

Sustainability Report  
2012-13



Partners in Clean Energy



PETRONET LNG LIMITED

## Our 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."

## Our Mission



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## Statement from our MD & CEO



Dear Stakeholders,

I would like to begin by extending a very warm welcome to all of you in our maiden Sustainability Report, Partners of Clean Energy. As a representative of the Company, I thank you for your valuable time and your contribution towards Petronet LNG's current position in the Indian economy. Our report is an attempt to connect with each one of you, to apprise you where we stand and how we impact the environment and society in which we operate.

We live in a period of transition – a transition from operations striving towards purely financial profit to operations aiming at holistic sustainable development. The economic downturn, climate change and incidences of strikes,

lockouts and upheavals in the Indian industry have proved to us with exponentially growing urgency that business is not merely about financial returns – there are aspects to business involving the environment, society and good governance. One without the other is meaningless. In this day and age, one without the other can barely exist. While the world is rising to the occasion and striving to incorporate sustainability into their businesses, Petronet LNG Ltd. is, and always has been, dedicated to sustainable development, right from the time of inception.

### **The Indian context : Where does Petronet LNG Limited feature?**

As one of the fastest growing economies of the world, India is on an upward growth trajectory, leading to a steadily growing demand for energy. The demand for energy matches our economic growth rate of 6-7%. Energy being a vital engine of growth, the challenge is to ensure a steady flow of reliable, clean and affordable energy for a smooth journey to greater heights. India is already the world's 13<sup>th</sup> largest gas consumer (61 BCM) and the 4<sup>th</sup> largest LNG importer<sup>1</sup> (17 BCM). Further, the demand-supply gap is increasing and it is projected to grow wider in the coming years.

PLL has taken the onus of attempting to span this growing demand-supply gap. Our Company

has been a pioneer in the Indian LNG supply market and played a pivotal role in changing the Indian energy scenario in the last eight years of our operation. As the first company in India to import LNG, we have been instrumental in shaping the growth of India's natural gas sector. As a single entity, today, PLL accounts for more than 25% of the total Natural Gas supply in the country.

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

### **World record landmark: The 1,000<sup>th</sup> LNG cargo**

On 25<sup>th</sup> February, 2013, when India's prestigious LNG vessel Disha carrying LNG laid its anchor on the LNG port of Dahej, it had already created history in the Indian energy sector. In January 2004, Disha was the vessel carrying India's first-ever LNG consignment. Exactly 9 years and 26 days later, Disha scaled new heights, reaching the landmark of being the 1,000<sup>th</sup> LNG cargo to berth in the same terminal. It was indeed a cause for celebration and we, at PLL, are very proud of this achievement.

### Major highlights of the year

- We have had tremendous growth during the reporting period, with our turnover from operations in FY 2012-2013 reaching INR 31,467 crores, far exceeding last year's turnover of INR 22,696 crores.
- Our Kochi Terminal is now complete and has been commissioned.

### Plans of expansion

To narrow the growing demand-supply gap, PLL is now setting out to expand its capacity through the following activities:

- Expansion of capacity at the Dahej Terminal from its present 10 MMTPA to 15 MMTPA.
- Initiation of the process of setting-up a second LNG Jetty at Dahej. Apart from increase in capacity, the second LNG Jetty is required for risk mitigation as well as to berth the higher-capacity Q-Max and Q-Flex vessels.
- Construction of another LNG Terminal in the East Coast at Gangavaram, near Vishakhapatnam in Andhra Pradesh. The Terminal shall have a capacity of 5 MMTPA and is due for completion in 2016.

We as an organization take immense pride in our employees and their learning and development. Our continuous focus is on selecting the best talent for our business, and training them aptly for performing their duties responsibly in the industry's high risk operations. Transparency in business is another key area of focus for us as an organization. Petronet, from its inception, has been very open and communicative with its various stakeholders. We strongly believe in the power of informed and constructive dialogue, and hold the opinion that each and every stakeholder can contribute towards our growth. Moreover, health, safety and environment procedures and systems receive maximum focus at Petronet. Going beyond the required statutory obligations, we follow multiple levels of procedures for ensuring our facilities are safe for our employees, communities and the environment.

As we tread new waters and expand our boundaries, we thank you once again for your support and faith. On behalf of the entire PLL family, I would like to assure you that we shall continue to try our best to contribute to the sustainable economic development of our country. Operating in the niche and highly critical hydrocarbon sector, we understand that we potentially touch each and every individual's life in some form or the other. Hence, we are conscious of our role in the energy supply chain of the country and take this responsibility with utmost seriousness. This report is our effort to highlight upon some of the initiatives being taken by us towards managing this role more responsibly. I hope our report, 'Partners of Clean Energy', reaffirms your belief in us and our role in the Indian economy.

Sincerely,



Dr. A.K. Balyan  
MD & CEO

<sup>1</sup>Source: BP Statistics Review, June 2013



## About the Report

Global realisation, time and again, of the symbiosis between a company's financial performance and its environmental and social performance has led to widespread awakening about sustainability performance and its subsequent reporting. As a responsible entity striving to deliver clean energy across India, documenting our performance and sustainability drive is a natural progression for us.

'Partners of Clean Energy' is our Company's maiden effort at an annual Sustainability Report. This report documents the economic, environmental and social performance of Petronet LNG Ltd. (PLL) in the fiscal year 2012-13. The reporting boundary for FY 2012-13 includes the Corporate Office (Delhi) and the LNG Terminal at Dahej. Data disclosure for workforce and employee turnover indicators covers our terminal at Kochi as well.

The debut sustainability report of PLL is titled 'Partners of Clean Energy', which represents the nature of business and product profile of PLL. PLL is into the business of import and re-gasification of Liquid Natural Gas (LNG). Natural gas is considered a cleaner and safer alternative to the conventional sources of energy because of lower carbon emissions, non-toxic behaviour, dispersion qualities, and higher ignition temperature. By improving the availability of natural gas in the country, PLL is partnering with other stakeholders to promote the use of cleaner energy.

Our sustainability plan reflects our global outlook, integrating the opinions of our stakeholders on issues that are relevant to the company, and subsequently using them to shape our future business agenda. This report is the first step of this exercise.

Being our first attempt at sustainability reporting, this report has been prepared in accordance with the Global Reporting Initiative's (GRI) – G3.1 Guidelines, with an application level of "B+". We have engaged Ernst and Young LLP, to provide an independent external assurance for the report.

This report aims to create a closer understanding amongst all our stakeholders regarding our Company, what we do and what we stand for. We hope to accomplish this mission. Knowing how important feedback is to help us improve, we'd love to hear from each one of you. Please send your feedback and we shall incorporate all relevant suggestions and ideas in future reporting exercises. Do write to us at [investors@petronetlng.com](mailto:investors@petronetlng.com)

With this, we welcome you into the world of Petronet LNG Ltd., Partners of Clean Energy.



