

Sustainability Report 2014-15



Petronet LNG Limited

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Message from the Managing Director & CEO



Dear Stakeholders,

As I succeed Dr. A. K. Balyan as the MD and CEO of Petronet LNG, I would like to reaffirm my and Petronet's commitment to sustainable development. In line with the same, I am proud to share the progress made regarding our ongoing sustainable development journey, presenting to you our third sustainability report for the year 2014-15.

The FY 2014-15 was a challenging one for the oil and gas sector as a whole. However, despite the uncertain market, we delivered better than expected business performance, with our revenues and profits both rising during the year. Also, during the year we made progress on new projects under planning, including commissioning of a feasibility study for a satellite Terminal in Port Blair, Andaman & Nicobar Islands. Besides economic performance, we also kept our constant focus on our commitment to environmental and social performance. In this regard, a key achievement during the year was the formation of a dedicated CSR Board level committee and CSR policy for the Company, which highlights our commitment to the cause of inclusive growth.

From human resource management perspective, we strive to create a great place to work by developing people who can inspire, encourage and energise others around them. In this regard we are continuously working towards empowering our employees and developing their skill set to be able to realize their true potential. Further, 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, we are a signatory to the United Nations Global Compact as well.

The report is a summary of these and other similar stories along with our proactive approach and progress made during the 2014-15 period. We sincerely hope you would find the report informative and useful.

Sincerely,

Prabhat Singh
MD & CEO



Message from the Director (Finance)



Dear Stakeholders,

First of all, I would like to congratulate and thank you all for the Company's strong performance in the year 2014-15. Your support and trust allowed us to achieve better than expected results in FY 2014-15 after a slowdown in FY 2013-14. With our belief in sharing value, the rewards of success were equitably shared across various aspects of business including company increasing its share of CSR, environmental and employee related expenditure.

In FY 2014-15, we invested INR 57 crore towards employee wages and benefits up from INR 47 crores in FY 2013-14. Similarly, we also invested INR 4.24 crore towards CSR initiatives and projects in FY 2014-15 up from INR 3.17 crore in FY 2013-14.

You will find details of all these and more initiatives in our third sustainability report for FY 2014-15. The sustainability assessment and reporting, like our annual financial reporting, has become a part and process of our organizational culture. We are continuously working towards assessing our own progress and exploring initiatives for continuous growth going forward.

Sincerely,

R. K. Garg
Director (Finance)

Message from the Director (Technical)



Dear Stakeholders,

Welcome to our third Sustainability Report for the year 2014-15. The year was a successful one for PLL both in terms of projects implemented and those conceptualized. During the 2014-15 period, some of our successes included implementation of Integrated Management System at Dahej Terminal and being pursued at Kochi Terminal, and increase in area under Mangrove Plantation initiatives to over 1,100 hectares. Further, observing that a significant amount of energy is spent on the Natural Gas liquefaction process for converting natural gas into LNG by the LNG producing countries, we feel there is a scope for recovery of this energy at our terminals during the re-gasification process. We are working on exploring the same.

On another significant aspect, we are constantly striving to provide safe and convenient working environment for our employees to be able to work at their optimal level. In this regard we invested in better systems and trainings for further improving the working environment across our Terminal sites. We are investing in enhanced Health Safety Fire and Environment trainings in this regard, with focus on behavioral safety aspect.

More details on these and other company initiatives taken during the FY 2014-15 period are discussed in the report.

Sincerely,

Rajender Singh
Director (Technical)



About the Report

This report is Company's third Annual Sustainability Report titled as **"Leading the way in delivering clean energy for all"** for the reporting period FY 2014-15. Our previous sustainability reports released in FY 2012-13 and FY 2013-14 were titled as "Partners in Clean Energy" and "Furthering the Cause of 'Clean Energy for All'" respectively. These reports serve as a medium to communicate the social, environmental and economic performance along with initiatives and projects undertaken by Petronet LNG Limited (PLL). The report is intended for all stakeholders who are directly or indirectly connected with PLL with an objective of providing sufficient information for an informed decision making. The report covers various aspects that PLL considered material to its business and stakeholders.

The reporting boundary for report includes the Registered and Corporate Office in Delhi (1st Floor, World Trade Center Babar

Road, Barakhamba Lane New Delhi - 110 001) and the operational Liquefied Natural Gas (LNG) Terminals at Dahej in Gujarat and at Kochi in Kerala. Performance of Adani Petronet (Dahej) Port Private Ltd. a Joint Venture company, does not form part of this sustainability report.

The report has been prepared as per Global Reporting Initiative (GRI) G4 Guidelines and covers Oil and Gas sector supplement (OGSS) as well. The quality of the report is defined in such a manner so as to ensure information presented to stakeholders is unbiased, comparable, accurate, reliable and understandable. The disclosures presented in the report, as evaluated by us, are in accordance – "Core" option.

We believe that independent assurance leads to quality and process improvements & reassures readers and our management that the information we publish is accurate and material, and therefore, contributes to building trust and credibility with key interest

groups. Therefore, we engaged Ernst and Young LLP as professional assurance providers to provide independent external assurance of non-financial data presented in the report.

Further, the report has been conceptualised by Indian Centre for CSR (ICCSR) that promotes the four pillars of CSR i.e. workplace, marketplace, society and environment. Being a responsible organization, PLL has adopted these intrinsic CSR values in its core philosophy of being in service to the needs of people and society.

In our endeavour to continuously improve on disclosing the relevant information to our stakeholders, we have incorporated last year's feedbacks received and shall continue to do so in future as well. 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.



About the Company





An Overview

Petronet LNG Limited, being the first company to import LNG in India, is one of the fastest growing world-class companies in the Indian energy sector. PLL was incorporated on 2nd April, 1998 as a joint venture between our principle promoters, namely ONGC, GAIL, IOCL and BPCL, to import LNG and set up LNG terminals in the country with Authorized Capital of INR 1,200 crore. The Company commenced its commercial operations from April, 2004 onwards. Today, PLL is at the forefront of India's all-out national drive to ensure the country's energy security in the years to come.

Our Operational Footprint

Dahej LNG Terminal

PLL set up South East Asia's first LNG Receiving and Regasification Terminal with an original nameplate capacity of 5 MMTPA at Dahej, Gujarat which was further expanded to 10 MMTPA in June, 2009. The expansion involved construction of 2 additional LNG storage tanks and other vaporization facilities. The terminal is meeting around 30% of the total gas demand of the country. We are currently undertaking activities related to expansion of Dahej LNG Terminal from 10 MMTPA to 15 MMTPA which are expected to complete in 2016. The expansion project involves construction of two additional storage tanks, additional

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.

Values

Integrity, Excellence, Sustainability, Trust & Care and Team

re-gas facilities of 5 MMTPA capacity and four LNG Truck loading bays.

Further, we also commissioned the second LNG Jetty at Dahej for risk mitigation as well as to berth the higher capacity Q-Max and Q-Flex LNG vessels.

Kochi LNG Terminal

We commissioned our LNG Receiving, Storage & Regasification Terminal with nameplate capacity of 5 MMTPA at Kochi, Kerala in September 2013. The terminal area is situated in the Special Economic Zone (SEZ) of Puthuvypeen near the entrance to Cochin Port. The jetty facility is designed to receive LNG tankers between 65,000 to 216,000 cubic metres (Q- Flex). Terminal has two full containment above ground LNG storage tanks of net capacity of 155,000 cubic metres each. Currently, Kochi LNG

terminal is operating at very low capacity in absence of major part of the pipelines connecting Tamil Nadu, Bangalore and Mangalore markets. To enhance the capacity utilization at Kochi plant, we have been trying to offer innovative solutions to international LNG players such as unload and re-export of LNG, cool down, gassing up and bunkering fuel. Accordingly the Kochi plant facilities are modified.

Envisaged Projects

Owing to the increasing demand and for meeting consumer requirements in eastern region of India, PLL have 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).

As of now, pre-feasibility studies such as DFR, FEED along with pre-project activities have been completed and all necessary approvals have been received for the Gangavaram Project.

Further, PLL has prepared a detailed feasibility report for setting up a satellite LNG regasification terminal, along with a power generation plant, at Port Blair. The facility will also have provision to supply regasified LNG for city gas distribution and industrial ancillary units. It will sign a Memorandum of Understanding with Government of Andaman & Nicobar for joint venture formation and Power Purchase Agreement.

LNG Sourcing & Transportation

We have signed long-term supply contracts for LNG imports with Ras Gas, Qatar and Mobil Australia Resources Company (MARC), Australia. Our three LNG ships, namely 'Disha', 'Raahi' and 'Aseem' carry the entire LNG volume from Ras Gas under a long-term contract to Dahej. The Shipping Corporation of India (SCI) is equity partner in the ship owning companies. The RLNG is marketed in the States of Gujarat, Maharashtra, Madhya Pradesh, Rajasthan, Uttar Pradesh, Delhi, Haryana & Punjab through HBJ Pipeline network.

While the LNG supplies from Qatar commenced in 2004, we have also signed an LNG SPA with Exxon Mobil Corporation for supply of approximately 1.44 MMTPA of LNG from the Gorgon LNG Project, Australia on a long term basis for the Kochi LNG terminal which is expected to commence by 2016.

Besides the long-term LNG contracts, we are in constant touch with the suppliers to secure LNG at an affordable price for Indian markets. We also buy LNG on spot and short-term basis from many international players.

End Consumers

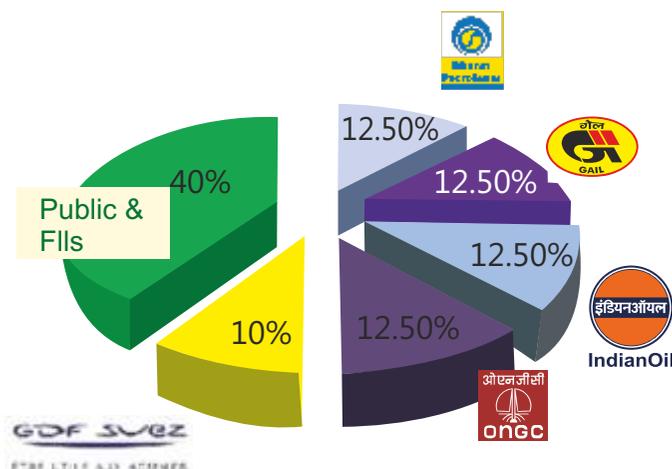
PLL has entered into marketing alliance for the entire throughput quantity of 7.5 MMTPA (about 30 MMSCMD) of RLNG through the Gas Sale & Purchase Agreements with the three promoter cum off-takers i.e. GAIL (India) Ltd. (GAIL), Indian Oil Corporation Limited (IOCL) and Bharat Petroleum Corporation Limited (BPCL). For the long term, 7.5 MMTPA throughput of Dahej Terminal, GAIL and Gujarat State Petronet Ltd. (GSPL) are the transporters. The other off-takers of RLNG viz. IOCL and BPCL use the pipeline of GAIL and GSPL by executing Gas Transmission Agreements. Mainly, the consumers of RLNG are the

existing consumers, whose current demand is unmet or are currently using liquid fuels, like, Naphtha /FO/ LSHS. We are also meeting RLNG requirement of bulk consumers like GSPCL, Reliance, Torrent, fertilizer companies on spot /short term basis. The LNG is being sold by Petronet on Ex-terminal basis.

