability performance of the company as it gives us the opportunity to stay in unremitting dialogue with our various stakeholders. Regular dialogue allows us to map various issues as acknowledged by different stakeholders and capture appropriate timely mitigation action. It empowers a superior understanding of the reasonable expectations and interests of stakeholders. Interacting with stakeholders and responding to stakeholder's expectations and feedback on the organisation's performance confer several benefits on those

that undertake authentic stakeholder engagement.

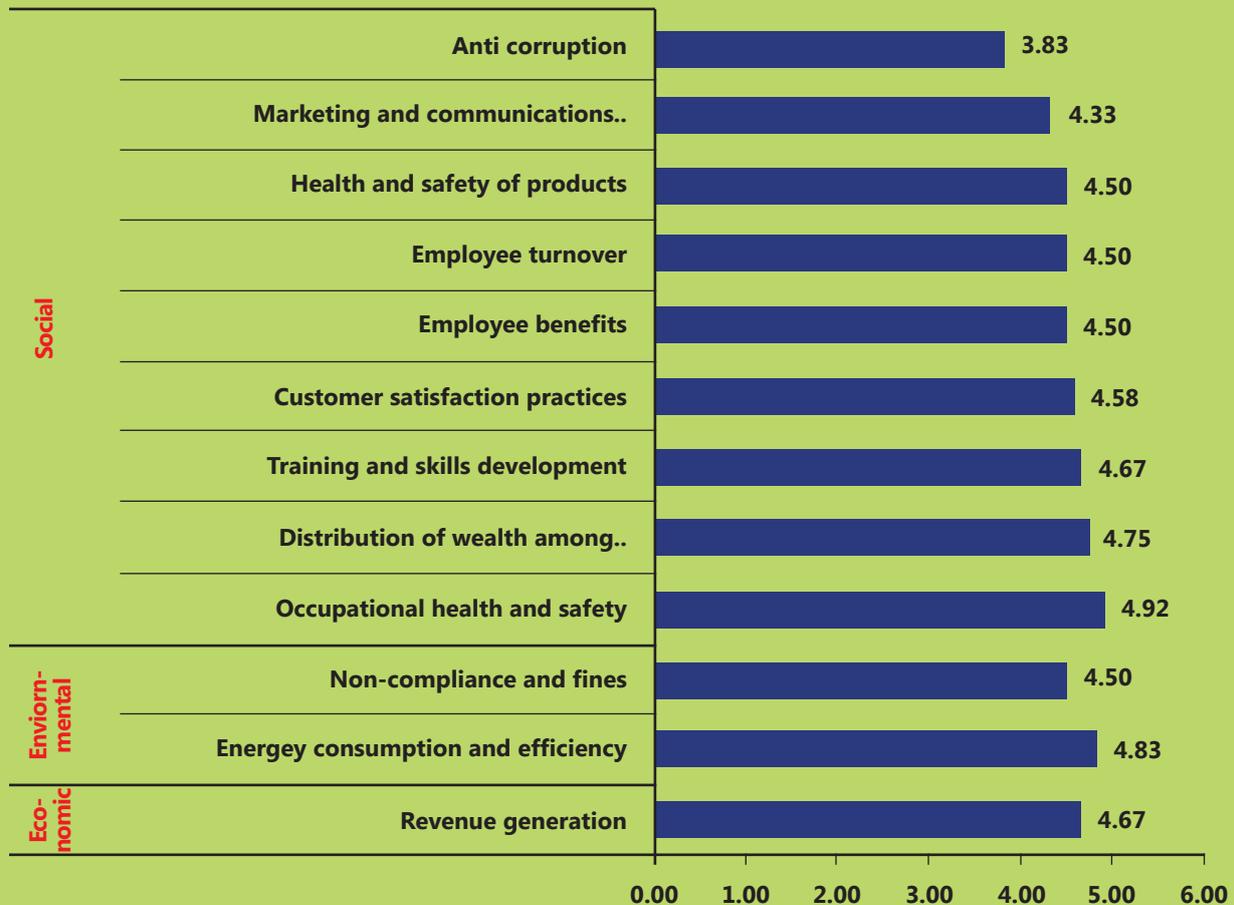
In the reporting year FY 2012-13, we conducted our first structured stakeholder survey that involved seeking feedback from internal stakeholders from holistic sustainability perspective. These included the employees based at Head-office in Delhi and at the Dahej terminal. A survey questionnaire with all possible material economic, environmental and social issues was circulated to members of the Board and a pool of employees at PLL, and they were asked to rate each issue on a scale ranging from Very High to Very Low. Key issues identified were then presented to the top management for their

consideration. As a result, key material issues matrix was identified, mapping critical aspects as seen by our employee and management stakeholders.

Since the activity was conducted in 2013 year, we have decided to continue with the same materiality matrix this year. The report touches upon these key aspects and highlights upon our performance in these areas. Going forward we aim to extend the scope of our stakeholder and materiality analysis exercise by including some of our key external stakeholders as well.

The snapshot of top issues as identified by our employee and rated by our management personnel is as following:

TOP TWELVE PRIORITY ISSUES FROM THE COMBINED ANALYSIS





“Being the leading LNG transportation, storage and regasification company in the country, we are aware of our responsibilities towards the environment and society we operate in.”

Dear Stakeholders,

Continuing on our sustainability journey, we present to you our second sustainability report for FY 2013-14.

The last financial year was a mixed one for us. On one hand our profits dipped and our throughput reduced compared to FY 2012-13, on other hand we increased our total processing capacity from 10 MMTPA to 15 MMTPA and have added over 200 members to the Petronet family. Here, irrespective of the ups and downs our focus remains on growing sustainably and in this regard we continue to work towards improving our systems and practices. Globally, the business environment for the LNG industry remains highly optimistic, and we at Petronet have taken upon ourselves to bring this change to India and to make available this clean fuel for all.

Being the leading LNG transportation, storage and re-gasification company in the country, we are aware of our responsibilities towards the environment and society we operate in. Being a responsible organization, environment management and resource conservation have always appeared as a key focus area for us. Company is working towards integrating environmental and social aspects in business decision making process. Simultaneously we are improving workplace practices including safety across our terminals and focussing on learning and development needs of our employees.

Here all these efforts would not have been possible without the continuous support and feedback from our stakeholders, which includes you as well. We thank you for the same and look forward to hearing from you on this report and how we can improve it going forward.

Sincerely,

R. K. Garg
Director (Finance)

Economic Performance



Dhahej Terminal- Pipeline view

The oil and gas sector is a major contributor to country's economic growth, as economic activity is closely linked to energy demand. It is estimated that Indian oil and gas sector will be worth around ~140,000 USD by 2015. At this time, Government has taken numerous steps to take care of this growing demand all the more successfully including adoption of various policies, such as allowing 100 per cent foreign direct investment (FDI) in many segments of the sector. As a result, oil and gas sector is presently developing at a much faster rate compared to many other sectors while attracting players and investments from both domestic and international markets.

Keeping in line with this growth trend, PLL also grew and saw healthy performance during the year. Company saw healthy revenues and profits for the financial year FY 2013-14 and met its set targets. In FY 2013-14, company generated operational revenues of INR 37,747.58 crore, up from 31,467.44 crore in FY 2012-13. This represents a 20% increase in FY 2013-14 over FY 2012-13 operational revenues. During this period our profits have dropped from INR 1,149.28 crore in FY 2012-13 to INR 711.92 crore in

FY 2013-14, primarily owing to increased cost of operating expenses. The details of total economic value generated, distributed and retained, for FY 2013-14 is presented below.

Employee benefits

We credit our prosperity to the endeavors and commitment of people. In return, we strive to provide them with the optimal working environment and payback for a

content work life. Various types of benefits and provisions are provided to our employees, each deliberately designed keeping in mind the country's regulatory requirements, nature of our business and areas of our significant operations.

We have defined contribution plans such as the Provident Fund, Gratuity Schemes and the Superannuation Fund. Further the company extends assistance to its employees regarding the housing and automobile loans at low interest rates and medical insurance coverage. In FY 2013-14, we spent a total amount of INR 46.62 crore towards employee wages and benefits, up from INR 37.01 crore in FY 2012-13.