About us - know us better





## Organisational Profile

### About Petronet LNG Limited (PLL)

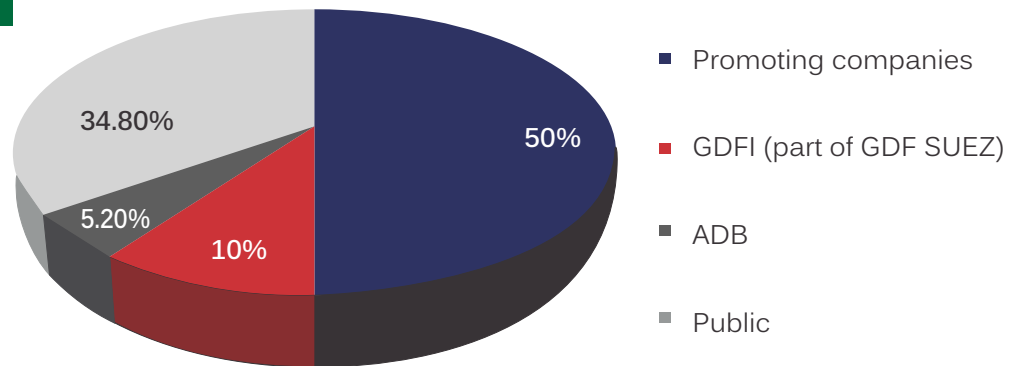
Petronet LNG Limited (PLL), a shining mascot of India's drive to ensure energy security, was

incorporated on April 2, 1998, as a joint venture by the Government of India to import LNG and set up

LNG terminals in the country. Our commercial operations commenced in April 2004.

### Shareholding structure

#### Shareholders of Petronet LNG



The Company is promoted by GAIL (India) Ltd. (GAIL), Bharat Petroleum Corporation Ltd. (BPCL), Indian Oil Corporation Ltd. (IOCL) and Oil and Natural Gas Corporation Limited (ONGC). These four organisations hold 50% of PLL's shares. Other shareholders include GDF SUEZ (10%), Asian Development Bank (5.20%), while the rest are held by the public (34.8%). GDF SUEZ, the largest importer of LNG in Europe for the last 30 years, is the strategic partner of the Company.

31st March, 2013, our company employed 397 employees, had a turnover of INR 31,467 crores with an INR 1,149 crores PAT.

### Financing structure:

Particulars	Amount (in INR crores)
Shareholders Fund Equity Capital/ Internal Accruals/ Premium	4,449.7
Debt	3034.2
Total means of finance	7483.9

- 48<sup>th</sup> RANK IN BUSINESS STANDARD 1000
- 150<sup>th</sup> LARGEST COMPANY AND 301<sup>st</sup> MOST PROFITABLE COMPANY in Plimsoll Global Analysis on Global Crude Oil and Gas Extraction Industry Ranking

### Our geographic outreach

#### Operations

We are headquartered in New Delhi, India, with two LNG Terminals in Dahej and Kochi (completion underway).

#### Dahej Terminal

Located in the Gulf of Cambay, Gujarat, the Dahej Terminal was commissioned in 2004 as South East Asia's first LNG Receiving and Regasification Terminal, with a capacity of 5 MMTPA. In 2009, the

### Our financial profile

It is of immense pride for us that our Company has played a pivotal role in promoting India's economic growth by inducing growth of the country's Natural Gas sector. As on

### RANKING OUR SUCCESS:

- 46<sup>th</sup> RANK IN FORTUNE INDIA 500
- 35<sup>th</sup> RANK IN FINANCIAL EXPRESS 500



capacity was expanded to 10 MMTPA, and the Terminal now meets 25% of the total gas demand in India.



Keeping in mind the growing gas demand of the country, the Board has now sanctioned further capacity expansion to 15 MMTPA. The Company has also commenced construction of a second LNG berth (jetty) in Dahej to enhance capacity and mitigate associated risks of port operations.

### Kochi Terminal

Located in Kerala, our Kochi Terminal was completed and commissioned in August this year. With a capacity of 5 MMTPA, the Terminal at Kochi will help meet the demand of Natural Gas for power, fertilizers, petrochemicals and various other industries in the Southern States.



The Company is also acting on further plans of expansion by commencing construction of yet another LNG Terminal in the east coast at Gangavaram, near Vishakhapatnam in Andhra Pradesh. This Terminal shall have a capacity of 5 MMTPA and is due for completion in 2016.



Term sheet signing with Gangavaram Port Ltd.

### Markets served

The Company strives to meet the ever-growing demand for natural gas pan-India, especially in high-priority sectors such as power and



fertilizer. PLL also provides an alternative fuel source for the automotive industry and feedstock for chemicals and petrochemicals. For consumers who are not

connected with the gas pipeline, the Company has initiated measures to reach them through overland transportation using LNG trucks / hubs. Instead of setting up a complex pipeline network, we make use of the already existing road network. At present, we import 7.5 MMTPA of LNG from Qatar and plan to import 1.44 MMTPA of LNG from Australia.



### Awards and accolades

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



Appreciation from USEPA



Year	Organisation	Award / Accolades
2012	U.S Environment Protection Agency (EPA)	Letter of appreciation on joining Natural Gas STAR International and maintaining low methane emission footprint at Dahej facility.
2012	Amity Global Business School	Amity Corporate Excellence Award for Environmental Excellence and Sustainable Development
2011	Greentech Foundation	Gold Award in Petroleum Sector for Outstanding Achievement in Environment Management
2011	Greentech Foundation	Platinum Safety Award
2009	National Safety Council of India	NSCI Safety Award
2009	Government of Gujarat, Forest and Environment Department	Certificate of Appreciation in recognition of exemplary application of the Cleaner Production implementation







## Product Profile

### Liquefied Natural Gas: Our product

At present, PLL deals primarily in one segment: the import and re-gasification of Liquefied Natural Gas (LNG). The product composition is dominated by methane, with varying portions of ethane, propane and butane.

To facilitate transportation, Natural Gas is cooled to -160°C to liquefy. It is transported in cryogenic tankers across seas to our Terminals, where it is re-gasified and then distributed.

PLL has branded its product as 'Taral Gas' - the new-age eco-friendly fuel. Taral Gas will be delivered to customers not connected with pipeline from our Terminals.



Three LNG ships - 'Disha', 'Raahi' and 'Aseem' - bring LNG from Ras Gas, Qatar to Dahej, transporting the contracted quantity of 7.5 MMTPA of LNG. Further, 1.44 MMTPA will be imported from Australia.

### Product responsibility

(PR9) Product responsibility forms the basis of the very existence of our Company. Our product itself being clean energy, there are no major sustainability challenges arising

from the impact of our product.

Having said that, there have been no instances of complacency and PLL is committed to diligence when it comes to taking responsibility for our product, including its provision, transportation and use. We are entirely compliant with all existing regulations and during the reporting period, did not pay any fine for non-compliance.

### Natural Gas as a cleaner alternative

Currently, coal and oil suffice over 80% of India's primary energy needs. This leaves ample room for

improvement in the country's cleaner energy portfolio. Given this scenario, natural gas is bound to play an important role and its share in the total primary mix is expected to increase to 20% by 2025.

Natural gas, in form of Compressed Natural Gas (CNG) and Liquid Natural Gas (LNG), are considered to be one of the cleanest burning fuels available<sup>2</sup>. Natural gas vehicles have also been found to emit 25% less CO<sub>2</sub> emissions than those on diesel and petrol<sup>3</sup>.