Utilizing already existing road network and using overland transportation through LNG trucks/hubs, we have taken measures to reach customers who are not connected with pipeline for supplies of LNG. At Dahej Terminal, already 8-9 trucks are being loaded every day. Taking this initiative forward, we have commissioned supply of LNG by road from Kochi Terminal as well. The first direct customer of the Company for supply of LNG by road tankers, from Kochi Terminal, is Hindustan Lifecare Ltd. (HLL), Trivandrum and supplies have commenced from September 2014. Additionally, we provide an alternative fuel source for the automotive industry and feedstock for chemicals and petrochemicals. We are also looking at developing LNG hubs around the country, for better serving the pan-India demand.



Shareholding Pattern



PLL is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). Our promoters are among the top public sector companies of the country's Hydrocarbon Sector viz. GAIL (India) Limited (GAIL), Oil & Natural Gas Corporation Limited (ONGC), Indian Oil Corporation Limited (IOCL) and Bharat Petroleum Corporation Limited (BPCL). Each has a 12.5% equity share, leading to a total of 50% for the four. Other major shareholder includes GDF International (wholly owned subsidiary of GDF Suez – name changed to ENGIE, effective from April 2015) (10%), while the rest are held by the FIs & public (40%). GDF International is the strategic partner of the Company.

Awards & Accolades

As a reflection of our efforts to become responsible organization, we have been honoured with awards and recognitions on various occasions.

- Petronet LNG Ltd. has been awarded the 1st runner up award - The Heavyweights for Business World India's fastest Growing Companies Awards 2014.
- IES conferred the "Udyog Rattan Award" to our MD & CEO for doing Mother India pride and "Excellence Award" to our company.
- Petronet LNG Limited, Kochi has been selected for the Safety Innovation Award 2014.
- Our MD & CEO joined the eminent club of awardees of distinguished fellowship of Institute of Directors for the year 2014.
- Our MD & CEO joined the eminent club of awardees of distinguished fellowship of



NHRDN Lifetime Achievement Award.

- Petronet LNG Ltd has been awarded with the Global HR Awards 2014 by the Energy and Environment Foundation.
- Petronet LNG Ltd has been awarded with the Global CSR Awards 2014 by the Energy and Environment Foundation.

Product Profile

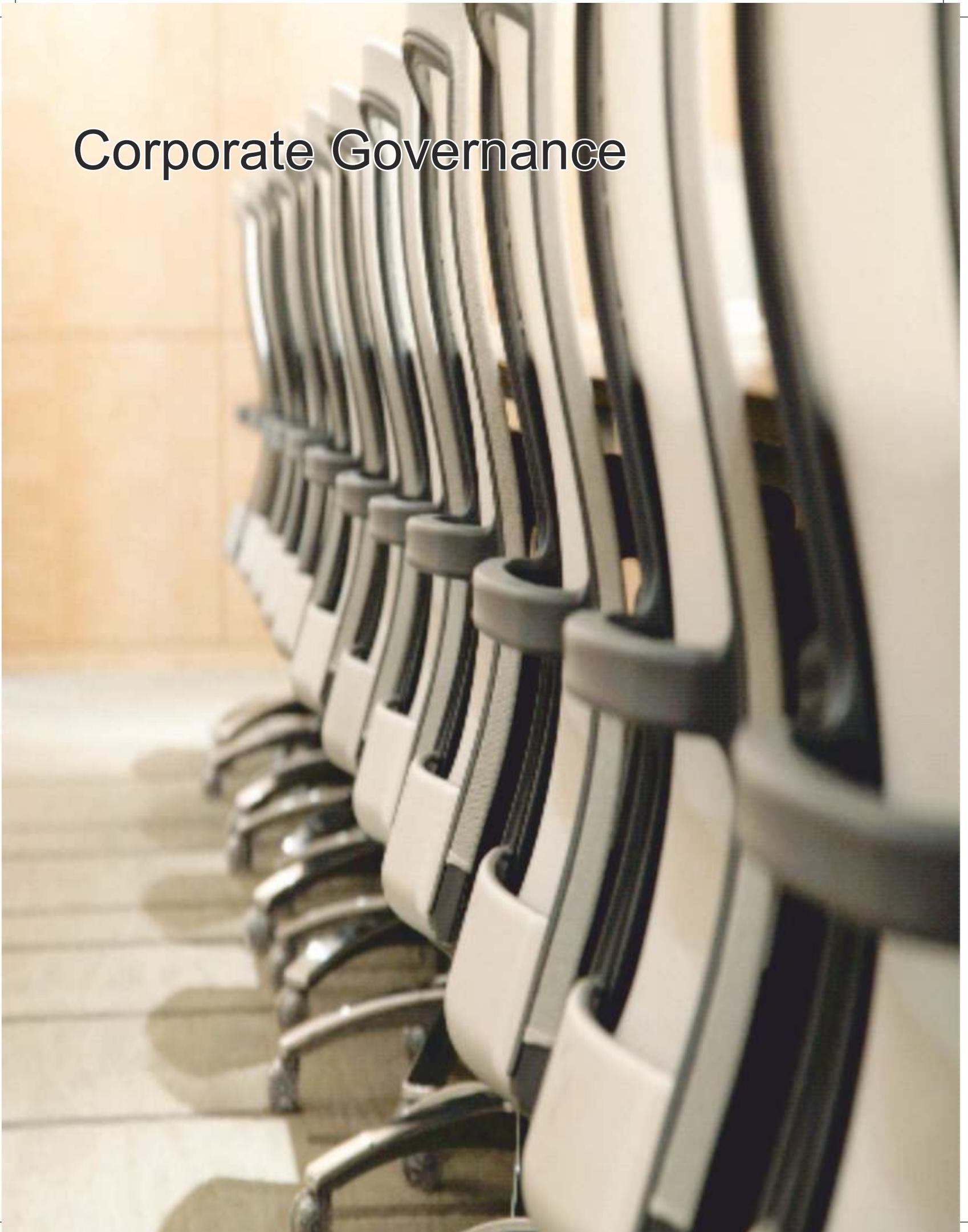
Our business operations are import and re-gasification of LNG comprising mostly of methane, with varying portions of ethane, propane and butane. The natural gas is cooled to -160°C to liquefy

and transported in cryogenic tankers across seas to our terminals where it is re-gasified and afterward distributed. We brand our product as 'Taral Gas' - the new-age eco-friendly fuel. The Taral Gas is being delivered to our customers, who are not connected with pipelines from our Terminals, through truck loading at Dahej and Kochi.

Product stewardship forms the basis of the very presence of PLL 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 along with reduction of environmental footprint

due to our operations. Our initiatives include expanding green covers around our territories of significant operations, supporting initiatives of biodiversity and habitat protection, 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. We have also kept provision for reloading of small ships from Kochi Terminal for future necessity of coastal trade of LNG and bunkering which may help in reduction of carbon footprint.

Corporate Governance



An Overview

We believe that corporate governance is an ethically driven business process that is committed to values aimed at enhancing an organization's growth. Being a professionally run enterprise, effective board oversight and sound corporate governance practices are fundamental to the quest of our organization in delivering long-term value to all our stakeholders. We ensure our corporate governance practices are driven by strong Board oversight, timely disclosures, transparent accounting policies and high levels of integrity in decision-making. We also ensure that any meaningful policy on the corporate governance provides empowerment to the executive management of the PLL, and simultaneously create a mechanism of checks and balances which ensures that the decision making power vested in the executive management are used with care and responsibility to meet shareholders and stakeholders aspirations. PLL is committed to attain the highest standards of corporate governance.

Leadership Structure and Board of Directors

At PLL, our Board ensures the responsibility of sustainable improvements in corporate valuations by providing strategic guidance and oversight regarding management decisions, as well as selecting and changing the management whenever necessary. Considering the urgent risks to business, and the scope of global opportunities, our Board understands the imperative of including highly qualified members with diverse backgrounds, perspectives and expertise. Our Board is comprised of people from a variety of regions, experiences, training, education and cultures who bring the ideas, intellect, resources and networks to increase shareholder value.

As on 31st March, 2015, the board comprised thirteen members, three Whole-time Directors, seven Non-executive Directors and three Independent Directors, which include a Women Director. Shri Saurabh Chandra, a Non-executive Director, served as the

Chairman of the Board of Directors during the period, while our Managing Director and CEO during 2014-15 period, Dr. A. K. Balyan, was a whole-time Director of the Company. Since 31st March 2015, three major changes have taken place regarding the composition of the Board – Shri K. D. Tripathi has now assumed the role of Chairman of the Board of Directors, Shri Prabhat Singh has been appointed as the MD & CEO of the Company replacing Dr. A. K. Balyan and has assumed charge w.e.f. 14th September, 2015 and Shri Subir Purkayastha has replaced Shri B. C. Tripathi as a Non-Executive Director and Nominee of GAIL on the Board.

During the reporting period of FY 2014-15, four Board Meetings were held on 30th April, 4th August, 7th November, 2014 and 5th February, 2015. In accordance with the Clause 49 of the Listing Agreement, the gap between any two meetings did not exceed 120 days. Board composition as on 31st March, 2015:

Name	Designation	Category
Shri Saurabh Chandra	Chairman, Secretary, Govt. of India, (MOP&NG)	Non-executive
Dr. A. K. Balyan	Managing Director & CEO	Whole-time
Shri R. K. Garg	Director (Finance)	Whole-time
Shri Rajender Singh	Director (Technical)	Whole-time



Name	Designation	Category
Shri B. C. Tripathi	Director, Nominee of GAIL	Non-executive
Shri S. Varadarajan	Director, Nominee of BPCL	Non-executive
Shri D.K. Sarraf	Director, Nominee of ONGC	Non-executive
Shri Debasis Sen	Director, Nominee of IOCL	Non-executive
Shri Atanu Chakraborty	Director, Nominee of GMB/GOG	Non-executive
Mr. Philip Olivier	Director, Nominee of GDFI	Non-executive
Shri Arun Kumar Misra	Director	Independent
Shri Sushil Kumar Gupta	Director	Independent
Dr. Jyoti Kiran Shukla	Director	Independent

Current Board composition, i.e. in FY 2015-16:

Name	Designation	Category
Shri K. D. Tripathi	Chairman, Secretary, Govt. of India, (MOP&NG)	Non-executive
Shri Prabhat Singh	Managing Director & CEO	Whole-time
Shri R. K. Garg	Director (Finance)	Whole-time
Shri Rajender Singh	Director (Technical)	Whole-time
Shri Subir Purkayastha	Director, Nominee of GAIL	Non-executive
Shri S. Varadarajan	Director, Nominee of BPCL	Non-executive
Shri D. K. Sarraf	Director, Nominee of ONGC	Non-executive
Shri Debasis Sen	Director, Nominee of IOCL	Non-executive
Shri Atanu Chakraborty	Director, Nominee of GMB/GOG	Non-executive
Mr. Philip Olivier	Director, Nominee of GDFI	Non-executive
Shri Arun Kumar Misra	Director	Independent
Shri Sushil Kumar Gupta	Director	Independent
Dr. Jyoti Kiran Shukla	Director	Independent

Committees

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 are in place. The Audit Committee comprised of the following Directors as on 31st March, 2015:

1. Shri Arun Kumar Misra, Chairman
2. Shri D. K. Sarraf, Member
3. Shri Sushil Kumar Gupta, Member

All the Members of Audit Committee are Non-executive Directors and two out of three Members are Independent Directors namely Shri Arun Kumar Misra and Shri Sushil Kumar Gupta. The quorum of the Audit Committee is two Members. The Company Secretary is the Secretary of the Audit Committee.