Local Procurement and Hiring

At PLL we give high preference to local suppliers, vendors and service providers wherever feasible. We define local as India. Our principle product LNG is procured from outside India sources from Qatar and Australia; however our other suppliers and service providers are primarily from India ranging from across the country.

CATEGORY	UNITS	FY 2013-14	FY 2012-13
Economic Value Generated	INR crore	37,831	31,649
Revenue from operations	INR crore	37,748	31,467
Other income	INR crore	83	182
Economic Value Distributed	INR crore	37,119	30,500
Cost of Materials consumed	INR crore	35,849	29,212
Employees Benefits and Wages	INR crore	47	37
Payment to providers of Capital (Dividend)	INR crore	176	188
Payment to government ³	INR crore	5,218	5,543
Community Investments	INR crore	3	2
Others ⁴	INR crore	827	518
Economic Value retained (Profit after Tax)	INR crore	712	1,149

3. Includes Direct and Indirect company taxes. 4. Include Deferred Taxes

We have made efforts to understand local scenario and skill sets around our operations and encourage local hiring wherever feasible. This not only allows us in establishing strong community ties, but also saves on goods transport and employee movement footprint. Here, however, considering the nature of our industry and the work involved, the skills we demand of employees are highly specialized. We are in constant lookout for the best fit for our roles and preference is given to skill and competence over anything else. During recruitment processes, preference has been given to the local candidates where they possess the necessary skill set.

Community Initiatives

We believe no business can thrive without inclusive growth opportunities for communities in which it operates. In this regard we are proactively engaging with our neighboring communities on aspects impacting their daily lives. We have identified key focus areas for our CSR programs which include Health care and Community Infrastructure beside others. Our primary efforts are directed in these fields. Details regarding programs and initiatives carried under these heads are discussed in detail in the social section.

INR 8.05 crore was allocated for CSR activities during FY 2013-14 and Rs. 3.17 crore was spent on them. This represents 0.45% of profit after tax spends on CSR activities during FY 2013-14.

Financial implication of climate change

We are in the business of clean fuel. Natural gas is considered as a cleaner source of energy. By improving natural gas availability, PLL contributes not only to serving country's energy needs but also attempts to minimize the impact on environment.

Our operations are relatively less impactful on the environment however our continuous focus lays on the safe transportation and storage of LNG, and



Primary Health Centre at Luwara"

efficient usage of this raw material for substituting traditional fuel sources and meeting India's energy needs through a cleaner alternative. In this regard, we are consistently attempting to expand our reach past our pipeline customers. We have now begun offering truck loading facilities for catering to medium and small scale customers in Western India all the way through our Dahej terminal. We have similar plans for southern and eastern parts of the country as well, which will be catered to by our Kochi and upcoming Gangavaram terminals.

Likewise, in view of increasing concerns about release of greenhouse gases, the time is not far off for the conversion of shipping industry from conventional fuel to LNG. Your Company has kept provision for reloading of small ships from Kochi Terminal for future requirement of coastal trade of LNG and bunkering.

Climate Change's physical impacts, alongside with ever changing international regulatory landscape, will have a measurable impact on businesses around the globe. In this regard, we are dedicated towards responsibly managing our business and its impacts and furthering the cause of cleaner fuel for all.

Economic Value Added

Economic Value added (EVA) is a measure of Company's financial performance to calculate the true economic profit. EVA is an estimate of the amount by which earnings exceed or fall short of the required minimum rate of return of shareholders and lenders. It provides a measurement of a company's economic achievement (success or failure) over a period of time. For the year ended March 2014, the Company achieved an EVA of Rs. 157 Crore against an amount of Rs. 580 Crore in the previous year.

Environment Expenditure

In FY 2013-14, we took numerous initiatives and projects across our terminals towards better environment management and reducing our own footprint. Some of these incorporate maintaining green cover around our terminals, supporting local government bodies in developing mangrove plantations in coastal belts, utilizing kitchen waste for vermicomposting activities, installation of solar lighting, and pollution measurement and abatement measures. We are as of now not tracking the exact amount of expenses incurred on environment management practices but aim to do so in the impending years.

STATEMENT FROM OUR DIRECTOR (TECHNICAL)



"Mangroves, a salt tolerant eco-system, have been identified as amongst the most productive ecosystem on the planet and Petronet efforts are aimed towards increasing their coverage area in India."

Dear Stakeholders,

Welcome to Petronet's second sustainability report for FY 2013-14. Building upon our last report, this report highlights upon various commitments and initiatives taken by us during the year and the progress made.

FY 2013-14 was significant year for Petronet as we successfully commissioned our second terminal in Kochi, Kerala. With the commissioning of our second terminal, Petronet now has the combined re-gasification capacity of 15 MMTPA.

Besides focussing on capacity expansion projects, which included commissioning of terminal in Kochi, ongoing brownfield expansion work at Dahej and planning work for new upcoming terminal in Gangavaram, Andhra Pradesh, we also took numerous initiatives towards improving our operational performance and managing our environmental footprint. In this regard, company terminals are now using chilled water from re-gasification process for cooling purposes thus eliminating the need for Freon based cooling systems at our plants. Further, Petronet terminals are working towards the cause of supporting mangrove plantation along coastal belts around their areas of operations. Campaigns are being taken in support of / with Government bodies for developing plant nurseries, planting saplings and monitoring survival rates of planted mangroves in the coastal areas of Gujarat and Kerala. Mangroves, a salt tolerant eco-system, have been identified as amongst the most productive ecosystem on the planet and Petronet efforts are aimed towards increasing their coverage area in India.

Details of these and many other company initiatives are discussed in the report. We look forward to any feedback or suggestion that you may have to share with us in this regard.

Sincerely,

Rajender Singh
Director (Technical)

PILLAR 1: **ENVIRONMENT**

“Environment is a strong mainstay of socially responsible activities and Petronet takes every step to protect it from its all the practices”

Environmental Performance

Materials Footprint

PLL processed 493 TBTUs of LNG during 2013-14, which represented a decline of 6% compared to previous financial year, i.e. 2012-13. The LNG processed in 2012-13 stood at 525 TBTUs. During the year, our two terminals at Dahej and Kochi achieved a total throughput of 9.55 MMTPA as compared to the combined re-gasification capacity of 15 MMTPA.

As mentioned earlier as well, LNG is the primary product used in our operations. We use some associate processing materials as well, however their quantity is not significant compared to the LNG we process. Further, since our product is transported through pipelines and truck loadings, we do not consume packaging materials in our operations.

Energy Footprint and Management

PLL operations consume energy for storage and re-gasification of LNG. During 2013-14 we consumed a total of 2.12 million GJ of primary energy in our operations. Diesel and Natural Gas (NG) are the key primary energy types consumed by our terminals. Diesel is primarily used for tug operations at Port .

We meet our requirements of electrical energy from captive sources and the electricity imported from the state electricity grid. Total indirect energy consumption, grid electricity was 0.5 million GJ.

Total Direct and Indirect emissions:	FY 2012-13	FY 2013-14
Emissions from Diesel Consumption ('000 tCO ₂ e)	2.74	2.88
Emissions from Natural Gas Consumption ('000 tCO ₂ e)	127.22	104.83
Emissions due to electricity Imported from grid ('000 tCO ₂ e)	6.86	34.91
Total emissions ('000 tCO₂e)	136.82	142.63

Our total energy consumption for 2013-14 stood at 2.58 million GJ of energy, of which 82% was from direct energy sources while the remaining 18% was from grid electricity. The total energy consumption in 2013-14 represents a decline of 2.7% from previous year, i.e. 2012-13, when the consumption stood at 2.65 million GJ.

Energy efficiency is a critical issue for an organization like our own, as we are in the business of disseminating the cause of clean energy for all. In this regard, all possible measures are being taken by the Company to accomplish the desired objective of energy conservation and technology upgradation in order to ensure optimum conservation of energy and absorption of technology.