RAAHI



DISHA

## Our Relationship with Sustainability



Across the globe, the economies are facing two major concerns: rising energy demand and ensuring energy security. This has motivated nations to explore cleaner energy sources to achieve the dual objectives of fulfilling economic growth and reducing environmental impact. To address this global challenge, Natural Gas is increasingly becoming the fuel of choice to meet the energy requirement. Natural Gas in the form of LNG has proved its efficiency and facilitates energy users to reduce the share of coal and oil in their energy portfolio.

In 2012, India's Natural Gas share was 9% out of the total primary energy mix. However, it is expected to rise to 20% by 2025. India is one of the largest gas consumers in the world and ranks 4<sup>th</sup> in the world<sup>4</sup> in importing LNG, accounting for 6%

of the total trade. There is a huge demand-supply gap and this deficit is further expected to double in the next five years. Hence, the import of LNG will play a crucial role in meeting the energy requirements of the country and propelling economic growth.

By being the first Company to import LNG into the country, PLL has proved to be instrumental in meeting the requirements of Natural Gas in India. Our Company has set industry benchmarks in LNG operational efficiency and market development. This is clearly evident as we berthed our 1,000<sup>th</sup> cargo in a span of only 9 years, thereby achieving a world record. With the clear objective of catalyzing the growth of Indian gas sector through enhancing the gas supply, we look forward to satisfying the needs of existing consumers as well as developing new consumers.

Despite huge opportunities expected in the coming years, we fully understand that with more players interested in the gas market, the competition is going to be stiff. The discovery of gas in K G Basin further adds to the challenge. As more national and international players enter the market, price will be the order winner. At PLL, we ensure maximum utilization of plant capacity, operational efficiency and other productivity measures. In the years to come, this

will not only help us to move towards price leadership but will also eradicate unwanted costs rooted in the system. At PLL, right from our inception, we have ensured that performance measurement system does not only count economic returns, but also environmental friendliness and social impact. Inclusive growth is high on our agenda and we have undertaken various measures to give back to the society in which we operate.

While serving the country by means of making it energy sufficient, PLL is also mindful of its responsibilities towards environment. PLL believes that increasing the share of natural gas in the country's energy mix will lead to a transition to a low carbon growth. This belief comes from the fact that natural gas and renewable energy sources are often considered to be complementing each other. Natural gas, which is the major product of PLL, does not produce significant amounts of solid waste, Air emissions in form of nitrogen oxides and carbon dioxide are also of lower quantities than those produced from coal or oil. Emissions from natural gas in form of sulphur dioxide and mercury are negligible. These characteristics make LNG a cleaner fuel and help PLL in being a company with lower carbon footprint.

<sup>4</sup>Source: BP Statistics Review, June 2013



## Economic Performance

### Our commitments & endorsements

For the past three years, we have been a part of the Global Compact Network (GCN). Our Company is also a member of the Standing Conference of Public Enterprises (SCOPE) and the International Group of Liquefied Natural Gas Importers (GIIGNL). Our Senior Management represent the Company in various industry forums.

Economic sustainability comes with a certain amount of prudence that we, at PLL, are committed to practise. The Company believes in financial prudence and refrains from investments for quick gains. Investments for business expansion projects are met from internal accruals and limited borrowings. The Company has a healthy balance sheet and

adequate reserves to meet its requirements towards equity capital for future expansion.

We have institutionalized a robust system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use and that all transactions are authorized, recorded and reported correctly.

Having established our financial stability, we move forward to our economic impacts. We are well aware of the direct and indirect economic impacts of our company's operations on the environment and society and believe in maintaining transparency around the same.

The following table charts out our economic value generated, economic value distributed and the economic value retained.

There is a growing need to integrate sustainability agenda in the financial decision making. We at Petronet are conscious of this change and are actively working towards integrating energy management, resource conservation, human rights, biodiversity and inclusive growth aspects in our day to day financial investments.



**R. K. Garg**  
Director (Finance)

Category	Units	Value
<b>Economic Value Generated</b>	INR crores	31,649.15
Revenue from operations	INR crores	31,467.44
Other income	INR crores	181.71
<b>Economic Value Distributed</b>	INR crores	30,499.87
Cost of Materials consumed	INR crores	23,383.55
Employees Benefits and Wages	INR crores	37.01
Payment to providers of Capital(Dividend)	INR crores	187.50

## Corporate Governance

The philosophy of Petronet LNG Ltd. (PLL) in relation to Corporate Governance is to ensure transparent disclosures and 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. The Company firmly believes that any meaningful policy on Corporate Governance must provide empowerment to the executive management of the Company and simultaneously create a mechanism of checks and balances which ensures that the

decision-making power vested in the executive management is used with care and responsibility to meet shareholders and stakeholders aspirations. The Company is committed to attain the highest standards of Corporate Governance.

Category	Units	Value
Payment to government <sup>5</sup>	INR crores	5,921.44
Community Investments	INR crores	2.41
Others <sup>6</sup>	INR crores	967.99
Economic Value retained (Profit after Tax)	INR crores	1,149.28

## Board of Directors

PLL's Board of Directors consists of 13 eminent personalities, all experts in their own right in our field of work. Till 31<sup>st</sup> January, 2013, Shri G.C. Chaturvedi was the Chairman and an Independent Director in the Company. Since February 2013, Shri Vivek Rae,

an Independent Director and Secretary (MOP&NG), Govt. of India, has taken over as the Chairman of the Company. Our Managing Director and CEO, Dr. A K Balyan, is a whole-time Director of the Company. The remaining 11 members of the Board consist

of two whole-time directors, five non-executive directors nominated by our promoting companies and strategic partners, and four independent directors. The following schematic represents our Board's composition:



<sup>5</sup>Includes all company taxes (corporate, income, property etc.), service tax and VAT

<sup>6</sup>Includes deferred taxes



Major change in the reporting period: Shri Vivek Rae took over from Shri G. C. Chaturvedi as Chairman with effect from 21 February, 2013.

**Committees of the Board:**





## Partners in Clean Energy

### Transparency and accountability

The selection of our Board members is done on the basis of their experience, qualifications and leadership positions held in the industry. The whole-time Directors are appointed by a Search Committee comprising Directors nominated by the Board. Other than that, each promoter of PLL has nominated one Director; in addition, GDF International has nominated one Director and similarly for the lender. Our Independent Directors are hired on the merit of their credentials and expertise in the hydrocarbon sector. We actively leverage the value of their vast experience to guide our Company and devise strategy for sustainable growth. In keeping with our transparent corporate governance stance, we disclose our Board's remuneration in our Annual Report.

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

### Our Code of Conduct

As part of our Company's endeavor to set high standards of conduct for its employees, a Code of Business Conduct and Ethics has been laid down for all Board members and Senior Management personnel. The Code, which was approved by the Board in 2006, encompasses general moral imperatives, specific professional responsibilities, and additional duties / imperatives for Board Members and Senior Management personnel. From 1<sup>st</sup> April, 2006, strict adherence to the Code has been mandatory for all. The Code reflects our thorough belief in maintaining the highest standards of business ethics, which take into account our business performance and impact on society. All members have affirmed compliance to the Code during the reporting period. Besides being available on our website, copies of the Code are circulated to all the individuals concerned.