Nomination and Remuneration Committee (NRC)

The terms of reference of NRC include inter-alia identifying the person(s) who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down by NRC. NRC also recommends to the Board appointment and removal of Director and also carries out evaluation of every Directors' performance. In addition, NRC also formulates the criteria for determining qualifications, positive attributes and independence of the Directors and recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel (KMP) and other employees.

In terms of provisions of Section 178 of Companies Act, 2013 as well as Listing Agreement, Board of Directors has renamed Remuneration Committee as Nomination and Remuneration Committee. As on 31st March, 2015, the Nomination and Remuneration Committee comprised of the following Directors:

1. Shri Arun Kumar Misra, Chairman
2. Shri D. K. Sarraf, Member
3. Shri Sushil Kumar Gupta, Member

One Meeting of the erstwhile Remuneration Committee was held on 29th April, 2014.

Stakeholders' Relationship Committee

In terms of provisions of Companies Act, 2013 as well as Listing Agreement, Board of Directors has renamed Shareholders'/Investors' Grievances Committee as Stakeholders' Relationship Committee. As on 31st March, 2015, the Stakeholders' Relationship Committee comprises of the following Directors:

1. Shri R. K. Garg, Member
2. Shri Rajender Singh, Member

One meeting of the Stakeholders' Relationship Committee was held on 31st March, 2015. PLL is in the process of appointing a non-executive Director as a Chairman

of Stakeholders' Relationship Committee. Our Company Secretary is the Compliance Officer of the Company.

During the reporting period, one complaint was pending from the previous financial year, as on 1st April, 2014, while 1358 complaints were received during the year. Of these, all complaints were resolved during the FY 2014-15 period, with the exception of only one complaint pending as on 31st March 2015.

CSR Committee

Petronet Limited Ltd., as a responsible Corporate has been undertaking Socio-Economic Development Projects/Programs and also supplementing the efforts of the local institutions/NGOs/ local Government/implementing agencies in the field of Education, Healthcare, Community Development, Entrepreneurship etc. to meet priority needs of the marginalized and under served communities with the aim to help them become self-reliant. These efforts are being undertaken preferably in the local area and areas around our work centers/ project sites. To effectively manage, monitor and implement CSR initiatives of the company, and in terms of provisions of Companies Act, 2013, the Board of Directors have constituted a Corporate Social



Responsibility (CSR) Committee as a sub-committee to the Board.

The composition of the CSR committee as on 31st March, 2015 was as following:

1. Shri A. K. Misra, Chairman – Independent Director
2. Dr. A. K. Balyan – MD & CEO
3. Shri Sushil Kumar Gupta – Independent Director
4. Shri R. K. Garg – Director (Finance)
5. Shri Rajender Singh – Director (Technical)

As on 31st March, 2016 the composition of the committee observed one change – Shri Prabhat Singh – MD & CEO (with effect from 14 September 2015) has taken the place of Dr. A. K. Balyan (erstwhile MD & CEO).

As part of their mandate, the CSR Committee and the Board of Directors shall be responsible for:

1. Make & review recommendations on CSR initiatives;
2. Approve CSR Policy for the Company;
3. Ensure disclosing contents of the policy in Company's report /website.
4. Ensure that in terms of provisions of Section 135 of Companies Act, 2013, Company spends at least 2% of its average net profits

of the Company during the three immediately preceding financial years.

5. Ensure that activities included in the CSR policy are undertaken by the Company.
6. Ensure that Company shall give preference to the local area and areas around its work centres/Terminals for spending the amount earmarked for CSR activities;
7. If the Company fails to spend such amount, the Board shall, in its report specify the reasons for not spending the amount.
8. Include an annual report on CSR in the Board's Report and display the same on the website of the Company.

Transparency & Accountability

The philosophy of PLL in relation to corporate governance is to ensure transparent disclosures & reporting that conforms fully to laws, regulations and guidelines, and to promote ethical conduct throughout the organisation with the primary objective of enhancing shareholders' value while being a responsible corporate citizen.

We are making continuous efforts in improving the systems and procedures which are transparent and in conformity with the rules & procedures, thereby ensuring working atmosphere free from

corruption. As a part of preventive vigilance effort, the Company is taking initiatives towards strengthening systems through adherence to set procedure and guidelines, due diligence, analysis of audit reports and its incorporation in corporate decision making.

At Board level, during the selection of our Board members, we not only consider their experience but also qualifications and leadership positions held in the industry. The whole-time Directors are appointed by a Search Committee comprising Directors nominated by the Board. Our Independent Directors are appointed on the merit of their credentials and experience.

Code of Conduct

The Board of Directors of the Company approved Code of Conduct for Board Members & Senior Management Personnel and the same was made effective from 1st April, 2006. The subject code has been framed specifically in compliance with the provisions of clause 49 of the listing agreement with stock exchanges. A copy of the same has also been hosted/ placed at the website of the Company.

PLL's Code of Conduct & Business Ethics policies are applicable for Company's management employees

only. The purpose of this code is to enhance further an ethical and transparent process in managing the affairs of the Company. However, the Company has checks and balances in place for ensuring ethical business conduct across its operations. The Company's Code of Business Conduct and Ethics are laid out for Board members and Senior Management personnel. Board members and Senior Management personnel affirm compliance to the code on an annual basis.

Sustainability Performance Evaluation

Being in the energy sector, we realize the importance of sustainable growth and need for judiciously utilizing the planet's depleting natural resources. In this regard, we have received high corporate values from our principle promoters including GAIL, ONGC, IOCL and BPCL, who are all amongst the leading sustainability champions in India. PLL's Board constitutes representatives from all these institutions which puts sustainability high on the Board agenda. To empower our Board to make an informed decision, apart from financial information, the Board is apprised on sustainability related details including resource optimization, energy efficiency, fatal or serious accidents, significant

labour problems and their proposed solutions, etc. There is a continuous effort by the members to collectively evaluate the performance of the Company, and thereby the Board's performance also gets evaluated. The members suggest and implement appropriate actions to raise standards of sustainability performance. Our Board reviews the Company's CSR & sustainability performance on continual basis.

Anti-Corruption

We realize that dealing with corruption has always been a challenge for companies. We, therefore, have taken robust steps to increase the confidence of our stakeholders. We have set correct tone at the top and ensure that anti-corruption is on the agenda of senior executives. Through our past experiences and assessments, we have tried to identify the potential source of corruption which occurs when contracts are awarded for construction of various facilities in an LNG Terminal. Therefore, to mitigate such risks, we formulated EPC sub-committee of the Board responsible for assessing and proposing large value EPC contracts. Also, we have taken stringent measures to ensure that bidders do not indulge in any fraudulent practices and cartelization.

In order to strengthen our anti-corruption practices, PLL has been member of the Global Compact Network (GCN) since the last five years & has been strictly following & disclosing performance against GCN principles covering aspects of human rights, labour practices, and anti-corruption beside others.

Anti-Competitive Behaviour

During the reporting period, there has been no legal action taken against us for any anti-competitive behaviour, anti-trust or monopoly practices. We have not identified any instances of non-compliance with laws and regulations, and there have been no disputes, sanctions or fines for any form of non-compliance with any laws and regulations. In this regard, PLL is conscious and aware of its responsibilities, and has in place policies and practices that prohibit and timely identify and mitigate any anti-competitive behaviour within the organization and amongst partners.

Legal Compliance

Meeting applicable requirements to achieve compliance is one of the key focus areas of our organization. Our robust systems also safeguard our preparedness to go beyond meeting the compliance and manage potential risks.

There has been no non-compliance of the provisions/requirements of



Stock Exchanges/SEBI except as stated in Corporate Governance Certificate. No penalties/strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter relating to Capital Market.

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.

Opportunities & Risks

Risks

The world faces enormous challenges in the 21st century from climate change to increasing pressures on natural resources; from the lifestyle expectations of those in the developed world, to tackling poverty at the base of the pyramid in emerging markets. These issues have a direct impact on businesses, as well as governments, civil society, and individuals. And businesses face other challenges, including the growing expectation that they should report more openly, act

more responsibly, protect the environment, and support their local communities. All of these factors pose risks to companies as large as ours – risks to our profits, reputation, operations, and social licence to operate, if we fail to manage them.

In addition, we have established the risk assessment framework which encompasses, inter-alia, methodology for assessing risks on ongoing basis, risk prioritization, risk mitigation, monitoring plan and comprehensive reporting system. Such robust framework enables us to assess risks well in advance and helps us taking strategic decisions in advance.

In coming years, we expect major players in Indian hydrocarbon business as well as several multinational companies to enter the natural gas business. With government allowing 100% foreign direct investment in oil and gas sector, the competition might stiffen going forward. PLL is prepared to face the competition from Indian as well as overseas players in the market through long term tie-up of LNG / Re-gasification capacity installations. In India, gas competes primarily with Coal (in Power sector) and with liquid fuels (in Industrial and Fertilizer sectors). As a result, gas demand is fairly price-sensitive for the Power sector, with low elasticity for the Fertilizer sector

due to the existing Fertilizer policy. Also, the city gas distribution segment, where the competition is mainly with high- priced petroleum fuels (HSD, Petrol, LPG, etc.) faces challenges in terms of infrastructure and conversion costs.

We also compete with other alternative fuels such as naphtha, fuel oil, domestic natural gas and similar hydrocarbons which are currently priced lower than LNG prices. An increase in prices of the alternate fuels and lower prices of LNG is putting pricing advantage on LNG which may have an positive impact in the near growth of PLL.

Opportunities

We feel that an understanding of the risks can highlight opportunities for us to improve ways in which we can grow sustainably and also to make a positive contribution to the debate.

With government becoming more proactive in dealing with issues facing the supply for large consumers of country such as fertilizer and power, it is expected that LNG, combined with domestic gas, will make it more affordable to the price sensitive users.

We are looking at innovative ways to integrate along the LNG value chain. It is seen that a significant amount of energy is spent at the Natural Gas liquefaction plants for converting natural gas into LNG by

the LNG producing countries. There is a potential for recovery of such energy at LNG re-gasification terminals. We have also initiated steps in this regard and have begun pre-project activities for setting up of an Air Separation Unit (ASU) to produce liquid gases such as Liquid Nitrogen, Liquid Oxygen and Liquid Argon. In addition, pre-project activities have also been initiated on utilizing the cold energy by setting up cryogenic ware house for refrigerated storage of various products.