Company's engineers have been interacting with industry peers, technology providers and EPC Contractors. They have additionally been nominated to important national and international seminars on this viewpoint. A team has closely worked with Project Consultant

and EPC Contractors in all phases of designing and construction of Dahej and Kochi LNG Terminals. In addition, regular energy audits are undertaken through expert agencies.

Emissions

Greenhouse Gas (GHG) emissions from our processes are due to both direct and indirect energy consumption. PLL continuously endeavours to reduce its footprint on the atmosphere. Total GHG emissions in 2013-14 from our terminal operations stood at 142631.3 tons CO₂ equivalent, of which 24.5% contribution, or 34914 tons CO₂ equivalent, was from indirect energy consumption.

Although not a critical parameter for our business, we have started maintaining the oxides of nitrogen (NO_x) and sulphur oxides (SO_x) emissions data from our operations. Based on the amount of diesel fuel and natural gas consumed, we emitted around 69.7 tons of NO_x and 0.1 tons of SO_x from our operations during 2013-14. This was well within

FUEL CONSUMPTION CATEGORIES AND THEIR CONTRIBUTION TO TOTAL ENERGY CONSUMED

Fuel types	FY 2012-13		FY 2013-14	
	Energy consumed (GJ)	Percentage contribution	Energy consumed (GJ)	Percentage contribution
Diesel	36,947	1.39%	38,937	1.5%
Natural Gas	2,519,750	94.99%	2,076,291	80.5%
Electricity imported from grid	95,939	3.62%	4,64,488	18%
Total Energy consumed	2,652,637	100.00%	2,579,718	100%

our defined statutory limits. Further, we are making efforts to phase out ozone depleting substances (ODS) across our operations in honour of the milestones set by the Government of India (GoI) as per Montreal protocol. During 2013-14, we consumed 336 kg of R22 gas in our terminal operations resulting in 18.48 CFC-11 kg equivalent of ODS emissions.

Biodiversity Management

None of PLL's operations are in the defined biodiversity rich zones such as national parks or sanctuaries. Yet, PLL is committed to the management of ecosystems and biodiversity, and is taking initiatives towards biodiversity conservation.

The Company has undertaken measures towards protecting the marine ecology in the area of its operations. Mangrove plantation has been taken up near Dahej and Kochi Terminals in consultation with Gujarat Institute of Desert Ecology, Gujarat Ecology Commission and the Forest Department in Gujarat and Social Forestry Department and Centre for Water Resources Development and Management (CWRDM) in Kochi. By the year 2015-16, nearly 1,000 hectares total area is expected to be covered by mangrove plantations. On similar lines, Kochi terminal has committed support and allocated INR 25 lakhs towards development of mangrove cover in the region. This amount is besides the 20,000 saplings contributed by the company to CWRDM towards this cause.

Spill Management

Spill from our operations could pose risks to life and property. Unwanted releases of liquids from storage tanks and transportation vehicles can spread on the ground or evaporate and form a potentially hazardous gas cloud. If the Spill vapor does not ignite, it could build to higher concentrations. At higher concentrations, the vaporized methane can cause an asphyxiation hazard to anyone exposed. To avert this, we conduct comprehensive inspection and surveillance

programs of our facilities and equipment, and have taken measures in form of state of the art technology adoption for transportation and storage of LNG and identifying and shutting systems if there should be an occurrence of even small cases of spills.

Further we have continuous flaring systems at our terminals for effectively negate the impacts of any fugitive emissions within our operations. During the 2013-14 year we did not have any significant spill incident at our operational terminals.

Water Management

Water is a limited resource with less than 1% of aggregate fresh water accessible on

the planet economically extractable. PLL understand this and constantly endeavours to use it judiciously despite the fact that our operations do not necessitate consumption of large quantities of water.

Our primary sources of water include municipal supply, tanker supply and rainwater harvesting. The sources vary depending on the availability of water at the location of the terminals. The municipal supply is our main source of water meeting nearly 75% of our total water requirements of our terminals, followed by tanker water supply, 24%, and rainwater, 1%, respectively. In the year 2013-14, the total water withdrawn by our terminals was 90,431 cubic metres, compared to 54,960 cubic metres

CONDENSATE WATER FROM AIR-PREHEATERS

Vaporization of Liquefied Natural Gas (LNG) to Regasified Liquefied Natural Gas (RLNG) is done through Shell and Tube Vaporizers (STV). LNG gets vaporised due to the exchange of heat between glycol water and LNG in the STV. The cold glycol water at the outlet of STVs is then sent to air-heated heat exchangers (air-heaters). In air heaters, glycol water is heated by ambient air and circulated back to STVs for LNG vaporization, thereby acting as a heat-carrying liquid. When the air transfers its heat to glycol water in air heaters, its temperature drops resulting in condensation of moisture present in the air. This condensate is collected through drainages into a condensate recovery pond. This process is aided by the humid climatic conditions that generally prevail at Dahej.

The quality of condensate water is regularly monitored by our on-site laboratory and the required chemical treatment process is decided accordingly. The condensate water is used for gardening purposes within our facility and as a back-up source in case of fire emergencies.

NO TO REFRIGERANTS, YES TO CHILLED WATER

Conventional cooling systems demand freon heat exchanger, thereby aggravating the ozone layer depletion. This not only depletes ozone layer, but also adds to energy demand due to operation of the compressor. At PLL, we have eliminated most of the refrigerant consumption by using chilled water for cooling purposes. This new system helps to conserve ozone layer as well as conserve electrical energy by eliminating the need for a compressor. This chilled water is obtained during LNG regasification into Natural Gas. This chilled water is then transported through a pipeline inside the plant and is used as cooling medium in the heat exchanger connected to the liquid nitrogen plant. This eliminates the freon heat exchanger from the system.

MANGROVE PLANTATION INITIATIVE AT OUR DAHEJ TERMINAL

Mangrove is a halophyte, which is known as salt tolerant forest ecosystem. These can grow in waterlogged clayey/ marshy soils, specifically in coastal intra tidal zones / river banks. Mangroves are amongst the most productive ecosystems available on this planet. As a result of December 2004 tsunami, there has been a mounting call for re-establishing protective greenbelts along coastlines. Their effectiveness as coastal greenbelts depends on a number of factors, such as the density, width, height, and complexity of the mangrove forest, as well as the bathymetry of the coastline and other oceanographic factors. Mangroves currently occupy < 1% of the land worldwide, with ~4180 sqkm area under mangrove cover in India.

Over last several decades, human settlements, expansion of agricultural/ salt farms, development of industries and ports, coastal aquaculture had resulted in depletion and degeneration of Mangrove resources around the country. Due to reduced mangrove cover, coastal

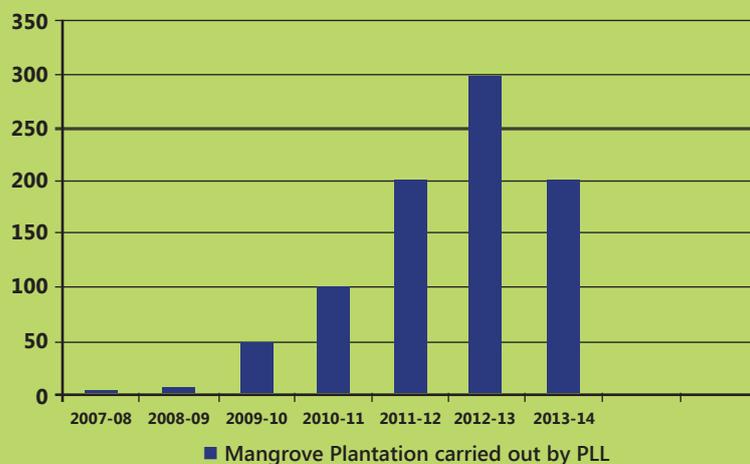


regions have become more vulnerable to natural calamities, the lands are becoming more infertile, and there is loss of biodiversity. It is widely known that tsunami & cyclones mostly originate from the sea and move towards land.