### Conflict of interest

The Code of Conduct has a number of clauses, adherence to which ensures no cases of conflict of interest. It clearly states, for instance, that the members of our Board or Senior Management must avoid any personal financial interest in works or contract awarded by the Company or

any personal relationships with significant contractors / suppliers. Further, our Audit Committee does screenings of any related party transactions, i.e., transactions of the Company of material nature, with Promoters or the Management, or relatives, etc., that may have potential conflict with the interest of the Company at large.

### Insider trading

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

### Anti-corruption practices

Corruption is one of the world's greatest challenges. It is a major hindrance to sustainable development and corrodes the very fabric of the society. Petronet LNG Ltd. (PLL) strongly believes in maintaining integrity and work ethics to protect not just the reputation of the Company but also the interests of its shareholders.

We have identified that the major potential source of corruption could be contracts awarded for construction of various facilities in an LNG Terminal. In order to mitigate the risk, the EPC Sub-Committee of the Board, which is responsible for evaluating



and recommending large EPC contracts for Board approval, has an Independent Director as a Member. In addition to this, we also have safeguards in place in the tender documents which discourages bidders from indulging in any corrupt practice. In case of any such act of misconduct, it is within our rights to reject the bid or contract, as the case may be.

Further, to strengthen our commitment to anti-corruption practices and principles, we have been a member of Global Compact Network (GCN) since the last three years. We have committed to the principles and practices of the Global Compact Network that includes the 10 principles pertaining to human rights, labour standards, environment and anti-corruption. Soon, PLL will be

submitting a Communication on Progress (CoP) that details our willingness to actively support the efforts made by GCN.

### **Sustainability performance evaluation**

In our Company, compliance is the Board's responsibility and the members take it very seriously, thus ensuring regular evaluation of the Company's sustainability performance. We have a Risk Management Committee to identify and mitigate all types of risks pertaining to the business of the Company. The Committee meets regularly to discuss various risks and mitigating factors for the same. The Board reviews and approves the annual business plans. The decisions on all strategic matters related to capital expenditure,

revenue, etc. are taken with the approval of the Board. It also discusses and deliberates on issues pertaining to risk management, safety performance, and monitors compliance to applicable statutes and norms.

According to the processes currently in place in the Company, the Board does not rate the sustainability performance of its Members according to a defined framework. However, 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 the standards of sustainability performance.

A close-up photograph of two hands shaking in a firm grip, symbolizing agreement or partnership. The background is a blurred collage of financial data, including stock market tickers with numbers like '602', '438 1/2', and '402 1/2', and various charts and graphs in shades of blue and green. The overall image conveys a sense of business engagement and strategic decision-making.

# Engagement for Prioritization



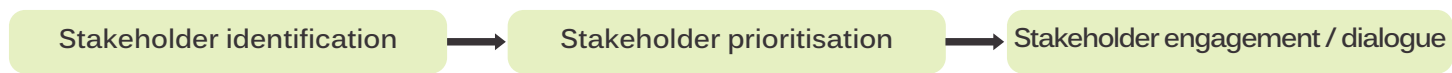
## Stakeholder Engagement

We, at PLL, believe that stakeholder engagement plays a vital role in improving sustainability performance. It enables a better understanding of the reasonable expectations and interests of stakeholders, allowing the

company to better manage and respond to their concerns. Interacting with stakeholders and responding to stakeholders' expectations and feedback on the organisation's performance confer several benefits on those that

undertake genuine stakeholder engagement. Engagement is not only a trust-building exercise, but can also give us a first-mover advantage in opportunities with relation to the stakeholder groups consulted.

### The engagement process:



### Stakeholder identification and prioritization

Stakeholder identification is about defining the different groups of individuals or institutions that affect,

or are affected by, PLL's business operations in some capacity. We have identified our stakeholders

on the basis of the following parameters:

Responsibility	Influence	Proximity	Dependency	Representation
Those linked to our Company through legal, financial, operational regulations, contracts and/or policies.	Those who have the ability to influence whether or not PLL can reach its intended goals. This can include those with informal influence or those with formal decision-making power, internally or externally.	Those who the organization depends on for daily operations and those living close to PLL's operating sites.	Those who are most dependent on PLL, customers / clients reliant on our products and services, or suppliers for which we are a large client.	Those who represent key institutions with whom our Company interacts such as community leaders, local politicians.

Prioritization on the basis of interdependency and impact is a vital part of the stakeholder engagement process. Keeping in mind that this is our first year of sustainability reporting, this year, we decided to engage with our employees, being our most important stakeholders with maximum mutual impact regarding identification of our material sustainability issues.

## Materiality Analysis

### Stakeholder engagement / dialogue

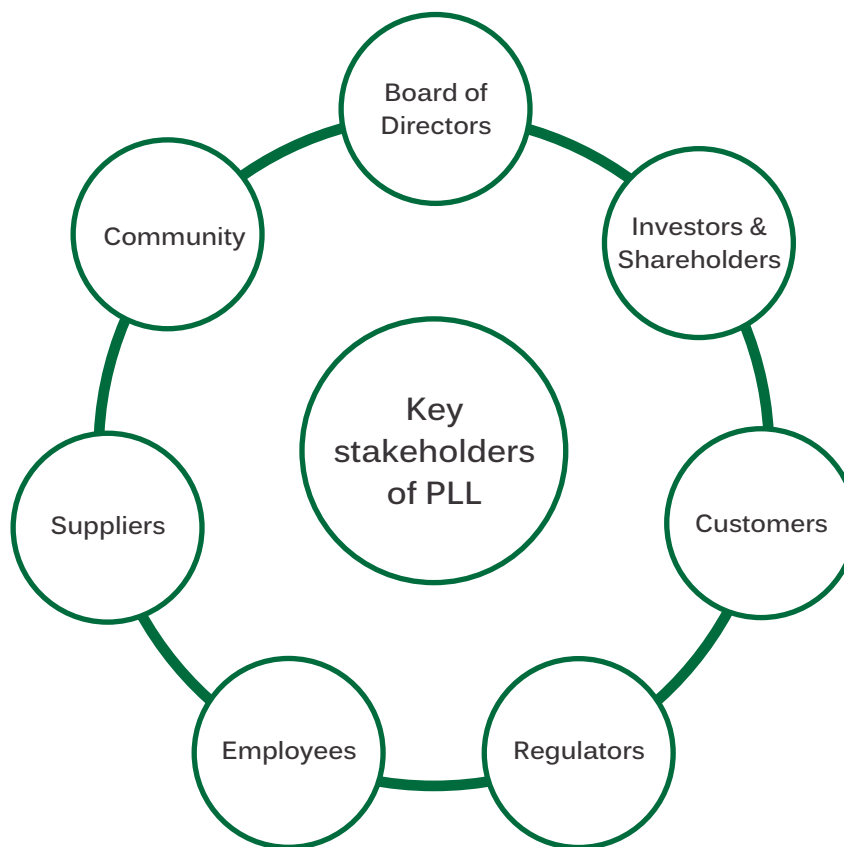
Throughout the year, we engage with a wide range of stakeholders - from our shareholders to our employees and the community at large on a regular basis, in the form of surveys, appraisals, feedback mechanisms, conferences, community engagement programs etc. Over the course of the year, such engagements have led to a few key issues that have received priority over others.