Public Policy

We are conscious of our reputation in Oil and Gas Industry and are mindful of our obligations towards being a responsible citizen. We ensure that PLL does not indulge in any activity that may adversely influence the Government or the policy of our country for its own vested interests. Some of these associations include:

1. International Group of Liquefied Natural Gas Importers (GIIGNL)
2. International Gas Union (IGU)
3. Petroleum Federation of India
4. Natural Gas Society (NGS)

In our efforts to reduce our environmental footprint and adopt the industry best practices followed globally, we have partnered with industry associations and forums. Being a member of these associations and forums, PLL engages in discussions across various topics in various industry forums. While representing PLL, they understand their responsibility in such associations, and they engage in constructive dialogues and discussions. At the same time, they refrain from influencing public policy with vested interests.



Stakeholder Engagement & Materiality Analysis

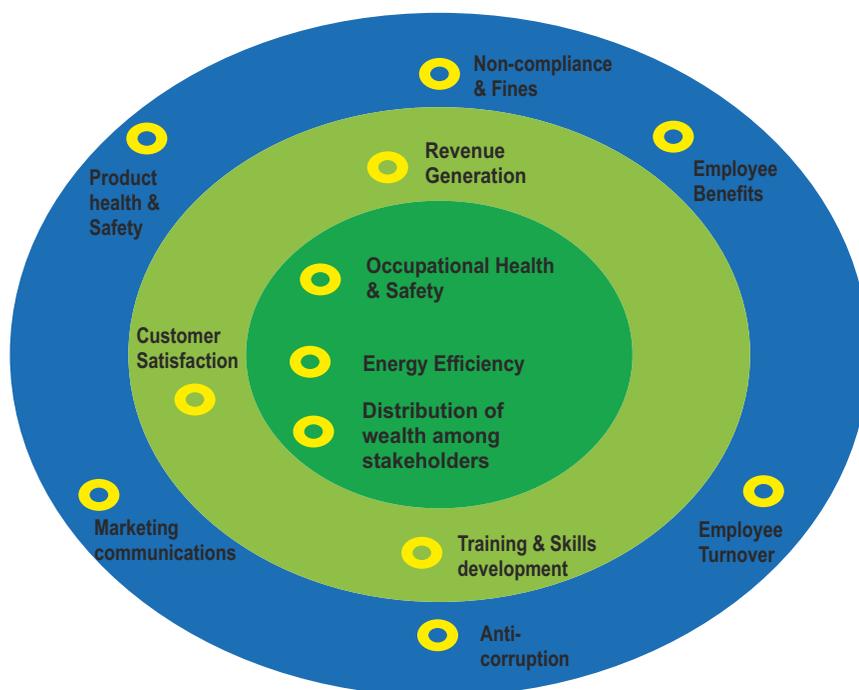
At PLL, we firmly believe in sustainability practices involving responsible stewardship, stakeholder engagement and risk mitigation for our business. Aspirations and concerns of our diverse stakeholders shape our performance as much as any business decision. We understand that financial results alone are not enough: the societies and communities within which we operate want companies to focus on enhancing lives and livelihoods, by delivering value to all stakeholders i.e. value that is financial and non-financial. We are aware that overlooking that expectation would risk undermining our prospects for long-term value creation.

We engage our stakeholders to understand how we impact and impacted by the societal pursuit of goal of sustainable development. We have identified our stakeholders who are impacted by our business based on peer review, internal expertise, past experiences, surveys and influence on organization. We believe that every stakeholder involved in our business has to be a winner. Hence, by creating most appropriate communication channel for each stakeholder group, we make efforts for purpose of forming an efficient and transparent decision making mechanism. To ensure this, we have taken cognizance of our stakeholder concerns and prioritised issues that were material

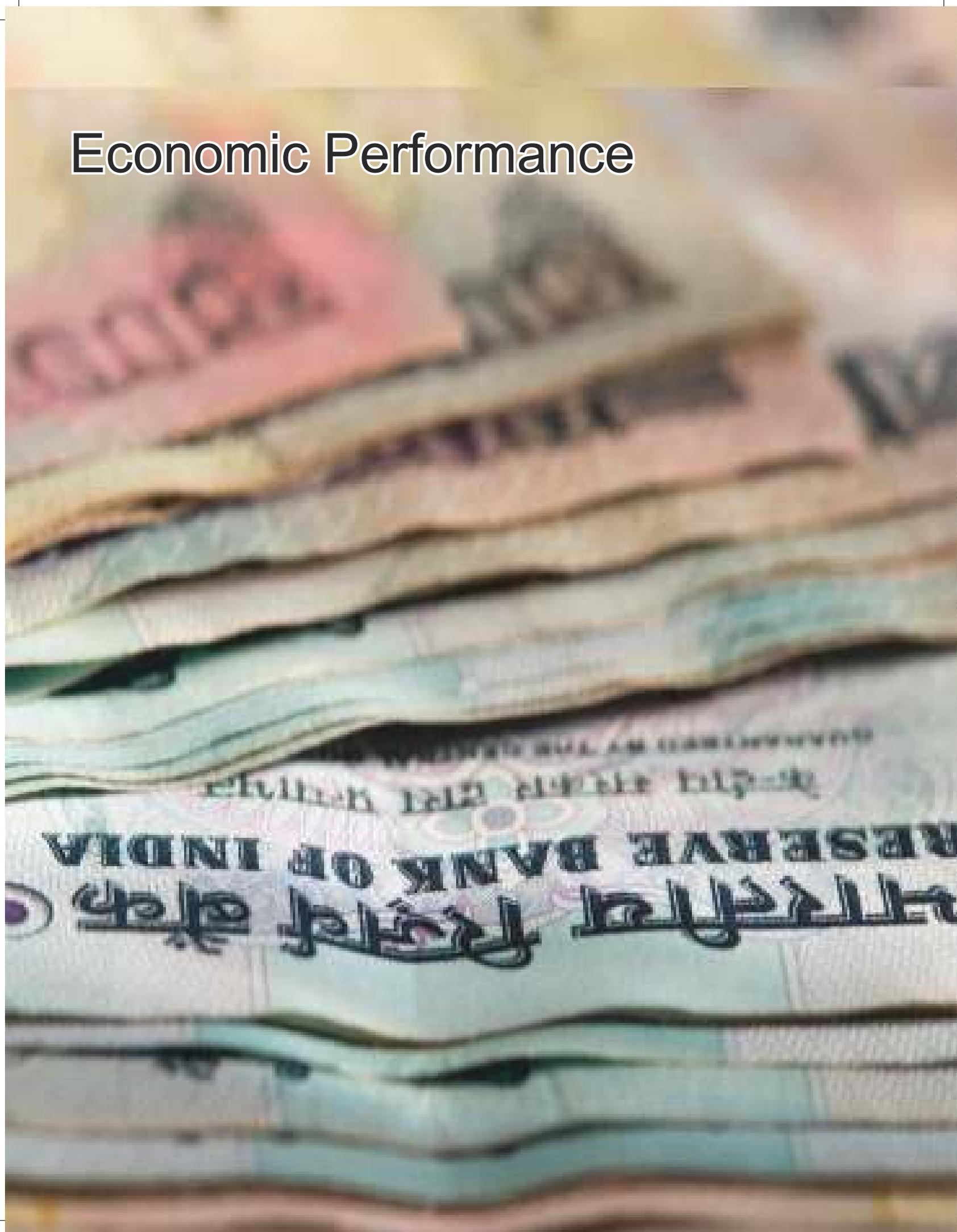
and incorporated this knowledge to actively seek ways to create and share value with each of our stakeholders.

During the first reporting period FY 2012-13, we conducted our first structured stakeholder survey seeking feedback from internal stakeholders on sustainability aspects. The stakeholders involved under the process included employees based at Head Office in Delhi and Dahej Terminal. During the process, detailed questionnaire covering economic, social and environmental aspects of sustainability were circulated with employees who were asked to rate each issue a scale ranging Very High to Very Low. Based on their responses, key issues were identified and presented to the top management, who represented PLL, for their inputs. As a result of this activity, concerns of stakeholders were taken into account along with issues that were of importance to PLL.

Since the materiality assessment was conducted in FY 2012-13, we decided to continue with same materiality matrix this year. Going forward, we intend to expand the scope of our stakeholder so that the materiality assessment can be carried out taking into account concerns of other key stakeholders as well.



Economic Performance



Economic Performance

Our most significant positive contribution to national and local economies is through the business we do with our suppliers, the wages and salaries we pay, the taxes we contribute, and the long-term capital investments we make. Along with our continuous focus on addressing customer's expectations and meeting the market demand, we were also able to maintain our market share position.

Inspite of challenges being faced in the international LNG markets due to a sharp decline in the prices of crude oil, we were able to achieve the utilization of the Dahej terminal at its nameplate capacity of 10 MMTPA. The LNG prices in the spot markets declined sharply due to the declining crude prices. This has led to a decline in the RLNG off-take by the Petronet off-takers – GAIL, IOCL and BPCL – citing low acceptability of the RLNG prices among their

consumers. We are, therefore, urgently working on plans to alleviate the situation.

As a result of our brand and reputation, we have been able to raise the required debt for our large capital expenditure since formation. The initial Dahej project of 5 MMTPA capacity, its expansion to 10 MMTPA, the Kochi LNG Terminal, the second jetty and now further expansion of the Dahej terminal to 15 MMTPA have required substantial borrowings – both in Indian Rupees as well as in foreign currency. Taking advantage of the availability of cheaper options in the markets, PLL refinanced its Rupee term loans by substituting these with low cost Rupee Bonds in the Indian markets for an amount of INR 1,000 crore. These initiatives show the strength of the balance sheet of PLL, credibility and the good relationship we enjoy with the

lending community. In spite of the challenging times, we have maintained high credit rating with the domestic as well as international rating agencies.

During the reporting period, we achieved our highest ever turnover of INR 39,501 crore as against INR 37,748 crore in FY 2013-14, the net profit during the year stood at INR 883 crore as against INR 712 crores in the previous year. The capacity utilization at the Dahej Terminal was 102.1% during the year under review, while the Kochi Terminal operated at a capacity utilization of 2.1%. Keeping in view the performance and dividend policy of the Company, the Directors are pleased to recommend a dividend of 20% on the paid-up share capital of the Company for the year ending 31st March, 2015. A summary of the comparative financial performance in the fiscal 2014-15 and 2013-14 is presented below:

Category	Units	FY 2014-15	FY 2013-14
Economic Value Generated	INR crore	39,656	37,831
Revenue from operations	INR crore	39,501	37,748
Other income	INR crore	155	83
Economic Value Distributed	INR crore		
Cost of Materials consumed	INR crore	37,611	35,849
Employees Benefits and Wages	INR crore	57	47
Payment to providers of Capital(Dividend)	INR crore	150	176
Payment to Government (Direct & Indirect Taxes)	INR crore	7,013	5,218
Community Investments	INR crore	4	3
Economic Value retained (Profit after Tax)	INR crore	883	712



Local Hiring & Procurement

Our principle product, LNG, is procured from outside India sources i.e. from Qatar and other countries. However, we always prefer sourcing of other consumables and equipment locally, i.e. from India as compared keeping other technical requirements being same. Only in exceptional cases, wherein our expectations or customer's requirements are not met, we procure from outside India. This way we ensure that our major spending on sourcing is distributed within the country, thereby, contributing to the economic growth of our local supply chain. Also, we have put efforts to understand the skill set required around our operations to encourage local hiring wherever feasible. This not only helps in reducing employee movement footprint but also ensure developing strong connect with the community. During recruitment processes, preference has been given to the local candidates where they possess the necessary skill set.