Here, coastal green belts can significantly reduce their brunt on the land. Mangroves provide many benefits to coastal populations in terms of Socio-economic goods and ecological services. These include erosion prevention, carbon sequestration/ carbon sinks, nutrient supply & regeneration, maintenance of biodiversity (marine flora & fauna), feed for livestock, recycling of pollutants and wastewater treatment, bird/ mammal/ wildlife habitat and migration habitat, coastal protection against current abrasion and acting as natural barrier against tsunami and cyclones beside others.

PLL Dahej terminal had initial discussions with Bharuch Forest Division in 2006 to carryout mangrove plantation in order to comply with the conditions of CRZ Clearance. During this time, company also approached the Forest Officials for allocation of Sea Coast. As per PLL request Officials indicated the availability of Sea Coast near Dahej Port. In the year 2007-08, PLL carried out 2 hectare mangrove plantation (*Avicennia marina*)

MANGROVE AREA COVERED IN HECTARES



on trial basis at north side of PLL's Jetty in consultation with Bharuch Forest Department. However, the growth was meagre & was uprooted due to persisting high tidal currents at the site. In the year 2008-09, PLL carried further 6 hectare mangrove plantation (*Avicennia marina*) near Dahej Port Area.

By 2012, PLL had signed three separate MoUs with Gujarat Ecology Commission (GEC) and Bhavnagar Forest Division for total plantation covering 1,050 hectares. The project is expected to be completed by 2015-16 period. Already, by March 2014, company had completed mangrove plantation in 850 hectares area. After meeting the commitment of CRZ clearance, the mangrove plantation drive is being continued under the CSR policy of the company.

Under the project, GEC has selected different locations through their baseline survey which are allocated to PLL along the Sea Coast for mangrove plantation. These include:

- Nada Village of Jambhusar Taluka, Bharuch District
- Ankalva Village of Hansot Taluka, Bharuch District

Mangroves were sparsely observed in those selected sites. *Avicennia marina* was the only species, which was initially witnessed in all locations. Since then two more genera of mangrove have been selected for plantation here including the *Rhizophoramucronata* and *Ceriopstagal*.

With plantation activity we are now seeing growing wildlife presence in the area. Crustaceans, birds, marine worms and mudskippers are some creatures being observed in the plantation areas.

Category of waste disposed	Type of waste	Method of disposal	Units	2012-13	2013-14
Food waste	Non-Haz	Recycling	Kg	5,274	4617
Paper Waste	Non-Haz	Recycling	Kg	-	2,000

Category of waste disposed	Type of waste	Method of disposal	Units	Quantity	
				FY 2012-13	FY 2013-14
Used oil	Haz	Recycling	Lt	2,020	2,810
Oil barrels	Haz	Recycle	Nos.	10	12
Lead acid batteries	Haz	Recycling	Nos.	121	2
Biomedical waste	Haz	Incineration (through authorized vendors)	Kg	11.54	22.27

in 2012-13. This increment is essentially because of the dispatching of Kochi terminal amid the year.

We have premeditated the rain water harvesting potential at our terminal locations to facilitate its implementation. Already 1% of total water requirement is met through rainwater collection initiatives, primarily at our Kochi terminal. We realize that in order to reduce our fresh water footprint we need to look at ways to recycle and reuse the waste water being generated in our operations. In this regard, both our terminals are zero discharge plants, with all spent water being reused internally. We have undertaken certain innovative measures to reduce water consumption in our operations. The case study below illustrates our commitment to water conservation.

Waste Management

We have a robust waste identification and management framework set up for ensuring diverse categories of waste produced in our operations are securely taken care of and disposed causing least possible amount of damage to health and safety of our work-staff, our neighboring communities and the environment. In this regard we have taken appropriate consents and in compliance

with state and central regulations managing waste management. As a result all hazardous waste generated in our facility is responsibly disposed through authorized waste recyclers. The organic waste generated in our canteen is treated in vermicomposting units.

Amid the year, we generated and managed non-hazardous waste amounting to 6617kgs including primarily food and paper waste. We collect and send our paper waste for recycling through a third-party vendor. Food waste generated at our Dahej terminal is generally utilized for vermicomposting. A food crusher machine has been installed at the terminal which crushes and converts the waste food into usable blocks that is then used as manure for the green cover maintained in and around our terminal.

The majority of hazardous wastes generated at our terminals fall under one of the following categories including waste oil, oil contaminated cotton/rags, oil barrels, biomedical waste and lead batteries, all of which is responsibly disposed-off through certified vendors.

We have a contract with an authorized e-waste recycler for proper handling and disposal of our generated e-waste. No e-waste has been disposed in the reporting year.

PILLAR 2: **WORKPLACE**

"Petronet perceive the value and imperativeness of employees. Their Our employment policies conform to all significant enactment, as well as look to go past that so as to guarantee that the workplace inside all zones of business grasps diversity, offers equality and uniformity of chance in every admiration."

People Performance

Petronet LNG Limited operates in a niche business area and subsequently depends immensely on the skills, abilities and expertise of its employees for running safe and successful business. We are conferred towards being the best in the Industry and consequently, our focus lies on hiring competent and proficient employees. We strive to be an employer of choice and provide all employees and applicants for employment with equal employment opportunities without regard to race, creed, color, religion, gender, age, marital status, disability or any other characteristic protected by law

We endow with the best in class remuneration and growth opportunities to meet the aspirations of our exceedingly competent employees. We trust in creating the ability of new employees with projects and experiences intended to give top to bottom learning and construct abilities that are significant to our, long-term success. Our legacy is built on continuous learning and fostering the creativity of our employees. We offer an extensive variety of development programs based on employee level in the organization and role in a brand, region or function. We take pride in providing a work environment where our employees join us from all walks of life. We work together for the long term, building a sustainable business based on uncompromising ethics, integrity, fairness, diversity and trust.

As a consequence of our carefully designed, employee friendly HR Policies, we have been successful in maintaining and ensuring high levels of employee engagement with reasonable attrition rate. At the very foundation of our employee friendly practices is our seasoned leadership with vast experience in HR and their

Category	Age Group			Gender		FY-2012-13
	Designation	<30	30-50	>50	Male	Female
Top Management	-	-	3	3	-	3
Senior Management	-	1	5	6	-	6
Middle Management	-	45	7	50	2	52
Junior Management (Executives)	60	72	-	125	7	132
Staff	67	133	4	190	14	204
GETs/PGETs	11	-	-	7	4	11
Apprentices	6	-	-	5	1	6
Total (w/t GETs/PGETs and Apprentices)						397
Total						414

Category	Age Group			Gender		FY-2013-14
	Designation	<30	30-50	>50	Male	Female
Top Management	-	-	3	3	-	3
Senior Management	-	2	7	9	-	9
Middle Management	-	48	5	51	2	53
Junior Management (Executives)	65	79	-	134	10	144
Staff	83	133	5	206	15	221
GETs/PGETs	8	-	-	7	1	8
Apprentices	6	-	-	6	-	6
Total (w/t GETs/PGETs and Apprentices)						430
Total						444

commitment towards ensuring best in class offerings to our employees. Going ahead, we would strive towards further enhancing our HR framework and impart best practices across the industry for our employees.

Our employees

2013-14 year saw PLL increase its workforce strength on account of commissioning of the Kochi terminal. New permanent positions were added, while simultaneously we also created many opportunities for contractual work.

Here, we observed that an average PLL employee has associated with the company for around 5 years with average age around 34. We do not have any special category for hiring individuals with disability, this primarily because of the nature of our industry and requirement for specialized skills for managing tasks in high risk environment. However, where we identify suitable candidates we do not discriminate on the basis of any disability that the candidate may have.