The issues identified in the stakeholder engagement process

vary in terms of their importance to our organisation. While some issues are very critical at a micro-level, others have a macro-level impact for which groundwork and preparation needs to commence with immediate effect. In order to identify the key issues, we carried out a materiality assessment. A third party was brought in for objective analysis.

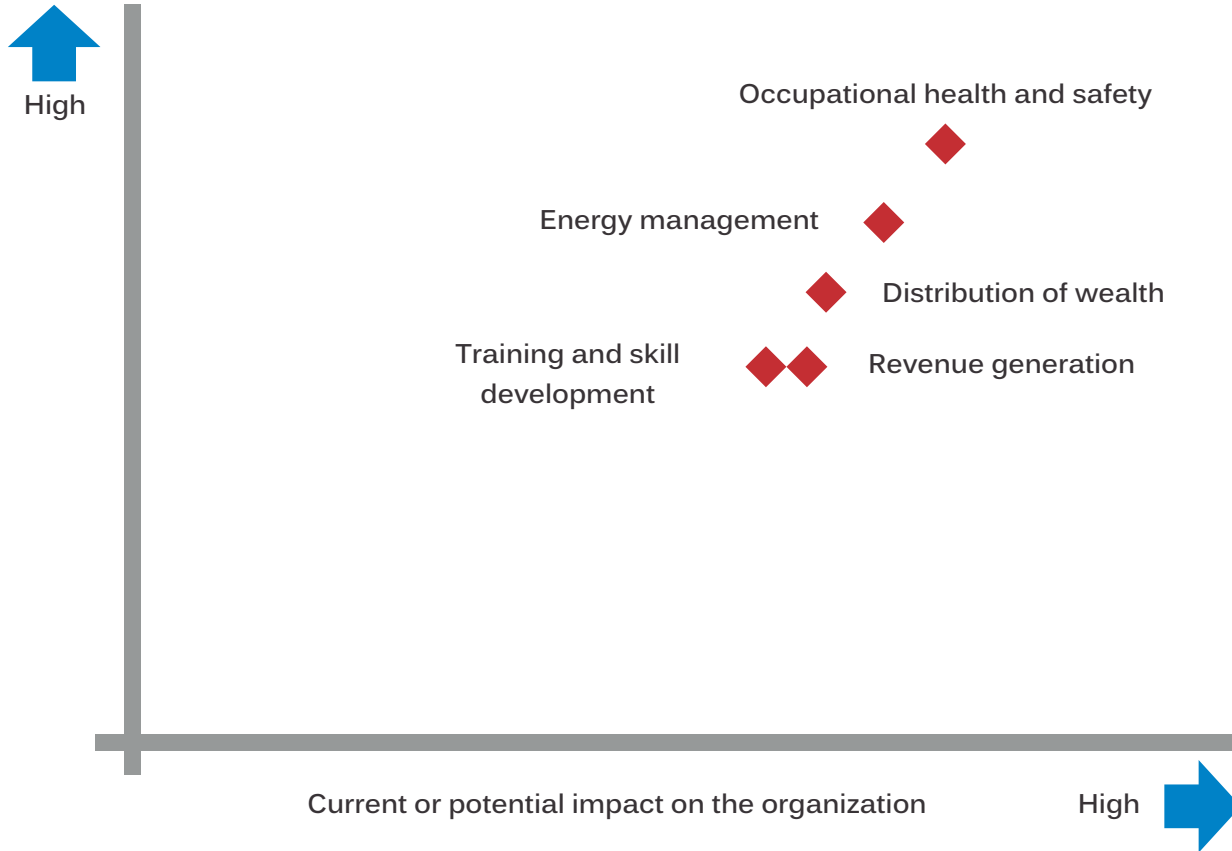
A survey questionnaire with all possible material economic, environmental and social issues was circulated to members of the Board and a pool of employees at PLL, and they were asked to rate

each issue on a scale ranging from Very High to Very Low. Once the frequency of the employee responses and the Board responses were calculated, a list of high-priority issues were charted for the employee responses and the Board responses separately, following a combination of high-frequency analysis and weighted-average analysis, where "Very High" was given a weightage of 5 and "Very Low" of 1. Mapping the two sets of the results in the following materiality matrix, we found the high-priority sustainability aspects at PLL.





Top 5 key focus areas:



## Key material issues identified

**Occupational health and safety (OHS)** : OHS is of great importance considering the nature of business of PLL. Hazards in the industry may include contact injuries, injuries through fire, vehicle accidents, slips, falls etc. PLL has developed Quality, Health, Safety, and Environment Policy to maintain occupational health and safety standards. (Details on page 30 and 32)

**Energy management** : Improving energy performance is one of the priorities for a lot of companies operating in the oil and gas sector. At PLL, this happens through

improvements in the operations and plugging energy wastage.

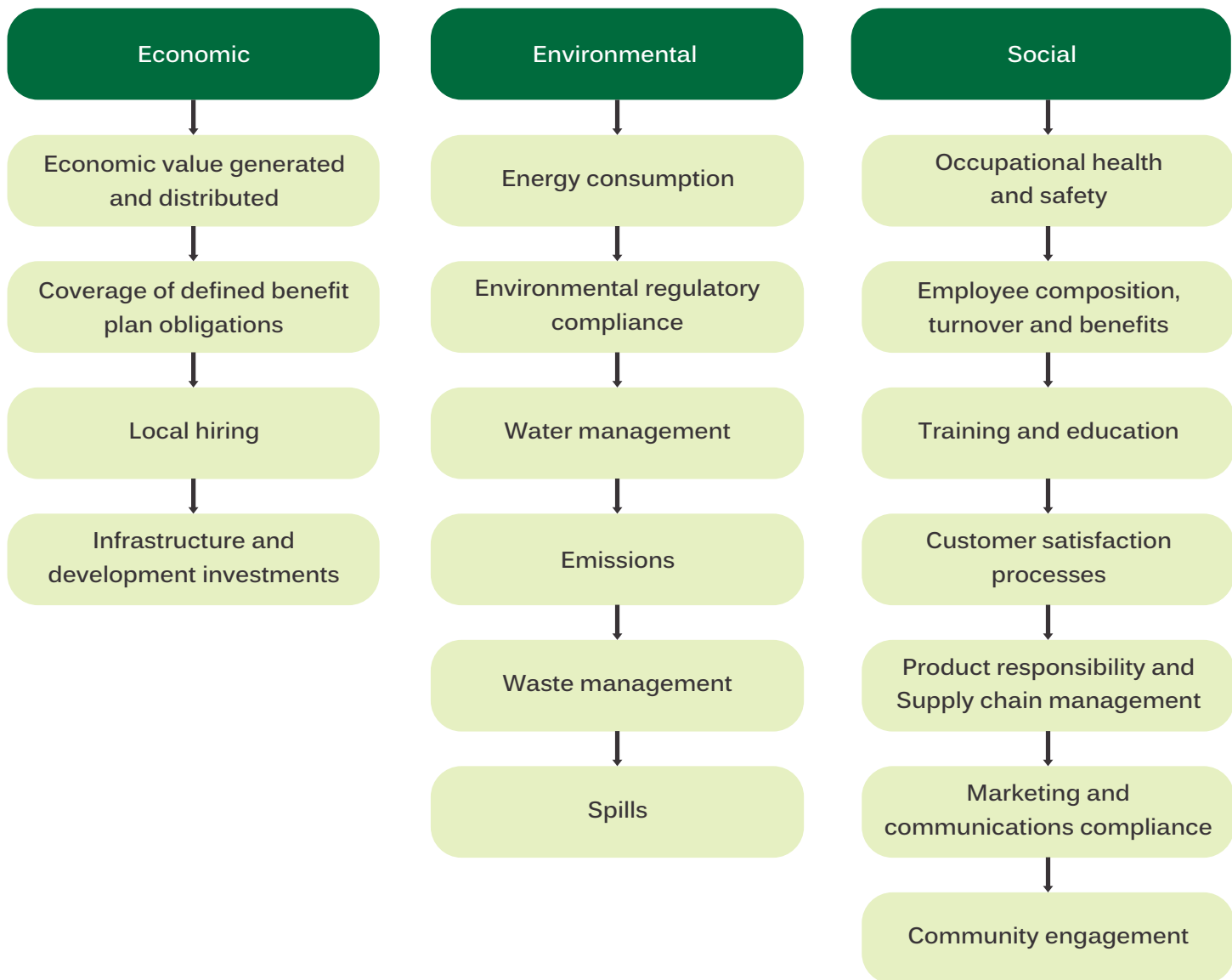
**Distribution of wealth** : Unequal distribution of wealth is of high concern to the country. PLL also recognizes this as a challenge and works with the community on education and entrepreneurship.