Environmental Expenditure

Efforts are needed to be able to pursue ambitious environmental activities. We invest significant sums in process equipment intended for economical use of energy and reducing the impacts. Environmental and energy concerns are important aspects in

planning of productions and investments. The costs towards environmental prevention includes 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.

In a step forward, to further improve the safety practices, we have acquired ISO Certification under the Integrated Management System at Dahej where the following standards are effectively adhered to in each and every process of the company from housekeeping to the operation of the terminal.

- 9001:2008: Quality Management
- 18001:2007: OHSAS Management
- 14001:2004: Environmental Management

In line with our continuous endeavour towards betterment of our initiatives, we will install Continuous Ambient Air Monitoring station, Sewage Treatment Plant (STP) for canteen and sewage waste of administration building at Kochi LNG terminal. We are also acquiring ISO Certifications under the Integrated Management

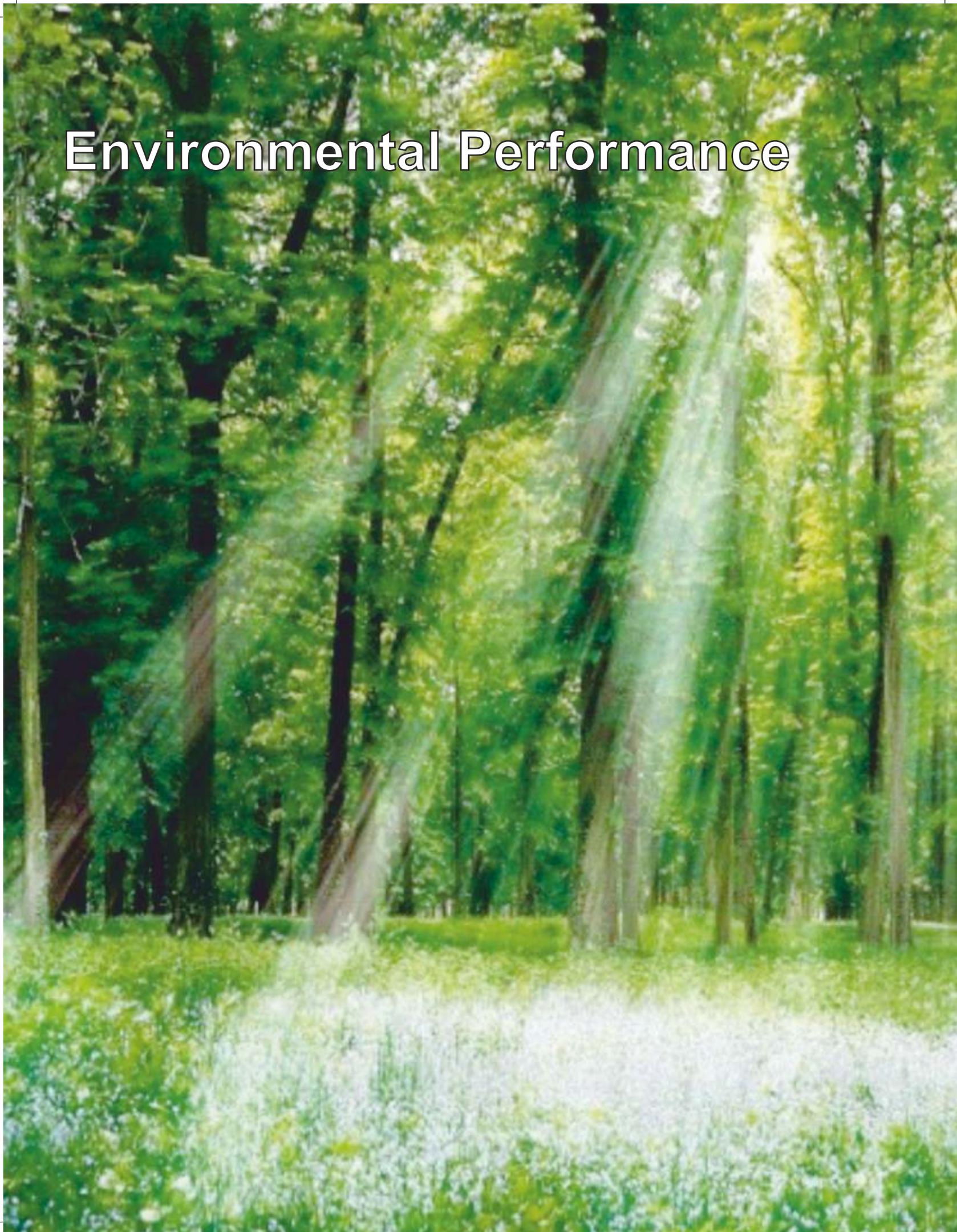
System at the Kochi terminal.

Investments in inclusive growth

As the Company is dedicated to inclusive growth and betterment of the community, CSR is part of PLL's business strategy. Socio-economic development programs are planned and undertaken by the internal teams spearheaded from the top. PLL engages in regular conversation with community members during and post CSR project implementation, and undertakes timely assessments of implemented projects for ensuring their desired impact and continued sustenance. Here, PLL ensures that community members are kept involved in entire project life cycle, including identification, development, execution and maintenance, and are treated as project owners, which ensures maximum impact achieved from each CSR intervention.

PLL's primary focus, from CSR perspective, is on education, healthcare services, community infrastructure development and environment sustainability activities. All activities undertaken are as per the list of activities specified in Schedule VII of the Companies Act 2013. During the reporting period, INR 4.24 crore was spent on CSR activities. This represents 0.48% of profit after tax spends on CSR activities during the previous financial year.

Environmental Performance





PLL is conscious of the environmental impacts of the oil and gas industry, and as a responsible corporate citizen is constantly striving to reduce the environmental impacts of our business activities. In this regard, we assess and benchmark our operations against stringent norms and regulations, and always work towards improving our systems and processes in consultation with our various business partners and stakeholders.

As a precautionary approach towards the various environmental challenges, during our pre-project activities for setting up terminals at various locations, we carry out studies to validate baseline three seasons data as recommended by MOEF. Accordingly, we take appropriate measures and systems to suppress the environmental impacts such as dust suppression by watering to restrict dust emission etc. As a result of such measures, we ensure that no water or chemicals are discharged into the sea and thus, there is no impact on the aquatic ecology. Similarly, there is no impact of ground water tables and the cumulative incremental impact of all noise sources at boundary will range in between 45-50dB (A) against the standard of 50 -55 dB(A).

Going forward, we plan to strengthen further our Environment, Health, Safety and Sustainability

(EHSS) systems. While doing so, we will also engage employees through awareness sessions and foster culture to integrate sustainability with our business.

This section highlights our business's environment performance for the current reporting period FY 2014-15 and touches upon some of the environment friendly initiatives taken by our various sites of operations.

Material consumption

During FY 2014-15, PLL processed 533 TBTUs of LNG, an increase of 8% compared to previous financial year. Further, during the reporting period, our two terminals at Dahej and Kochi, with capacities of 10 and 5MMTPA respectively, achieved a total throughput of 10.47 MMTPA as compared to the combined re-gasification capacity of 15 MMTPA.

Aspect	2013-14	2014-15
LNG Processed (TBTUs)	493	533
Throughput (MMTPA)	9.55	10.47

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. Since our majority product is transported through shipping, pipelines and truck loadings, we do not consume packaging materials in our operations.

Energy Management

The efficient use of energy enhances cost efficiency, resource efficiency and leads to business efficiency. By optimizing and reducing the use of fossil fuel combustion improves air quality, reduces GHG and fine particulates emissions that contribute to adverse climate change and health effects.

In this regard, from the very beginning of our operations, we took a conscious responsible decision of using natural gas as our primary energy source. Natural Gas is being consumed in our on-site gas turbines for generating electricity and is the major source of energy for our operational sites. In FY 2014-15, 1.49 million GJ of natural gas was consumed in our operations.

Over the course of time, we have been laying emphasis on shifting our operational energy requirement load to grid electricity source, there by reducing direct fuel combustion at our operational sites. In this regard, in 2014-15, 1.02 million GJ of grid electricity was consumed in our operations, contributing 39.9% of our total energy requirement, up from 18% share in FY 2013-14.

Fuel Consumption	FY 2013-14	FY 2014-15
Natural Gas (MMBTU)	19,68,049	14,21,554
Diesel (Litres) ²	10,88,381	10,53,461

²The quantity mentioned includes HSD consumption at our Terminal sites for fire pumps, vehicles and tug boat operations (excludes diesel used of tug boat operations at our Kochi Terminal);

Further, we use some amount of diesel fuel as well, primarily used in the tug boats in our jetty operations, which are run for mooring the LNG carrying mega-

vessels. Also, diesel fuel is used in the fire pump sets, operations of vehicles owned by the Company and in generator sets in case of power failure.

Grid Consumption	FY 2013-14	FY 2014-15
Grid Electricity (KWH)	4,25,78,126	9,37,11,982

Fuel consumption categories and their contribution to total energy consumption

Energy Sources	Energy Consumption	Percentage Contribution (%) in
	FY 2014-15 (GJ)	FY 2014-15
Natural Gas	14,99,739	58.6
Diesel	37,689	1.5
Grid Electricity	10,22,313	39.9
Total Energy Consumed	25,59,741	100.0

The total direct energy consumption from our terminals cumulated to 1.53 million GJ, whereas the total direct and indirect energy consumption at our plants during FY 2014-15 was 2.54 million GJ.

Energy Savings

Besides energy accounting, energy efficiency and conservation are also business critical aspects for our company and for the operations. Here, our approach to energy efficiency is to engage in

continuous process improvements through regular energy audits, knowledge sharing and seminars on the subject. We believe that management of energy is responsibility of all employees and hence encourage them to take

part in energy management process.

Further, it is seen that a significant amount of energy is spent at the Natural Gas liquefaction plants for converting natural gas into LNG by the LNG producing countries. There is a potential for recovery of such energy at LNG re-gasification terminals. In this regard, PLL has initiated steps and has begun pre-project activities for setting up of an Air Separation Unit (ASU) to produce liquid gases such as Liquid Nitrogen, Liquid Oxygen and Liquid Argon. An ASU integrated with an LNG re-gasification terminal consumes 50% less energy vis-à-vis a stand-alone ASU. Another possibility of utilizing the above cold energy is by setting up cryogenic ware house for refrigerated storage of various products. We have also initiated pre-project activities in this regard.

Emissions Management

Greenhouse Gas Emissions

Greenhouse Gas (GHG) emissions from our processes are due to both direct and indirect energy consumption. Total GHG emissions in 2014-15 from our terminal operations stood at 155358.4 tons CO₂ equivalent, of which 49.5% contribution, or 76843.8 tons CO₂ equivalent, was from indirect energy consumption.