In FY 2013-14, 635 contractual workers (annual average) were oper-

New recruitment	Age Group			Gender		FY 2012-13 Total
	<30	30-50	>50	M	F	
Senior Management		1	1	2		2
Middle Management		10		10		10
Junior Management	30	9		37	2	39
Staff	45	15		58	2	60
Employees recruited and resigned in the same reporting period:						
Junior Management	1	0	0	1	0	1
Staff	1	0	0	1	0	1

New recruitment	Age Group			Gender		FY 2013-14 Total
	<30	30-50	>50	M	F	
Senior Management	-	-	-	-	-	-
Middle Management	-	2	-	2	-	2
Junior Management	19	12	-	26	5	31
Staff	30	10		39	1	40
Employees recruited and resigned in the same reporting period:						
Junior Management	1	-		1	-	1
Staff	2	-		2	-	2

ating in our Dahej and Kochi facilities. Additionally, for the construction project of our second jetty at Dahej, we engaged the services of two contractors who employed approximately 810 (annual average) personnel at the project site. In the reporting period, 39 people left the organisation, out of which zero employees from the Top Management. This represented the attrition rate of 9.07%. On the other hand, 73 employees were recruited during the same period. The following table gives a breakdown of the gender and age composition of the new entrants to the PLL family.

Employee benefits

Company has faith in taking care of its employees best interests. As a result equitable treatment of all strata of employees is part of our organisational structure. Over and above salary with housing and leave travel allowance components, there is provision for gratuity and leave encashment on the

premise of actuarial valuation toward the end of the year. Actuarial gains or losses are recognized in the Statement of Profit and Loss. The Company additionally contributes to Provident Fund and Superannuation, accounted for on accrual basis.



Hiring

Hiring and remuneration

PLL is an equal opportunity employer and does not discriminate based on region, religion, race, caste, gender or disability. Considering the nature of our industry and the work involved, the skills we demand of employees are highly specialized. We are in constant lookout for the best fit for our roles and preference is given to skill and competence over anything else. However, during recruitment processes, preference has been given to the local candidates where they possess the necessary skillset.

Our remuneration is decided as per industry standards and employee responsibility. We do not take gender into account while determining entry level or hierarchical compensations. Difference due to variation in duty may be seen, as is fair.

Health and safety

PLL has a robust Quality, Health, Safety and Environment (QHSE) Policy which is circulated frequently amongst all our employees to help inculcate a culture of safety in our site premises. At both of our Terminals, Dahej and Kochi, a Quantitative Risk Assessment (QRA) study was conducted before designing the safety system layout.

Accordingly, hazardous area zones are earmarked and the Terminal layout is designed to ensure safe operations. International and national standards EN-1473, NFPA-59A, BS-7777 and OISD-194 were followed for the same.

Our hospitalization / medical scheme empowers the Company's employees and their immediate dependents to avail of medical and / or hospitalization assistance. The Company endows with Group Medical Insurance Cover for hospitalization expenses for all regular employees and their dependents. Apart from this, all employees on the permanent payroll of PLL are furthermore qualified for health benefits under the Group accident insurance policy scheme.

As result of our efforts towards workplace safety, we are seeing good

PREVENTIVE HEALTH CHECK-UP

The Company has introduced 'Preventive Health Check-up' Scheme for confirmed employees of PLL with effect from 01.01.2009. The salient features of the Scheme are as under:

- ▶ Employees above the age of 40 shall undergo health checkup once a year;
- ▶ For senior executives, this facility shall also be extended to their spouses keeping the age criteria same;
- ▶ The Company has tied up with Fortis Healthcare Ltd and Baroda Heart Institute and Research Centre at Delhi and Dahej, respectively. HR and Administration departments issue letters addressed to respective hospitals on the request of eligible employees for 'Preventive Health Checkup' under the said Scheme.

Amount recognized as expense in respect of defined contribution plans as under:	2012-13 (In INR Lac)	FY 2013-14 (in INR Lac)
Contribution to government provident fund	154	189
Contribution to superannuation fund	174	236



Learning and Development



Petronet LNG Limited

QUALITY, HEALTH, SAFETY & ENVIRONMENT POLICY

Petronet LNG Limited is committed to protect the Environment and operate and deliver products & services ensuring health, safety and welfare of its employees, customers, business partners, visitors and any other stakeholders affected by its business. To accomplish this in a sustainable manner, Petronet LNG Limited shall:

- Operate in sustainable manner and be a learning organisation and seek continual improvement in services that it provides.
- Maintain high safety standards, inculcate enthusiasm in safe working practices through participative culture involving all employees, contract workmen.
- Safeguard the interest of environment, life and equipment from any deterioration of environment while controlling disposal of waste / emissions.
- Provide safe healthy working environment and prevent ill health following best practices in occupational health.
- Proactively follow and comply with Federal Laws, State regulations related to Health Safety, Environment and Product Quality.
- Constantly strive to upgrade technology & processes and enhance skills and knowledge of each employee for quality improvement in our products and services to exceed customer expectations and improving value to stakeholders.
- Effectively implement the QHSE system, constantly review the set objectives, provide resources and improve on its performance.

This policy shall be followed by all employees and stakeholders involved in our business. Petronet LNG Limited pledges to remain committed to the policy.

September, 2013

A.K. Balyan
MD&CEO

safety performance at our terminal locations. There were no fatalities at our terminals during the reporting period, with one lost-time injury resulting in three lost days. Further 89 first aid cases were reported from our terminals, all of which were satisfactorily attended to by our on-terminal medical staff.

Employee prosperity programs have always been effective in bringing about healthy behaviour change. At PLL, we follow a holistic approach towards creating a high-performance culture through establishment of right workplace setting. Taking proactive approach, every once in a while, we organise employee well-being programs at all our locations.

Learning and Development

Being in the niche industry, we are persistently meeting expectations for enhancing the knowledge and expertise of our employees for them to have the capacity to contribute better towards their respective jobs. PLL has in-house training and development cell which recognizes and delivers training programs for employees focused around their behavioral and functional training requirements.

Training programs are distributed between behavioral, functional and health safety environment and fire training programs with different departments identifying and communicating training needs to L&D department. Based on the identified trainings, the L&D department schedules the trainings and invites participants. Our employees get to choose from our wide array of training programs for their personal development, based on their own assessment of their needs as well as their seniors. During the year company invested in 6.89 average mandays of training for each employee.

Human Rights Stand against child labour, forced labour and harassment

PLL has an exceptionally austere

stand against child and forced labor. To eliminate any instance of child labour, we ensure adherence to minimum age provisions of National Labour Laws and Regulations. Being a part of hydrocarbon industry, we have stringent rules for engagement. No instances of child or forced labor were accounted for amid the past financial year.

Indeed while hiring unskilled labour through contractors such as house-keeping, transportation of goods inside or outside of the plant, we mandatorily fill up the 'Character and Antecedents Verification Format' for each contract personnel before considering them for employment. Date of birth is one of the significant criteria in the said format through which we have the capacity to ensure that no child labour is employed by contractors operating in our premises. We additionally attach the proof for verification for this date to ensure there is no falsification or manipulation on the age declaration front.

We facilitate vocational training for children around our terminals and provide few scholarships to those who, otherwise, would be unable to continue with their education. Also, as a part of our CSR activity, we have contributed towards renovation of schools, development of labs and classrooms and distribution of uniforms and notebooks. As far as the exit policy is concerned, we have a clearly defined policy and any employee can resign from the company if he/she wishes to, with no compulsion to continue working or to employ any of his children/relatives to fill the gap.

Further, our focus is on creating a safe and harassment free environment for our employees, for them to be able to work in a peaceful atmosphere and perform at their highest level. In this regard, in line with the Sexual Harassment of Women at Workplace Act 2013, PLL constituted internal committees at corporate office, Dahej and Kochi terminals for managing and investing workplace harassment cases.

The committees were established in December 2013 headed by women employees and are constituted for the initial period of 3 years. No cases of workplace harassment were reported during the 2013-14 period.

Grievance redressal system

As a result of superior HR policies, no trade union has ever formed. A well organized and effective grievance redressal system is designed to provide prompt and orderly resolution of complaints or disputes arising in the course of employment. As a result of these practices, company has faced no strike or demonstration by the employees during the reporting period including zero lost days to agitation or strike.

Any employee has the right to present to his immediate supervisor any personal grievance regarding employment within 30 days of an occurrence and/or within 30 days of the employee having reasonable knowledge of the occurrence and have it considered on its merits.

Human rights training and awareness

We do not have a dedicated human rights related training program for our employees however the same is covered as component of the induction training during the time of joining. Amid the training, employees are furthermore made aware of the PLL's policies on fair employment and harassment.