**Revenue generation** : PLL seeks to create greater revenues and constantly works towards eliminating barriers and challenges. In doing so, the Company ensures that it conducts its business ethically and responsibly.

**Training and skill development** : PLL believes that by providing opportunities of training and skill development to its employees, it grows with its employees' strengths. Training and development of employees helps improve productivity, employee satisfaction, quality of service and products, and reduce amount of supervision required amongst other benefits.



## Key material issues identified





# Valuing our Planet



## Our Environmental Performance

India's resolve to reduce its emission intensity by 20-25% by 2020 as compared to 2005 levels is enthusiastic as well as challenging. This challenge is further enhanced by the agenda of inclusive growth. At the heart of all these challenges lies the need to strengthen energy security. We, at PLL, are partnering our nation in its aspirations of energy security through clean energy sourcing.

It has been observed that only in the past few years have organisations started realizing that economic growth and environmental conservation are not mutually-exclusive business strategies, however, PLL has had this vision right from its inception. At PLL, we

not only import cleaner fuel and propel India towards low carbon growth, but also ensure energy efficiency, water conservation, and other environment-friendly activities in our operations.

In the following section, we have described our environment footprint through reporting on some aspects of our environmental performance.

### Energy and emissions

Our primary energy source is Natural Gas. Diesel is only used in tug boats operated in our jetty for mooring the vessels carrying LNG, in fire pump sets, vehicles owned by the Company, and in generators in case of power failure. Natural

Gas is consumed in gas turbines for generating electricity. In 2012-13, 2.65 million GJ of primary energy was consumed in our operations.

**Environment and community stewardship is integrated in our core philosophy. We believe in regularly revisiting our processes and systems for improving our operations and our impact on the environment and society.**



**Rajender Singh**  
Director (Technical)

### Fuel consumption categories and their contribution to total energy consumed

Fuel types	Energy consumed (GJ)	Percentage contribution
Diesel	36,947	1.39%
Natural Gas	25,19,750.89	94.99%
Electricity imported from grid	95,939	3.62% <sup>7</sup>
Total Energy consumed	2,652,637	100.00%

Natural Gas is the main fuel constituting nearly 95% of the energy consumed.

We meet most of our requirements of electrical energy from captive sources. However, some of the electricity is imported from the

State electricity grid. In 2012-13, we sourced 3.62% of our total energy from the grid, i.e., 95,939 GJ.

The sources of greenhouse gas emissions from our operations include Natural Gas consumption for captive power generation,

diesel consumption and electricity purchased from the grid. Captive power generation using Natural Gas contributes 93% of the total carbon dioxide emissions from our operations.

### Total Direct and Indirect emissions in 2012-13

Emissions from Diesel Consumption ('000 tCO <sub>2</sub> e)	2.74
Emissions from Natural Gas Consumption ('000 tCO <sub>2</sub> e)	127.22
Emissions due to electricity Imported from grid ('000 tCO <sub>2</sub> e)	6.86
Total emissions ('000 tCO <sub>2</sub> e)	136.82

<sup>7</sup>Factor of 0.33 has been considered for calculating the thermal GJ equivalent of energy from grid electricity



We have eliminated most of our refrigerant consumption by using chilled water for cooling purpose. In

the reporting year, we used only 26.84 Kg of CFC-11 equivalent of refrigerants in some cooling

equipment in our premises.

**No to refrigerants, yes to chilled water**

Conventional cooling systems demand freon heat exchanger, thereby aggravating the ozone layer depletion. This not only depletes ozone layer, but also adds to energy demand due to operation of the compressor. At PLL, we have eliminated most of the refrigerant consumption

by using chilled water for cooling purposes. This new system helps to conserve ozone layer as well as conserve electrical energy by eliminating the need for a compressor. This chilled water is obtained during LNG regasification into Natural Gas. This chilled water is then

transported through a pipeline inside the plant and is used as cooling medium in the heat exchanger connected to the liquid nitrogen plant. This eliminates the freon heat exchanger from the system.

We monitor air emissions from our operations on a regular basis. In the reporting period, our air emissions were well within statutory limits.

In June 2012, Petronet LNG became the Natural Gas STAR International Partner (NGSI). Our efforts and commitment towards improving air quality and industrial safety at our plant sites was appreciated by the U.S. Environment Protection Agency (EPA).

In this regard, EPA team visited our Dahej LNG import facility and conducted a two methane leak detection and measurement study. We received appreciation for maintaining low methane emissions footprint at the facility.

It is noteworthy that Petronet LNG is EPA's first LNG Partner Company.



### Water management

Our operations do not necessitate consumption of large quantities of water. We source water from the

local municipality. We have undertaken certain innovative measures to reduce water consumption in our operations. The

case study below illustrates our commitment to water conservation.

#### Condensate water from Air-preheaters

Vaporization of Liquefied Natural Gas (LNG) to Regasified Liquefied Natural Gas (RLNG) is done through Shell and Tube Vaporizers (STV). LNG gets vaporised due to the exchange of heat between glycol water and LNG in the STV. The cold glycol water at the outlet of STVs is then sent to air-heated heat exchangers (air-heaters). In air heaters, glycol water is

heated by ambient air and circulated back to STVs for LNG vaporization, thereby acting as a heat-carrying liquid. When the air transfers its heat to glycol water in air heaters, its temperature drops resulting in condensation of moisture present in the air. This condensate is collected through drainages into a condensate recovery pond. This process is aided by the humid climatic

conditions that generally prevail at Dahej.

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

### Waste and spill management

We, at PLL, have in place a robust waste management system. All hazardous waste generated in our

facility is responsibly disposed through authorized waste recyclers. The organic waste

generated in our canteen is treated in vermicomposting units.