Emissions Category	Emissions in FY 2014-15	%Contribution
Direct Emissions		
- Natural Gas (tCO ² eq.)	75,721.8	48.7
- Diesel (tCO ² eq.)	2,792.7	1.8
Indirect Emissions		
- Grid Electricity (tCO ² eq.)	76,843.8	49.5
Total Emissions (tCO² eq.)	155,358.3	100.0

Other air emissions

Our plants track ambient air-quality in and around the plant-premises and the emission levels in 2014-15 were found to be below the permissible limits. During the current reporting period, no fines were levied on any of our manufacturing units.

The various parameters measured as part of continuous monitoring include the sulphur dioxide (SO₂), oxides of nitrogen (NO_x), carbon monoxide (CO) and respirable particulate matter (RPM10). Here, we are taking efforts to effectively manage these various emissions. Based on the amount of diesel fuel and natural gas consumed, we

emitted 50.95 tons of NO_x and 0.1 tons of SO_x from our operations during 2014-15

Ozone Depleting Substances

Our operations do not consume significant amount of ODS. The ODS gas used in our plants was R-22 gas, which was consumed in our plants in condensers, chillers and AC units, and some quantities were recharged during routine servicing and repair. The total replacement / consumption of ODS gases in our Terminal operations, during the reporting period, was 364 kg, or 20.2 Kg of CFC-11 equivalent.



Liquid Nitrogen Plant

Investing in Environmental Friendly Technologies

Conventional cooling systems demand Freon heat exchanger, thereby enhancing 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 conserving electrical energy by eliminating the need for a compressor. The chilled water is obtained during LNG Regasification into Natural Gas, transported through a pipeline inside the plant and is used as cooling medium in heat exchanger connected to Liquid Nitrogen plant, thus eliminating Freon heat exchanger from the system.

Biodiversity Management

None of PLL's Terminals are situated in defined biodiversity rich zones such as national parks or sanctuaries. Nevertheless being a responsible organization, we are constantly taking measures to further reduce our impact on biodiversity. In fact, our initiatives are aimed at promoting and developing biodiversity rich belts with focus on mangrove plantation belts around our Terminals of operations.

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 green belts along coastlines. PLL's efforts are directed in this direction, with focus on establishing biodiversity rich green belts in coastal areas which help protect and flourish local flora and fauna, protect local communities from weather storms and help them generate income through forestry activities.

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

Monthly Tree plantation Program

Every month, we encourage and receive an active participation of our employees in the Tree Plantation Program in green belt at Dahej LNG Terminal, planned to facilitate clean Environment & beautify the surroundings.

Also, we carried out an environment awareness drive, among school children of at Govt UP School, Vypin & St. Peters School, Malippuram.



Mangrove plantation at Kochi



Green Cover at Dahej LNG

and Social Forestry Department and Centre for Water Resources Development and Management (CWRDM) in Kerala. By the year 2014-15, over 1100 hectares total area is covered by mangrove

plantations as a result of PLL Dahej and Kochi terminal's efforts. Together, both Terminals spent over INR 1 million on Mangrove plantation drives and maintenance activities during FY 2014-15.



Water consumption, reuse and discharge

In the reporting year, the total water consumption at our Terminals was 137188 m³, up from 90431 m³ the previous year. The increase has been primarily due to higher functionality achieved by our Kochi terminal during the year, which was commissioned mid-year in FY 2013-14. However, besides depending on municipal supply and tanker water supply for meeting our operational water needs, we have also invested significant effort and resources towards developing rainwater harvesting capabilities at our Kochi terminal. As a result, 41% of our total water requirement in FY 2014-15 was met through rainwater harvesting, including a massive 67% of total water requirement at the Kochi terminal.

Here as well, we are aware of our footprint and are consciously taking steps towards reducing our water consumption. During the reporting year, we monitored and ensured that no water sources were significantly affected as an impact of our operations. Further, to reduce our fresh water footprint we are looking at ways to recycle and reuse wastewater. In this regard, both our terminals are zero water discharge plants, comprehensively treating and reusing internally all waste water generated on site. The only effluent generated is the domestic effluent of the order of 8.6 KL/day that is treated in the sewage treatment plant (STP) installed at all the locations. This treated domestic wastewater is

used internally for toilet flushing, green belt development, dust suppression etc.

Reducing water consumption through Ambient Air Heater

Vaporization of LNG to R-LNG is done through Shell & Tube Vaporizers (STVs). LNG gets vaporized due to exchange of heat between Glycol Water (GW) and LNG in STV. The cold GW at the outlet of STV is sent to Air Heated Heat Exchangers (Air- heaters) where GW is heated by ambient air and circulated back to STV, thereby acting as a heat carrying liquid. When this air transfers its heat to GW 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. The process is further aided by humid climatic conditions that generally prevail at Dahej. As a result, water consumption is reduced significantly after Cleaner Production implementation.

Water Source	Consumption in FY 2013-14	Consumption in FY 2014-15	% Source in FY 2014-15
Municipal Supply	67,549	53,279	38.8
Tanker Water	21,979	27,808	20.3
Rainwater Harvesting	903	56,100.6	40.9
Total	90,431	1,37,187.6	100.0



Ambient Air Heater at Dahej LNG Terminal

Waste-Management

We have a constant endeavor of reducing our generated waste by bringing greater level of operational efficiency in our processes and are looking for opportunities to recycle and reuse the generated waste. We, at PLL, have in place a robust waste management system.

In the reporting period FY 2014-15, we generated and disposed various

categories of hazardous waste. The disposal was strictly as specified by the Government of India and Pollution Control Board norms of the respective regions. The major hazardous waste categories generated and disposed through our plants included Used Oil and Oil Contaminated Waste.

Hazardous Waste Category	Method of Disposal	FY 2013-14	FY 2014-15
Used Oil (Litres)	Recycled	2,810	2,460
Oil Barrels (Nos.)	Recycled	12	6
Lead Acid Batteries (Nos.)	Recycled	2	107
Biomedical Waste (Kg)	Incinerated (by authorized vendors)	22.27	20.36



In House Vermi-Culture Unit

Besides, our plants also generate some general non-hazardous waste, with paper and food waste being the most significant. These were again disposed through proper vendors.

Spill management

We have storage facilities for proper storage of our required fuel mix including the natural gas and the diesel. Here, we identify that spills can cause massive damage

to the environment and pose significant threat to our business from compliance and statutory requirements. To avert the same, we conduct comprehensive inspection and surveillance programs and have advance equipment installed on site for monitoring of safe storage and transfer of these fuels.

The quantities of Non-Hazardous waste generated and disposed in FY 2014-15 include:

Non-Hazardous Waste Category	FY 2013-14	FY 2014-15
Food Waste (Kg)	4,617	18,000
Paper Waste (Kg.)	2,000	12,500

No significant spill incident occurred across our plant premises during FY 2014-15 and we were subject to no fines in this regard.



Waste Bins and HW storage area at Kochi LNG Terminal

Social Performance





People Performance

Human Resource Management

We believe that organisational growth can only be achieved and sustained if work force is motivated, happy and self-driven. At PLL, we take care of each one of our employees, not just by fair remuneration, but also in terms of the quality of work life and training and skill development.

Attributing our success entirely to our employees, we are committed to building a supportive, rewarding and safe work environment with a lot of interaction and empowerment, creating a very positive work culture.

Since inception, over time, we have embedded a philosophy of meritocracy within our organisation. In this regard, our focus is on attracting and retaining the best talent. We strive to provide them with best working environment and support infrastructure to perform their responsibilities.

We have also drawn up a long-term structured strategy to nurture human caliber within our organization by retaining and grooming in-house talent, while simultaneously attracting requisite skills set from outside the organization as well to focus on filling critical business gaps across all levels of the organization.

PLL strives to be an equal-opportunities employer. No hiring is done on the basis of gender, caste or creed. Credentials, capability, integrity, and experience are key evaluating criteria for PLL. It is, in fact, the policy of the Company to provide employment opportunity, regardless of race, colour, gender, religion, age, sexual orientation, national or ethnic origin, disability, marital status, veteran status, or any other occupationally irrelevant condition. 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 skill set.

Further, our remuneration is decided as per industry standards and employee responsibilities and experience. We do not take gender into account while determining entry level or hierarchical compensations.

As on 31st March 2015, PLL had 461 full time employees, besides 10 GET/PGET, 13 Apprentices and 3 Staff Trainee employees, spread across corporate office in Delhi and Terminal locations in Dahej, Gujarat and Kochi, Kerala. The category and gender-wise details of the employees are as following:

Category	Unit	FY 2014-15	
		Male	Female
Senior Management*	Nos.	8	0
Middle Management	Nos.	63	2
Junior Management (Executive)	Nos.	140	11
Permanent Workers	Nos.	222	15
GETs/PGETs	Nos.	10	0
Apprentices	Nos.	13	0
Staff Trainees	Nos.	2	1
Total	Nos.	458	29
Grand Total	Nos.	487	

*Includes 3 whole-time directors

Besides, we engage the services of large number of contractor employees at our terminal facilities for both operations and projects work. In FY 2014-15, 3270 contractual workers³ were operating in our Dahej and Kochi facilities.

PLL's credentials as a preferred employer of choice can be seen from our satisfactorily low attrition rate of 4.5% in FY 2014-15, with average years of association with the company lying at a high of 5.3 years. In the reporting period, 16 people left the organization, out of

which one employee belonged to the Senior Management category.

On the other hand, 56 employees were recruited during the same period, i.e. FY 2014-15. The following table gives a breakdown of the gender and age composition of the new entrants to the PLL family.

Category	Unit	Attrition - FY 2014-15		New Hire - FY 2014-15	
		Male	Female	Male	Female
Senior Management	Nos	1	0	0	0
Middle Management	Nos	2	0	3	0
Junior Management (Executive)	Nos	7	0	24	1
Permanent Workers	Nos.	6	0	28	0
Total	Nos	16	0	55	1
Grand Total	Nos	16		56	

Our Company believes in looking after its employees. Over and above salary with housing and leave travel allowance components, there is provision for gratuity and leave encashment made on the basis of actuarial valuation at the end of the year. Actuarial gains or losses are recognized in the Statement of Profit and Loss. The Company also contributes to Provident Fund and Superannuation, accounted for on accrual basis. Our

hospitalization / medical scheme enables employees and their immediate dependents to avail of medical and / or hospitalization assistance. We provide Group Medical Insurance Cover for hospitalization expenses for all regular employees and their dependents.

Also, 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, PLL 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

Amount recognized as expense in respect of defined contribution plans as under:	FY 2013-14 (in INR Lacs)	FY 2014-15 (in INR Lacs)
Contribution to employee provident fund	189	207
Contribution to superannuation fund	236	266

³ Includes Dahej and Kochi Terminal contract employees in calendar year 2014 as per submitted Form 12;



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. Going forward, we aim to continuously review our policies with changing times and encourage employees to promote positive working environment.

Focus on Skill Development

We are continuously looking to provide our employees with excellent learning and skill development opportunities in functional and behavioural aspect areas. The combination of structured learning programs and our inherent work culture, where employees are exposed to large number of on-the-job trainings, makes learning a continuous process within our organization.

Investing in our people remains a priority for us, as trainings for all hierarchical levels are essential for the development of our employees and in turn sustainability of our business. 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'.

Training programs are distributed between behavioral, functional and health safety environment and fire training programs with different departments identifying and communicating training needs to Learning & Development department.