Our agreements with third party agencies and contractors include required clauses in compliance with Factory and Labor Acts. Our security personnel are from reputed third party agencies and are sensitized on aspects of human rights. Further, they are given clear guidelines by the sites on how to manage disputes such as fights, harassment cases, theft or similar incidents. This helps in timely identification, reporting and prevention of any human rights violations.

PILLAR 3: **SOCIETY**

"PLL is efficiently attempt to contour a innovative bond between business and society, towards a fairer society and more sustainable future prospects."

Engaging with Communities

CSR is part of PLL's business strategy, as the company is dedicated to inclusive growth and betterment of the country. Socio-economic development programs are planned and undertaken by the internal teams spearheaded from the top. Our MD & CEO undertakes responsibility for management and supervision of CSR activities including spend allocation for a particular year. At Corporate level, the Head HR, in consultation with Executive Committee (EC), is responsible for the formulation of plans and strategies, fund allocation, monitoring and evaluation of activities, documentation, and CSR involvement at corporate level. At Terminals, Dahej and Kochi, CSR activities are headed by Plant Heads, who are responsible for identifying needs on the ground, in consultation with executive in the field, and deciding on appropriate schemes for implementation. PLL also engages credible NGOs, trusts, and government agencies for implementing activities, projects and programs. Further, PLL constantly motivates its employees to engage in the CSR schemes of the company and participate through philanthropic contributions or by volunteering their time.

PLL, as responsible Corporate/Community/Government Citizens, has been embracing Socio-Economic Development Programme to supplement the endeavours to address priority needs of the community with the aim to help them become self-reliant. These efforts would be by and large around our work centres mostly in the thematic areas of Education, Civil Infrastructure, Healthcare, Sports & Culture and Entrepreneurship in the Community beside others.

Key thematic CSR focus areas:

Company undertakes need assessment surveys in villages before undertaking CSR initiatives. Community



Handing over a cheque of INR 1,50,00,000/- to District Collector by MD & CEO Dr. AK Balyan for Road Infrastructural Development work carried out at Elamkunnappuzha Panchayat

needs are understood and evaluated before project plans are finalized and executed. Community members are kept in loop and continuously consulted during implementation of initiatives. Further, PLL ensures that community members participate in the initiatives being undertaken / implemented, and that they take responsibility for maintenance and sustenance of projects in future. Such commitments are taken in written from the village 'Panchayat' Head, and progress of implemented projects is regularly monitored for ensuring the commitments are kept by community members.

The mentioned inclusive approach to CSR project identification and implementation has ensured high acceptability and impact of CSR initiatives undertaken by PLL. Partnerships or Associations with the communities, especially those that have been impeded, can facilitate companies put together

productive relationships and fortify economic growth in disadvantaged vicinities.

Community initiatives

At the Corporate level, emphasis is given to providing support for disaster relief management, water management, education, healthcare, promotion of sports, art and culture, entrepreneurship, environment and others. Similarly, at the LNG terminals we give priority to education, healthcare including drinking water, environment sustainability, sports and cultural events and entrepreneurship schemes.

Some recent initiatives in these areas include:

Education

- Renovation of St. Peter's LP School, Malipuram, Kochi
- KanyaKelavani & Bal PraveshMaha-hotsav Programme, Distribution of



Inauguration of Immunization Centre by MD & CEO Dr. A. K. Balyan at Primary Health Centre

- Educational Kits At Primary School, Luwara
- Distribution of School Uniform at Luwara Primary School
- Library & Laboratory items for Luwara and Lakhigam school's
- Pedagogical Support to Dahej Higher Secondary Science School
- Community Infrastructure Development
- Enhancement of Road Infrastructure Elankunnappuzha Grama Panchayat
- Contribution towards development of road infrastructure from Bellbow Junction to LNG Terminal (Vypin-Paravoor Road in Elamkunnappuzha Panchayat)
- Construction of 25 toilets for BPL families
- Contribution towards Bharuch District Civic centre development

- Contribution to Gujarat PCPIR Society for the development of villages under Dahej PCPIR

Healthcare Services

- Barsana Eye Camp, undertaking 250 cataract surgeries
- Anugraha Drishtidaan for eye screening and 250 cataract operations. 2,000 patients examined and provided with medicines, spectacles etc.
- Chaupal for 4 medical camps. Over 4,000 persons medically examined and provided with medicines, hearing aids, wheel-chairs, spectacles etc.
- Public Health Centre at Luwara Village

Beside focus on key thematic CSR areas, PLL has been actively contributing to State Chief Minister's funds for state infrastructure development and disaster

relief initiatives. Some of these initiatives undertaken during the previous financial year included:

- Disaster Relief and State Chief Minister Fund
- Contribution towards Flood Relief, Bharuch
- Chief Minister's Relief Fund, Uttarakhand
- Kerala Chief Minister's fund for providing infrastructure facilities at rehabilitation area for resettling the evacuees of the area between RMP Thodu Canal and Kalamuku Junction.

Investments in Community

INR 8.05 crore was allocated for CSR activities during FY 2013-14 and Rs. 3.17 crore was spent on them. This represents 0.45% of profit after tax spends on CSR activities during 2013-14.

PILLAR 4: **MARKETPLACE**

"If the other aspects of corporate social responsibility are about doing what you do right, then the Marketplace issues are about doing the right thing - Mallenbaker."

Workplace Performance

The Government of India formed PLL as a Joint Venture to import LNG and set up LNG terminals in the nation, it includes India's leading oil and natural gas industry players. Our promoters are GAIL (India) Limited (GAIL), Oil & Natural Gas Corporation Limited (ONGC), Indian Oil Corporation Limited (IOCL) and Bharat Petroleum Corporation Limited (BPCL).

Marketplace CSR policies

PLL is in the niche business of import, storage and regasification of LNG, and supplies its product to a couple of selected clients including GAIL, IOCL and BPCL. Taking into account the way of business, company does not have committed policies in regards to three perspectives as mentioned below. Conversely, PLL does not take these aspects lightly, and has sufficient focus on these aspects. The company is taking appropriate actions as and when needed to address them extensively.

Perspective 1: providing goods and services that are safe and contribute to sustainability throughout their life cycle

Perspective 2: respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

Perspective 2: Engaging with and providing value to their customers and consumers in a responsible manner

Further, none of the entity / entities with whom company works together takes part in the BR initiatives of the



Truck loading

company. All of company's principle promoters, i.e. GAIL, ONGC, IOCL and BPCL, are obliged to and undertaking BR activities and release their own dedicated BR reports.

Product Responsibility

At PLL, our primary and only product portfolio incorporates import, storage and regasification of Liquefied Natural Gas. We are not involved in manufacturing of any product, and hence social and ecological apprehensions emerging from manufacturing activities are not present in our operations.

Safe and Sustainable product

PLL believes that increasing the share of natural gas in the Country's energy mix will prompt a move towards a low carbon emission. This conviction originates from the fact that natural gas and renewable energy sources are frequently thought to be supplementing one another. Natural Gas, which is the major product of PLL, does not generate significant amounts of solid waste, air emissions in form of nitrogen oxides and carbon dioxide are likewise of lower quantities than those produced from coal or oil. In fact, it is better than domestically produced natural gas.

Emissions from natural gas in form of sulphur dioxide and mercury are negligible. These characteristics make LNG a cleaner fuel and helps PLL and consumers in reducing their carbon footprint.

Responsible Handling and Marketing

Our product is transported through massive tanker ships and gas pipelines thus reducing environmental footprint associated with transport. In any case, we are still dedicated to ensuring responsible handling and marketing of our product, and subsequently have set up state of the art product handling equipment at our facilities. Furthermore,

PROMOTERS OF PLL

Oil and Natural Gas Corporation Limited



The public sector giant ONGC is spearheading India's aggressive hunt for crude

oil, natural gas and other energy sources. Established in 1956 as the Oil and Natural Gas Commission, it was corporatized as Oil and Natural Gas Corporation Limited on February 1, 1994. Today ONGC, which is fast emerging as an integrated energy transnational, is responsible for the exploration, production and transportation of unprocessed hydrocarbons and accounts for more than 90% of India's oil and gas output (mostly in the Western Offshore Region).