Category of waste disposed	Type of waste	Method of disposal	Units	Quantity
Used oil	Hazardous	Recycling	Lt	2,020
Oil barrels	Hazardous	Recycle	Nos.	10
Lead acid batteries	Hazardous	Recycling	Nos.	121
Biomedical waste	Hazardous	Incineration (through authorized vendors)	Kg	11.54
Others				
Food waste	Non-Hazardous	Recycling	Kg	5,274

We have a contract with an authorized e-waste recycler. No e-waste has been disposed in the reporting year. We collect and send our paper waste for recycling through a third-party vendor.

We have well-defined procedures to prevent incidences of spillage within our facility. Our strong commitment towards safe environmental practices has borne fruit and we have had no incidents

of significant spillages during the reporting year.



### Biodiversity management

The Company has undertaken measures towards protecting the marine ecology in the area of its operations. Mangrove plantation has been taken up near Dahej

Terminal in consultation with Gujarat Institute of Desert Ecology, Gujarat Ecology Commission, and the Forest Department. By the year 2015-16, the total area covered will be nearly 1,000 hectares. PLL has

also received appreciation for the development of Bio-Shielding from the Department of Forests and Environment, Government of Gujarat, in 2011.



*Plantation in & around Dahej Terminal*



*Mangrove Plantation*

# Valuing our People





## People Power

We believe a Company is as good as its people. Given our constant drive for success, our employees form the most important part of our DNA.

Growth can only be achieved and sustained if the people powering it are happy. At PLL, we take care of

each one of our employees, not just by fair remuneration, but also in terms of the quality of life, training and skill development and their safety.

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.

### Our employees

The following data illustrates our employee composition:

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

We engage the services of contractors at our facilities. In FY 2012-13, 477 contractual workers (annual average) were operating in our Dahej facility. Additionally, for the construction project of our second jetty at Dahej, we engaged the services of a contractor who employed approximately 950

(annual average) personnel at the projectsite.

Our attrition rate is satisfactorily low. In the reporting period, 25 people left the organisation, out of which one employee of the Top Management left on account of retirement. Twelve personnel from the Junior Management, two from

the Middle Management and ten workers resigned in the reporting period.

On the other hand, 111 employees were recruited. The following table gives a breakdown of the gender and age composition of the new entrants to the PLL family.

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



### Hiring and remuneration

We choose our employees with care, and base our judgement entirely on competence. We strive to be an equal-opportunities employer. No hiring is done on the basis of gender, caste or creed. Credentials, integrity, and honesty are all we evaluate a candidate on. 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. Further, our remuneration is decided as per industry standards and employee responsibility. We do not take gender into account while determining entry level or hierarchical compensations. Difference due to variation in duty may be seen, as is fair.

### Our hiring practices

The selection process being followed by PLL for hiring talent has been transparent and in line with industry benchmarks. The process being followed by PLL is as under:

- Based on a benchmarking study, the Company has approved manpower strength for all the locations and departments.
- The recruitment norm like Job Description and Job

Specification for each role has been finalized and in place after formal approval from Board.

- In order to give maximum exposure to the requirement, we release advertisements for vacant positions in leading English dailies and as well as vernacular dailies to give sufficient publicity.
- Interested candidates are advised to apply for the position under consideration through our online portal.
- We shortlist candidates based on the recruitment norms for the said position for further recruitment process i.e., Written Test, Psychometric Test and Interview.

### Hiring of local candidates

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

### Our commitment: No child labour and forced labour

Child labour deprives children of their childhood and their dignity. We very sincerely believe that every child has a right to his / her childhood and child labour has a negative impact not only on the child involved but also on society's economic development on the whole.

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.

Even while hiring unskilled labour 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 labour 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.

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.

As far as the exit policy is concerned, we have a clearly defined policy and any employee can resign from the company if he/she wishes to, with no compulsion to continue working or to employ any of his children/relatives to fill the gap.

**Employee benefits**

Our Company believes in looking after its employees. Equitable treatment of all strata of employees is part of our organisational structure. Over and above salary with housing and leave travel allowance components, there is provision for gratuity and leave encashment is 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.

Amount recognized as expense in respect of defined contribution plans as under	2012-13 (In INR Lacs)
Contribution to government provident fund	154
Contribution to superannuation fund	174

**Medical benefits**

Our hospitalization / medical scheme enables the Company's employees and their immediate dependents to avail of medical and /or hospitalization assistance. The Company provides Group Medical Insurance Cover for hospitalization expenses for all regular employees and their dependents.

Other than this, all employees on the permanent payroll of PLL are also entitled to medical benefits under the Group accident insurance policy scheme.

**PREVENTIVE HEALTH CHECK-UP**

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

- Employees above the age of 40 shall undergo health checkup once a year;
- For senior executives, this facility shall also be extended to their spouses keeping the age criteria same;
- The Company has tied up with Fortis Healthcare Ltd and Baroda Heart Institute and

Research Centre at Delhi and Dahej, respectively. HR and Administration departments issue letters addressed to respective hospitals on the request of eligible employees for 'Preventive Health Checkup' under the said Scheme.

**Benefits for the extended family**

Recognition is essentially positive feedback that lets employees know they are valued and appreciated by their co-employees and the Company. In a bid to extend the same recognition to the families of our employees, we framed the Special Award Policy, for the children of all PLL employees who have shown dedication to their academic careers or displayed constant exemplary performance levels in sports or cultural events of state/national/ international repute.

**Employee health and safety**

PLL has a robust Quality, Health, Safety and Environment (QHSE) Policy which is circulated frequently amongst all our employees to help inculcate a culture of safety in our site premises. At Dahej, a Quantitative Risk Assessment (QRA) study was conducted at the Terminal before designing the safety system layout. Accordingly, explosion-affected zones are earmarked and the Terminal layout is designed to ensure safe operations. International and national standards EN-1473, NFPA-59A, BS-7777 and OISD-194 were followed for the same.







## 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 though 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.

September, 2013

A.K. Balyan  
MD & CEO

We are proud to report that there have been no lost-time injuries or significant incidents at PLL during the reporting period.

Employee well-being programs have always been effective in bringing about healthy behaviour

change. At PLL, we follow a holistic approach towards creating a high-performance culture through establishment of right workplace conditions. Taking proactive approach, from time to time, we organise employee well-being programs at all our locations. Since

last few years, employee well-being has become strategic imperative for giving a clear competitive advantage to attract and retain the best people.

### Enhancing potential

Amidst growing competition, companies expect to see more value on sustainability over time to enhance their current and future value, and neutralize challenges they face in capturing potential revenue and profits and to overcome persistent barriers, short-termism, and a lack of effective practices getting in the way of

realizing that value. Given the competitive market, today, attracting, motivating, and retaining talented employees is a major challenge that we must accord adequate importance.

Through our training programs, we would like to benchmark and enhance competencies which will address workforce issues on which the Company could capture value

and make a tangible positive impact.



### Training programs:

#### a. Masters of the value of time

The three key objectives of the program are to:

Enhance ability to understand and develop essential competencies for success on the job



Training Programme/ Lecture

Help individual to generate realistic and practical solutions



Team Games

Create awareness so as to be able to constantly benchmark best practices

The programme content includes training on parameters such as self-perception, capability concepts, the essence and prioritization of time management, the impact of not keeping time and so on.