During the year company achieved 6.2 average man days of training per employee, compared to 6.89 in FY 2013-14.

Health & Safety Culture

Our priority operational aspect is the safety of our employees and contractors. Continuously assessing and enhancing our work environment to enable high standards of safety for our workplace is instrumental in business sustainability and success. Keeping this in mind, we take each incident as a source of learning and an opportunity for further improving our existing systems. In this regard, we have various practices and policies in place for ensuring work-place safety and safeguarding employees against events related to work-place related serious injuries and incidents. In this regard, our Quality Health Safety and Environment policy is reviewed and signed every year to reiterate company's commitment to these aspects, which are silent pillars of any successful business.



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 of deterioration 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.

Incident recording systems are maintained at all our Terminal sites as per the applicable regulatory requirements. A detailed incident analysis is done for any incident

observed / reported, with learnings being shared amongst the employees across terminals and HO to prevent any future repeat occurrences.

We started operating the 1st LNG terminal with the highest level of safety standards in the year 2004. To ensure this, safety manuals were developed and implemented. Also,



SoPs are being reviewed on regular intervals and safety audit conducted to validate the changes made in those manuals with support from our strategic partner GDF Suez (name changed to 'ENGIE' effective from April 2015). Similar practices are being adopted at our other terminals as well.

In a step forward to further improve the safety practices, we have acquired ISO Certification under the Integrated Management System at

Dahej where the standards such as ISO-9001:2008, OHSAS-18001:2007 and ISO-14001:2004 are effectively adhered to in each and every process of the company from housekeeping to the operation of the terminal.

As a result of these initiatives and practices, with safety ingrained in our culture, we have been seeing continuous improvement in our workplace safety performance and record. During the reporting year, no

fatalities or any major incident was observed at our terminal sites. Further, the number of minor injuries, including the first aid cases, has also reduced compared to the previous years, while the focus on leading performance indicator 'near miss reporting' has increased with large number of potential dangerous situations identified and reported by the employees; thus, leading to timely actions on the same avoiding any major incident.

Incident	FY 2013-14	FY 2014-15
Minor Injuries (Incl. First Aid cases)	89	31
Near Misses Reported	8	66

Respect for Human Rights

We are determined to contribute to the promotion and protection of Human Rights. We intend to support human rights within our operational geography. We respect the human rights of our employees, contractors and partners including our neighboring communities, and encourage fair practices in business. We are committed to provide equal opportunities at all levels, safe and healthy workplace and protecting human health and environment. We are also dedicated to maintaining workplaces that are free from discrimination or harassment based on race, colour, religion,

creed, gender, sexual orientation, marital status, gender identity, national origin and ancestry, genetics, citizenship status when otherwise legally able to work, age, or any other characteristic protected by applicable law.

In the reporting period, no cases of discrimination, harassment, human rights violation or harm to indigenous communities were reported across our plants or the corporate office.

Further, we strongly oppose illegal labour practices, including child or forced labour. 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 strict rules for hiring. At no instance have we indulged in the practice of child labour. Being a highly specialized and niche industry, we require employees with a particular set of skills and educational qualifications to carry out the processes at our terminals as well as corporate office. For a person to be employable in our company, she/he has to primarily complete her/his high school and then acquire Diploma/ITI along with 2-3 years of experience. In case of hiring of fresher(s), we hire graduates and post graduates through campus recruitment. Thus, while acquiring the required educational

qualifications along with certain years of experience, the person attains minimum 19-20 years of age, ruling out any probability of child labor.

To curb the practice, we also 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 so far aided the construction of various schools and have been, on a regular basis, distributing uniforms and note books.

Even while hiring unskilled labor through contractors such as housekeeping, 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 major criteria in the said format through which we are able to ensure that no child labor is employed by contractors operating in our premises. We also attach the proof for verification for this date to ensure there is no falsification or manipulation on the age declaration front. We also

ensure that workers are at least paid minimum wages as applicable at various locations. As the principal employer we oblige and fulfil the statutory requirements of Social Security deductions. As far as exit policy is concerned, we have a clearly defined policy and any employee can resign from the company if he wishes to, with no compulsion to continue working or to employ any of his children/relatives to fill the gap.

In the reporting period, there were no reported instances regarding child labor, forced or compulsory labor at any of our terminals or the corporate office.

Regarding the human rights training for our employees and staff, we currently 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. Further, 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 part 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.

To ensure prevention of woman from sexual harassment at workplace by unwelcome sexually determined behaviour whether directly or by implication such as Physical contact and Advances, Demand and request for sexual favour, sexually coloured remarks, etc., an Internal Committee has been created at each location, headed by woman employees including a representative from an NGO, after approval of Competent Authority.

Similarly, to ensure that Human Rights are not violated in any way at PLL, we have implemented a well-organized and effective Grievance Redressal System to provide prompt and orderly resolution of complaints or disputes arising in the course of employment.



Product and Marketing Stewardship

Product Responsibility

Our raw material is bulk transported through massive tanker ships to our Terminals in India, and product is internally transported through gas pipelines and truck-tankers (small quantity), thus limiting the environmental footprint associated with the transport of our raw material and final product. 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, PLL ensures complete compliance to all facets dealing with product handling, branding and distribution. Here, as PLL principally deal with transportation, storage and regasification of LNG, product information labeling is not applicable for our product.

However, from product handling and storage safety perspective, we have taken all leading measures towards ensuring a safe and secure working environment for our employees and neighboring communities and nature. We employ state of the art technology for handling and storage of our product, with majority of the processes automated, thus requiring minimum human intervention and interference. Also, operating in a niche sector, our operations exposed workforce is highly skilled regarding industry's practices and are trained regarding Health Safety Environment and Fire related aspects for identifying and

mitigating any potentially risky situations. We have a highly trained and competent HSE team for continuously monitoring and managing the plant's operations. All employees, management or contractual, are given regular HSE trainings for apprising them with leading health and safety, and fire related practices. Further, we have an in-house medical and fire-fighting team who is available 24/7 to deal with any situation.

Marketing Stewardship

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 exploration, drilling and manufacturing activities are not present in our operations. We believe that increasing the share of natural gas in the country's energy mix will prompt a move towards an overall low carbon emission economy for India, and hence we take our responsibility of bringing and supplying natural gas in India seriously. This conviction originates from the fact that LNG/RLNG, 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. Further, emissions from LNG in form of sulphur dioxide and mercury are negligible. These characteristics make natural gas a

cleaner fuel and helps us and consumers in reducing their carbon footprint.

From customer management perspective, we supply our majority product to select customers which include GAIL, IOCL and BPCL. As our principle customers are our primary promoters themselves with whom we interact and engage frequently to comprehend their product satisfaction level. Representatives of these organizations are usually in attendance on PLL's Board ensuring constructive dialogue and eliminating possibility of conflicts.

Beyond this, PLL has now also started supplying LNG to B-to-C customers through road transportation that helps customers who are not connected through gas pipelines, and who have medium to small gas requirements. The hubs developed by us to cater to this demand are also supplementary being used for supplying PNG and CNG to customers. PLL is marketing this product as "Taral Gas". Further, PLL believes in fair trade practices, responsible advertising and / or competitive behavior 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 no case filed by any stakeholder against the Company regarding any of this behavior in the last five years.

Corporate Social Responsibility

CSR is part of PLL's business strategy, as the Company is dedicated to inclusive growth and betterment of the communities around its operational sites and is committed to the cause of nation development. At PLL, Socio-economic development (CSR) programs are planned and undertaken by the internal teams themselves, spearheaded by the top management, with various checks and balances in place for ensuring transparency and optimal impact. In this regard, our Social Philosophy and Vision are as following:

Social Philosophy:

"Petronet is committed to its Corporate Social Responsibility through CSR initiatives utilizing its resources and expertise to provide social, economic, environmental benefits etc. to the communities."

Social Vision:

"To actively engage in social, economic, environment and cultural development of the communities through its CSR initiatives primarily around work centres, especially meeting the priority needs of socially/economically backward, marginalized & vulnerable communities, and making them self-reliant."

PLL now has a CSR committee and CSR Policy in place. The Board

of Directors have constituted a CSR committee comprising of 5 Directors, including 2 Independent Directors, who are responsible for recommending CSR expenditure amount and projects to the Board, along with managing and regularly updating Company's CSR Policy. Our CSR policy can be found at http://www.petronetlng.com/PDF/CSR_Policy_27042015.pdf.

Based on the recommendations of the CSR committee, the Board of Directors will ensure the projects and activities in the CSR policy are transparently undertaken by the company.

CSR Committee undertakes responsibility for overall management and supervision of CSR activities including spend allocation for a particular year. 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's primary focus, from CSR perspective, is on education, healthcare services, community infrastructure development and environment sustainability activities. All activities undertaken

are as per the list of activities specified in Schedule VII of the Companies Act 2013. Some key initiatives taken in these areas during the previous financial year are as following:

Healthcare and Sanitation

- Luvara Village near our Dahej Terminal has been adopted by the Company for its holistic development. The Company is supporting the community in the areas of infrastructure, sanitation, drinking water, Primary Health Care, solar lights, education, skill development, women empowerment etc.
- 4 eye screening and cataract operation camps organized benefitting 1521 patients, 850 spectacles distributed, 819 patients given medicines and 196 cataract surgeries performed in Delhi/National Capital Region.
- Operating Primary Health Centre at Luwara village, Dahej including providing medical equipment.
- Two ambulances deployed in PHC of Pahkajan village, Dahej and in NCR Delhi.
- 800 cataract operations performed through Shri Chaitanya Seva Trust in village Barsana, Mathura Distt. (U.P)
- Two rooms constructed in Government Ayurvedic Hospital, Kochi, Kerala Cancer screening of 1000 BPL persons performed in



East Delhi slums Blood bank refrigerator and blood transfusion charges for one year for Thalassemia patients in Kolkata

- 3 blood collection monitors and 2 bench top sealers for Rotary Blood Bank, New Delhi.
- Purchase of ultra sound equipment, construction of canteen and a rainbasera for General Hospital through DC, Bharuch
- 25 household toilets constructed for 25 BPL families in Puthuvypeen, Kochi, Kerala.
- 172 household toilets to be constructed to achieve 100% sanitation in Luwara village, Dahej
- 13 toilets under construction in Government School, Luwara, Gujarat.
- 8 toilets renovated in Rajkiya Madhmik Vidyalaya, village Lakarpur, Haryana.
- Two lifter trucks purchased for Bharuch Municipality for "Green Bharuch Clean Bharuch" campaign under "Swacch Bharat Abhiyan".
- Construction of 16 Toilets in progress in 8 Schools taken up in Ernakulam District under Swach Bharat Abhiyan.
- Construction of 2 nos. 5000 litres above ground horizontal sintex

tanks water facility within village Luwara, Dahej to facilitate drinking water.

Education & Empowerment

- Distributed school uniforms to 210 visually impaired children of Blind School, New Delhi.
- Special environment awareness program for students of National Institute for Visually Handicapped, Dehra Dun, Uttarakhand.