Indian Oil Corporation Limited (IOCL)



Public sector undertaking IOCL is India's largest commercial enterprise and has

established itself as a regular both in the Fortune magazine's Global 500 listing of the world's largest corporations and Forbes magazine's International 500 list of largest companies outside the USA.

PLL ensures complete compliance to all facets dealing with product handling, branding and distribution however as PLL arrangements principally with transportation, storage and regasification of LNG, product information labeling is not material for this case. Moreover, PLL

PROMOTERS OF PLL

Bharat Petroleum Corporation Limited (BPCL)



One of India's top national oil marketing companies (OMCs), BPCL was formed in

1976 through nationalisation of the the Burmah Shell Oil Storage & Distribution Company of India. With sales of 19.35 million tonnes and a market share of 21.43%, BPCL is today the second largest oil marketing company in the country.

GAIL (India) Limited



The public sector company GAIL is responsible for the transportation, distribution, processing and marketing of natural gas in India.

**STRATEGIC PARTNER OF PLL
GDF SUEZ**

They are our largest importer of LNG in Europe for the last 30 years and hold 10% equity in the company. GDF SUEZ, whose business covers every aspect of the gas supply chain, is recognized as a world leader. It has developed expertise in natural gas production, supply, transmission, liquefied natural gas (LNG), storage and distribution, and other applications.

comply with all existing regulations of the concerned land.

**Customer Responsibility
Service beyond Compliance**

Beyond social contribution and providing best of the products, PLL is exploring the supply of LNG to customers through

road transportation that would help the customer who are not connected though gas pipelines, and with medium to small requirements. The hubs developed can supplementary be used for supplying PNG and CNG to customers. PLL aspires to market this product as "Taral Gas" and marketing endeavors are as of now in progress in this respect.

Understanding Satisfaction Level

As our principle customers are our primary promoters, i.e GAIL, IOCL and BPCL, with whom we interact and engage frequently to comprehend customer satisfaction level. Representatives of these organizations are usually in attendance on PLL's Board ensuring constructive dialogue earlier to decision making process thus eliminating possibility for conflicts.

Feedback Mechanism

We trust that businesses should engage with and provide value to their customers and consumers in a responsible approach. Our management approach takes care of these however there have been no cases of customer complaints / consumer case in the reporting period.

Responsible Competition

PLL believes in fair trade practices, responsible advertising and / or competitive behaviour for betterment of business and society. Though, the nature of business does need to have any polices with regard to these still we endeavor our earnest attempts to keep ourselves fair in all our practices. Moreover, there is not any case filed by any stakeholder against the Company regarding any of this behaviour in the last five years.

**Stakeholder Responsibility
Sustainable and Ethical Sourcing**

Company have a dedicated policy or procedures for sustainable sourcing, conversely efforts are made for promoting sustainable practices, including procurement, wherever viable. PLL's raw material is transported primarily from Qatar besides from different other countries through

large tanker ships to our terminals in Dahej and Kochi, where the final regasified product is transported to customers through installed pipelines. Both these modes of transportation are considered exceptionally clean and sustainable.

Vendor Selection Policy

PLL's procurement approach is focused around least price tendering mechanism. Company decides on its vendors based on deliberately outlined assessment criteria set for each good and service to be procured. In this respect, competent local vendors are given equal preference as any other as wherever applicable they are called upon for the tendering process.

Stakeholder Mapping

The Company practice stakeholder mapping approach for recognizing its key internal and external stakeholders. Of these, during FY 2013-14, PLL engaged with its internal stakeholders, i.e. employees, in a structured process to map key imperative issues as seen by the these stakeholders. The Company also has mapped disadvantaged, vulnerable and marginalized stakeholders, and is effectively living up to expectations with them towards comprehensive development. Having recognized the need of the groups and communities spread around PLL's significant area of operations, company is running infrastructure development, education, and healthcare services programs for the marginalized and disadvantaged stakeholders.

Human rights policy

PLL regards and advances human rights under Global Compact principles. Company policy on human rights is all-encompassing and exhaustive, and all contractors and suppliers are expected to follow them comprehensively. PLL is an equal opportunity employer and does not discriminate based on gender, caste, race, sexual orientation or religion. PLL method for stakeholder complaints concerning breach of human rights aspects acknowledged no complaint in the reporting period.



COMPLIANCES

GRI Application Level Statement

Our second sustainability report for FY 2013-14 is self-declared to be in compliance with the Application Level A+.

Report Application Level	C	C+	B	B+	A	A+
	<p>Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15</p>		<p>Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17</p>		<p>Same as requirement for Level B</p>	
	<p>Not Required</p>	<p>Report Externally Assured</p>	<p>Management Approach Disclosures for each Indicator Category</p>	<p>Report Externally Assured</p>	<p>Management Approach disclosed for each Indicator Category</p>	<p>Report Externally Assured</p>
	<p>Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment.**</p>		<p>Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society product responsibility.***</p>		<p>Respond on each core and Sector Supplement* Indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.</p>	

* Sector supplement in final version
 ** Performance Indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines
 *** Performance Indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines

UNGC Commitment Statement



Petronet LNG Limited

World Trade Centre, 1st Floor, Babar Road,
Barakhamba Lane, New Delhi – 110 001 (INDIA)
Tel.: 23411411, 23472525 Fax: 23709114
Website: www.petronetlng.com
CIN: L74899DL1998PLC093073

Commitment Statement by CMD:

Petronet LNG, with an aspiration to be a responsible Corporate Citizen, undertakes its responsibility devotedly across all levels within the Company. As a member, we firmly believe in committing to and aligning our business practices with the ten principles of Global Compact.

Our board fully supports our actions in working towards sustainability goals – particularly those contained in the UN Global Compact – and endorses the future priorities and specific targets we set out in our report. Through our support of the United Nations Global Compact, we also aim to move the agenda forward on performance related to human rights, labour rights, the environment and the fight against bribery and corruption.

Being a member of Global Compact we strongly believe in the ten principles and this year we have focussed on the various steps taken to put into practice these principles and the progress made have been summarised here.

We are determined to follow these principles thoroughly and further improve on our processes to achieve excellence. We intend to report the progress made every year pertaining to all the ten principles every year.



(Dr A K Balyan)
MD & CEO

Contact: Mr. Avnit Kumar Chopra, VP (HR & PR)