- For empowerment of BPL youth, skill development programs conducted for over 350 persons with assured employment in Delhi.
- Sponsored entrance coaching to poor aspirant brilliant children for medical/ engineering in Kochi, Kerala.
- Partnership with Delhi Government for Shelter home for destitute children.

Laying Foundation for Students

As part of our CSR activity, to provide better learning facilities to students, we also enable vocational training for children around our work centres and provide scholarships to those who, otherwise, would be unable to continue with their education. Some of the initiatives taken are as follows:

1. Sponsored coaching to aspiring and meritorious children from poor families for medical/engineering entrance in Kochi.
2. Met all expenses towards tuition fee, boarding and lodging of 23 below poverty line students of Free Student Home, Trivandrum.
3. Government School, Luwara has been adopted and we are contributing towards facilities and renovation of the school



Environment Sustainability

- Installed 65 solar lights in Puthuvypeen village, Kochi, 10 in prominent places in village Luvara, Dahej, Gujarat and another 17 at Goshree Junction, Kochi.
- 500 trees planted and water harvesting system installed in Vocational Centre, Gurgaon. PET bottle crushing machine installed at Ahmedabad Railway Station.
- Over 1100 hectares of mangrove plantation completed in collaboration with Gujarat Ecology Commission and Forest Department, Government of Gujarat.
- Installation of drainage crossings to remove accumulated water at 4 locations within the village Luvara, Dahej, Gujarat Storm water drainage at Shravan Chokdi, Bharuch, Gujarat to mitigate flooding of the area.

Miscellaneous Projects

- Disaster Management - 500 blankets distributed to J&K Flood Relief victims at Srinagar
- Measures for benefit of Armed Forces - Contributed fund for healthcare, education, rehabilitation of disabled soldiers on Armed Forces Flag Day.

- Rural Development projects - PLL undertakes community development projects mainly near our terminals for the benefit of the community at large and to have the maximum positive impact on the society. Some of the activities undertaken are:
- Puthuvypeen area adjacent to Kochi Terminal has been identified for infrastructure development mainly roads, culverts, storm water drains, solar lights etc. in partnership with DC, Ernakulam and village Panchayat.
- Contribution to Gujarat PCPIR Society for the development of villages under Dahej PCPIR.
- Construction of approach road in village Lakhigam, Dahej, Gujarat.

PLL engages in regular conversation with community members during and post CSR project implementation, and undertakes timely assessments of implemented projects for ensuring their desired impact and continued sustenance. Here, PLL ensures that community members are kept involved in entire project life cycle, including identification, development, execution and maintenance, and are treated as project owners, which ensures maximum impact achieved from

each CSR intervention. Further, company undertakes need assessment surveys in villages before undertaking CSR initiatives. Community needs are understood and evaluated and their views are taken before project plans are finalized and executed. Community members are kept in loop and continuously consulted with 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 writing 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 desired impact of CSR initiatives taken by the Company.

INR 4.24 crore was spent during the financial year 2014-15. This represents 0.48% of profit after tax spends on CSR activities during the previous financial year.



S.No.	Initiative(s)	Focus Area	Amount Spent (in Rs. Lac)
1	Online encyclopedia on India culture and heritage	Art & Culture	10.31
2	Tree/mangrove plantation, solar lights, water harvesting, garbage collection vehicles	Environment Sustainability	113.78
3	Support for Armed Forces Flag Day	Measures for benefit of Armed Force	25.00
4	Renovation of School Building, Education for specially challenged children, BPL students, Skill development with assured employment, Free student home and educational equipments	Promoting education/enhancing vocational skills/livelihood generation	90.04
5	Construction of toilets, Medical equipments, Potable water, Cataract operations and Primary health centres	Promoting preventive healthcare and sanitation	82.28
6	Enhancement of road infrastructure	Rural development projects	103.0
Total Spend FY 2014-15			424.41

Appendix



Assurance Statement

Independent Assurance Statement

Ernst & Young LLP (EY) was engaged by Petronet LNG Limited (the 'Company') to provide independent assurance to its Sustainability Report 2014-15 (the 'Report') covering the Company's sustainability performance during the period 1st April 2014 to 31st March 2015.

The development of the Report based on the Global Reporting Initiative (GRI-G4) 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 activity 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 and social performance for the period 1st April, 2014 to 31st March, 2015. 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;
- 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 provides a fair and honest representation of the Company's activities.

The assurance scope excludes:

- Data and information outside the defined reporting period (15th April, 2014 to 31st March, 2015).
- 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 multi disciplinary professionals, has been 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 commitment to social and

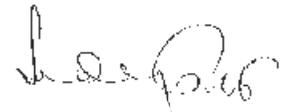
environmental initiatives through its consistent contribution to community development and mangrove plantation initiatives.

- The Company may strengthen their data management system on energy consumption, waste disposal and health & safety statistics.

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 L L P
Sudipta Das Partner

Dated: 24.06.2016

Place: New Delhi



Global Reporting Initiative (GRI) – G4 in-accordance 'Core' Content Index

Standard Disclosures			
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G4-11	Collective bargaining agreements	Human Resource Management	39
G4-12	Supply chain description	LNG Sourcing & Transportation, End Consumers	7
G4-13	Organizational changes during the reporting period	'No significant organizational changes during the reporting period'	NA
G4-14	Precautionary principle	Environmental Performance	24
G4-15	External charters, principles, or other initiatives	Public Policy, Reference Indices	17, 49
G4-16	Membership associations	Public Policy	17
G4-17	Entities included in financial statements	About the Report	4
G4-18	Process for defining report boundaries and content	About the Report	4
G4-19	Material aspects included in the report	Stakeholder Engagement & Materiality Analysis	19
G4-20	Descriptions of material aspect boundaries within the organization	Mentioned as part of DMA of material aspects	Across the Report
G4-21	Descriptions of material aspect boundaries outside the organization	Mentioned as part of DMA of material aspects	Across the Report
G4-22	Restatements	'No restatements'	NA
G4-23	Changes from previous reports in terms of scope and/or boundaries	'No significant changes from previous reports in terms of scope and / or boundary'	NA

Standard Disclosures

#	Disclosures	Reference	Page Number
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G4-25	How stakeholders were identified	Stakeholder Engagement & Materiality Analysis	19
G4-26	Approach to stakeholder engagement	Stakeholder Engagement & Materiality Analysis	19
G4-27	Topics raised during stakeholder engagements	Stakeholder Engagement & Materiality Analysis	19
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G4-EN22	Water discharge by destination and quality	Water consumption, reuse and discharge	28
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G4-LA6	Rates of injury, lost days, and work-related fatalities	Health & Safety Culture	34
G4-DMA	DMA: Training & Education	Focus on Skill Development	34
G4-LA9	Average hours of training for employees	Focus on Skill Development	34
G4-DMA	DMA: Product Responsibility	Product and Marketing Stewardship	38
G4-PR4	Non-compliance with regulations concerning product and service labelling	Product and Marketing Stewardship	38

Oil & Gas Sector Supplement (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. In this regard the Company undertook a feasibility assessment regarding implementing a Wind Power Project in Gujarat for captive use of Dahej LNG terminal.
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 are 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, but we currently do not track the volume of condensate water generated. However, 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.
OG6: Volume of flared and vented hydrocarbon.	We have a continuous pilot flame system at both our terminals, i.e. Dahej and Kochi. During the year, a total of 46031 MMBTU gas was consumed for pilot burning at our Dahej and Kochi terminals. Our Kochi terminal was commissioned in 2013 and saw large flaring activity during initial months. However, the same was stabilized during FY 2014-15, and hence the observed reduction in total gas flared during FY 2014-15 compared to FY 2013-14.



OGSS Aspect	Response
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 economic zones and away from human habitat.
OG13: Number of process safety events, by business activity.	Refer 'Health and Safety Culture' section under People Performance.
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.

United Nation Global Compact (UNGC) Reference Content Index

UNGC Principle	Response
Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights.	Refer 'Respect for Human Rights' sub-section under People Performance Section
Principle 2 Business should make sure that they are not complicate in human rights abuses	
Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Refer 'Human Resource Management' and 'Respect for Human Rights' sub-sections under People Performance Section
Principle 4 The elimination of all forms of forced and compulsory labor	
Principle 5 The effective abolition of child labor	
Principle 6 The elimination of discrimination in respect of employment and occupation	
Principle 7 Business should support a precautionary approach to environmental challenges	Refer Environment Section
Principle 8 Undertake initiatives to promote greater environmental responsibility	
Principle 9 Encourage the development and diffusion of environmentally friendly technologies	
Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery	Refer 'Anti-Corruption' and 'Anti-Competitive Behaviour' sub-sections under the Corporate Governance Section

For more details kindly refer our latest communications on progress (COP) statement to UNGC, for FY 2014-15, at: [https://www.unglobalcompact.org/system/attachments/cop_2015/161701/original/Petronet LNG_Limited_2014-15.pdf?1432291693](https://www.unglobalcompact.org/system/attachments/cop_2015/161701/original/Petronet_LNG_Limited_2014-15.pdf?1432291693)



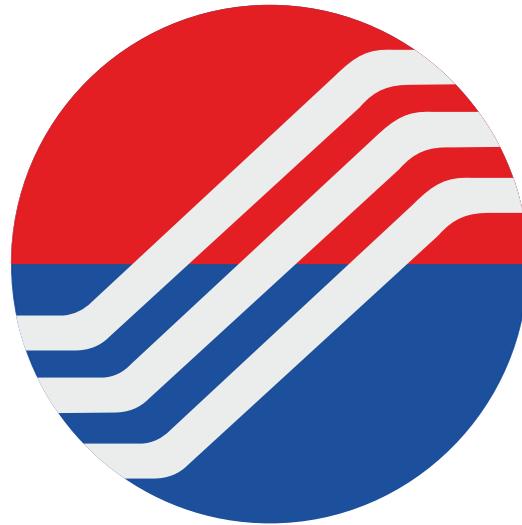
National Voluntary Guidelines (NVG) Reference Content Index

NVG Principle	Response
Principle 1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Refer 'Leadership Structure & Board of Directors' and 'Accountability & Transparency' sub-sections under the Corporate Governance Section
Principle 2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Refer 'Product Profile' sub-section under About the Company Section, and Product and Marketing Stewardship Section
Principle 3 Businesses should promote the well-being of all employees	Refer 'Human Resources Management' sub-section under People Performance Section
Principle 4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized	Refer Stakeholder Engagement and Materiality Analysis Section
Principle 5 Businesses should respect and promote human rights	Refer 'Respect for Human Rights' sub-section under People Performance Section
Principle 6 Businesses should respect, protect, and make efforts to restore the environment	Refer Environment and Economic Sections
Principle 7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Refer 'Public Policy' sub-section under the Corporate Governance Section
Principle 8 Businesses should support inclusive growth and equitable development	Refer Corporate Social Responsibility Section
Principle 9 Businesses should engage with and provide value to their customers and consumers in a responsible manner	Refer Economic and Product and Marketing Communications Sections

For more details kindly refer our latest business responsibility report (BRR), for FY 2014-15, included as part of the Annual Report FY 2014-15, at: <http://www.petronetlng.com/PDF/AR-2014-15.pdf>

Contact us:

We welcome your feedback on our third sustainability reporting venture. Do write to us:
investors@petronetlng.com



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