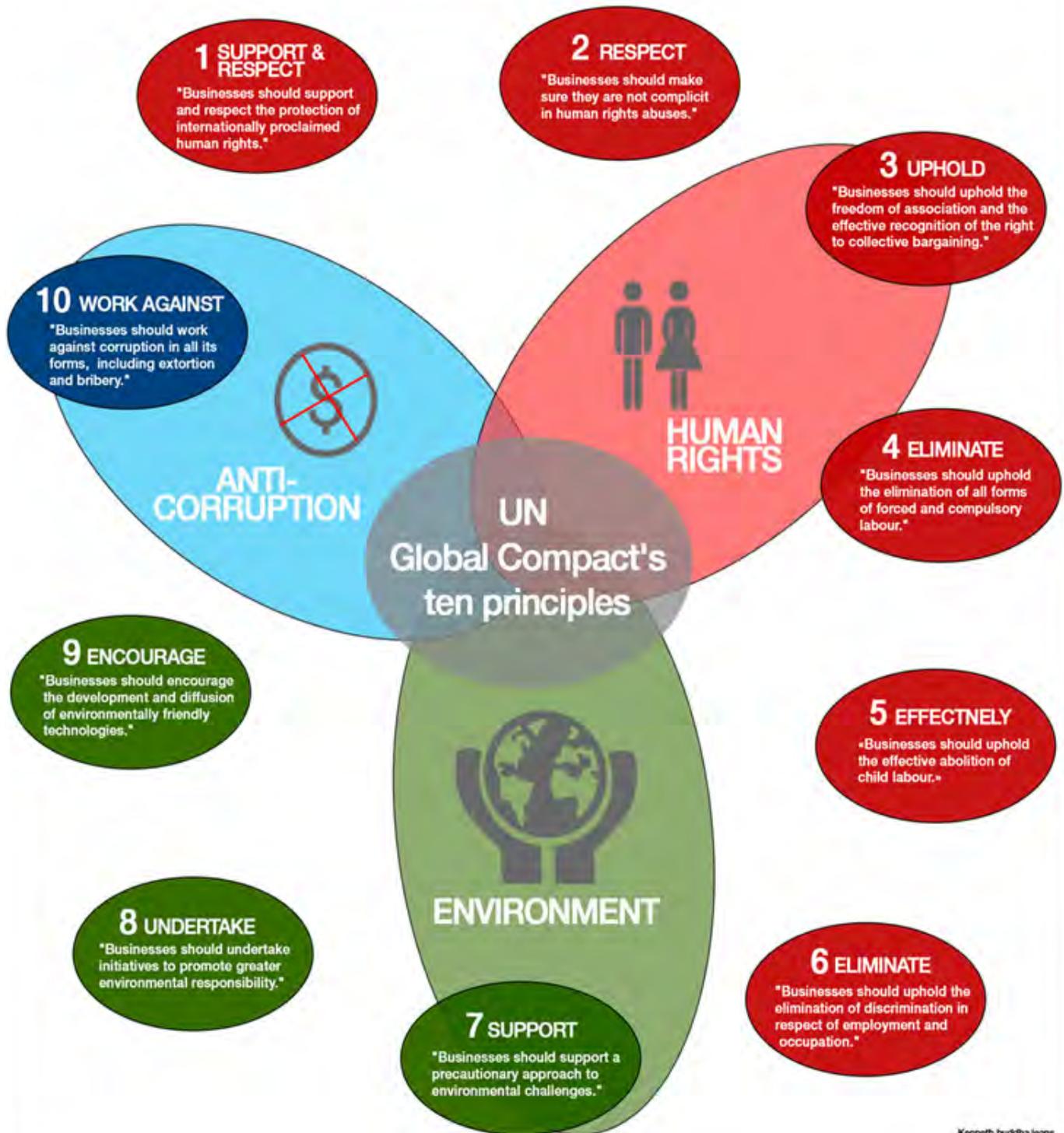
Email: akchopra@petronetlng.com Phone: 011- 23472520 Fax: 011- 23472550

Dahej LNG Terminal:
GIDC Industrial Estate, Plot No. 7/A, Dahej
Taluka Vagra, Distt. Bharuch - 392130 (Gujarat)
Tel.: 02641-257249 Fax: 02641-257252

Kochi Site:
Survey No. 347, Puthuvypu
P.O. 682508, Kochi
Tel.: 0484-2502268

Petronet commitment towards UNGC ten principles

As per commitment, companies are required to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.



Assurance Statement



Ernst & Young LLP
22, Camac Street
5th Floor, Block 'B'
Kolkata-700 016, India

Tel : +91 33 6615 3400
Fax: +91 33 2281 7750
ey.com

The Management and Board of Directors

Petronet LNG Limited

1st Floor, World Trade Center

Babar Road, Barakhamba Lane

New Delhi, DL 110001

Independent Assurance Statement

Ernst & Young LLP (EY) was engaged by Petronet LNG Limited (the 'Company') to provide independent assurance to its Sustainability Report 2013-14 (the 'Report') covering the Company's sustainability performance during the reporting period 1st April 2013 to 31st March 2014.

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

Assurance Standard

Our assurance is in accordance with International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000), and our conclusions are for 'limited' assurance as set out in ISAE 3000.

Scope of assurance and methodology

The scope of our work for this engagement was limited to review of information pertaining to environment, health & safety (EHS) and social performance for the period 1st April 2013 to 31st March 2014. We conducted review and verification of data collection/ measurement methodology and general review of the logic of inclusion/ omission of necessary relevant information / data and this was limited to:

- Review of consistency of data/information within the report as well as between the report and source;
- Review and execution of audit trail of selected/sample claims, information and data streams at the site (Dahej and Kochi Terminals) and corporate office (New Delhi), to determine the level of accuracy in collection, transcription and aggregation processes followed;
- Review of Company's plans, policies and practices, so as to be able to understand the completeness of the reporting and degree to which EY believes the report provide a fair representation of the Company's activities.

Page 1 of 2

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Limitations of our assurance

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2013 to 31st March 2014);
- The 'economic performance indicators' included in the Report;
- The Company's statements that describe expression of opinion, belief, inference, aspiration, expectation, aim or future intention.

Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, was drawn from our Climate Change and Sustainability network, and undertakes similar engagements with various Indian and international companies. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

Observations and opportunities for improvement

- The Company has demonstrated continued commitment to social initiatives through its consistent contribution to community development activities;
- The Company may strengthen their data management system on certain indicators, namely, indirect energy consumption (EN4), waste (EN22).

Conclusion

Based on our scope of review and approach, nothing has come to our attention that causes us not to believe that the Report has covered significant aspects in a fairly balanced manner, with regard to the Company's sustainability performance.

Ernst & Young LLP

Sudipta Das
Partner

Dated: March 20, 2015
Place: Kolkata, India

GRI Reference Content Index

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OGSS Reference Content Index

OGSS Aspect	Response
OG1: Volume and type of estimated proved reserves and production	NA. We are in the business of re-gasification of LNG. We procure LNG through long term contracts or through spot markets.
OG2: Total amount invested in renewable energy	We have currently not invested in renewable energy but are exploring opportunities in this area.
OG3: Total amount of renewable energy generated by source	We currently do not generate renewable energy.
OG4: Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored.	100% sites, 2 terminals at Dahej and Kochi, India. All sites are covered from biodiversity risk assessment perspective. Environment Impact Assessment studies were conducted for both sites before work construction work started. Measures are in place for ensuring spills and leaks do not significantly impact human life and biodiversity.
OG5: Volume and disposal of formation or produced water	Condensate water is generated in our operations. The quality of condensate water is regularly monitored by our on-site laboratory and the required chemical treatment process is decided accordingly. The condensate water is used for gardening purposes within our facility and as a back-up source in case of fire emergencies. Refer Page 35 for case study. We currently do not track the volume of condensate water generated.
OG6: Volume of flared and vented hydrocarbon.	We have a continuous flare system at both our terminals, i.e. Dahej and Kochi. During the year, 100740Nm ³ gas was consumed for pilot burning at our Dahej terminal. Our Kochi terminal was commissioned in 2013 and saw large flaring activity during initial months. 127573.99 MMBtu gas was flared at the Kochi terminal during the reporting period. This is a technical and safety requirement.
OG7: Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal.	NA. We are in the business of re-gasification of LNG. We currently do not have any upstream operations. We procure LNG through long term contracts or through spot markets.
OG8: Benzene, lead and sulfur content in fuels	We deal with Natural Gas. It does not contain Benzene, Lead or Sulphur content.
OG9: Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place.	NA. None of our operations are around indigenous communities' habitat. No communities are impacted by our operations. All our terminals are in Government allocated economic zones and away from human habitat.
OG10: Number and description of significant disputes with local communities and indigenous peoples.	NA. None of our operations are around indigenous communities' habitat. No communities are impacted by our operations. All our terminals are in Government allocated economic zones and away from human habitat.
OG11: Number of sites that have been decommissioned and sites that are in the process of being decommissioned.	No such site.
OG12: Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process.	NA. No such cases. None of our operations are around indigenous communities' habitat. No communities are impacted by our operations. All our terminals are in Government allocated industrial / economic zones and away from human habitat.
OG13: Number of process safety events, by business activity.	Refer Health and Safety section on Page 40.
OG14: Volume of biofuels produced and purchased meeting sustainability criteria.	NA. We are in the business of re-gasification and distribution of LNG. We do not procure or produce biofuels.



**PETRONET
LNG
LIMITED**

Contact us:

We welcome your feedback on our maiden sustainability reporting venture.

Do write to us: investors@petronetlng.com