#### b. Improvement of interpersonal effectiveness and team building

Key objectives of the programme:



The programme content includes building a healthy self-image and positive thoughts, right attitude development, people management, building strong teams etc.



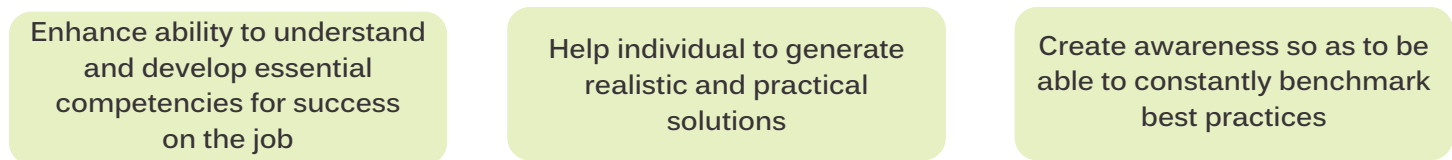
**c. Individual excellence for organisational effectiveness**

Key objectives of the programme :



The programme content includes topics such as leadership, team commitment, employee engagement, transparency, etc.

**d. Enhancing managerial capability**



The programme content includes development of motivational, leadership, management, interpersonal, personal and intellectual competencies.

**e. Capability development for accomplishment**



The programme content includes communications, assertive leadership, and effective team building, among other things.

**f. Hitting on the target for achieving goals**

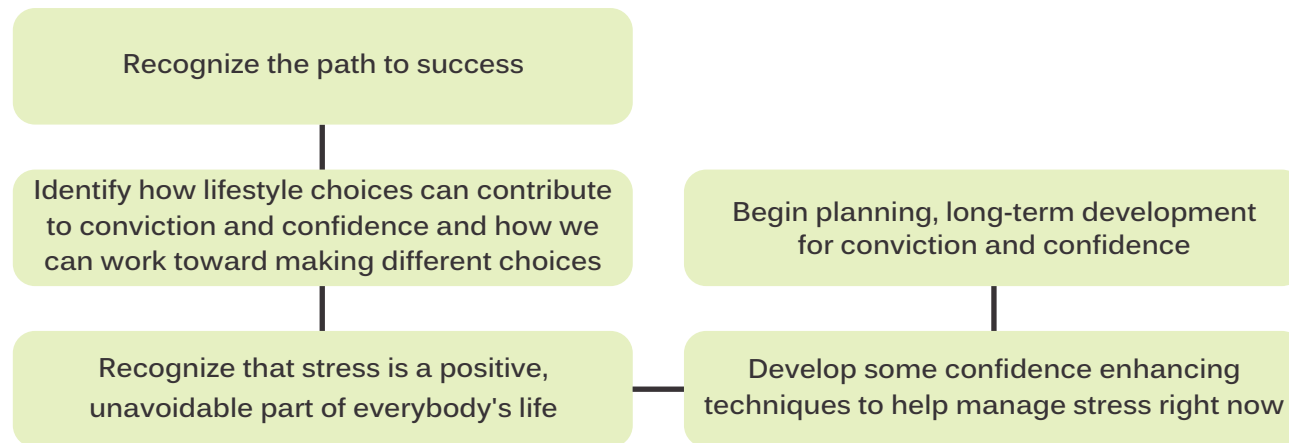
Key objectives of the programme are:



The programme content includes results orientation, teamwork, professionalism, internal customer focus efficiency, etc.

**g. Assertiveness and a positive attitude**

Key objectives of the programme include:



The programme content includes personality development, confidence building and stress relief, among other aspects.

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'.

The number of hours spent on

training for our employees in the reporting period (in man-hours) is as follows:

Employee category	FY 2012-13	
	Male	Female
Senior Management	136	NA
Middle Management	2,483	82
Junior Management	5,192	377
GETs / PGETs	592	131
Staff	4,223	409



Valuing Society



## Engaging with Communities

As a responsible corporate citizen of the country, Petronet LNG Ltd. has dedicated itself wholly to the betterment of India, through business, by providing clean energy, and through constant community engagement.

Socio-economic development programmes are undertaken by our Company in order to meet the priority needs of the community we operate in, envisioning self-sustaining communities in the near future.

We believe in networking with the society and working for their empowerment. Under such a scenario, business will automatically prosper.

**Dr. A K Balyan**  
MD & CEO



### Our social philosophy

- Petronet LNG shall promote community projects which will impact the communities and make them more self-reliant. Ideally, the projects are shared resource contributions by Petronet with the Government,

credible partners and the community at large. Further, though secondary, each community project should reflect our ideals, morals, etc. so as to promote PLL's brand in a positive light.

- Support national causes in the focus areas.
- Create enduring values, satisfaction, and recognition.



## Priority themes



### Organisational roles and responsibilities for CSR at Petronet

#### Board Level

MD & CEO will be responsible for the effective implementation of CSR in accordance with the approved Policy, apprising the Board once a year

#### Corporate Level

Head (HR) in consultation with Executive Committee (EC) will carry out the following responsibilities :

- Formulation of plans and strategies
- Annual allocation for Work Centres – Terminals
- Periodic monitoring and evaluation of activities taken up by terminals and quarterly reporting to EC
- Documentation and maintenance of data including bringing out reports, newsletters, bulletins, etc.
- Promotion of Corporate Image
- CSR activities at corporate office



### Operational Level

At the level of terminals, CSR will be undertaken by HR Head, with the following roles and responsibilities:

- Identification of appropriate schemes, in consultation with concerned executives especially in the field
- Examination and consolidation of proposals and submission to corporate office
- Once projects are approved by corporate office, we may involve local district administration representatives in implementation, monitoring and evaluation of projects in order to ensure transparency and visibility
- All proposals with significant financial implication are forwarded to corporate office with the recommendation of Plant Head
- Maintenance of records and data
- Documentation including publishing reports, newsletters, bulletins, etc. on print and electronic media for sharing with different stakeholders in the area
- Promotion of corporate image

Further, we constantly motivate our employees to engage in the CSR schemes as a voluntary philanthropic contribution to the society we live in.

### Our community initiatives

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



It is pertinent to mention an initiative in Luwara village which is situated near our Dahej Terminal. We have contributed significantly to the overall development of the village, specifically focusing on primary healthcare. A doctor regularly visits the health centre and a local individual has been trained as a nurse to assist the doctor. The health centre also provides medicine to patients, free of cost.

Shifting focus to the rest of the village, PLL has also contributed financially and lent support to the expansion of the village school. In a bid to encourage promising students, PLL has contributed significantly towards village students who have chosen to study in the science stream. With no science stream education available to children in Luwara and the neighboring villages, science students were compelled to travel

to Bharuch for education, which was a major deterrent, especially for girl students. To address this problem, PLL is setting up a science laboratory in the school in Luwara. Further, infrastructural improvements like the installation of solar street lights and development of sanitation facilities and drinking water have also been implemented.



### Investments

Now, as a part of the project cost, each development project at PLL has a CSR component. Since FY 2012-13, we have been allocating a certain part of our profit for CSR activities. We work closely with the local Gram Panchayat and District administration. In the next few years, our aim is to achieve a spending of 2% of our profit on CSR initiatives.

A major scheme which is under implementation in collaboration with the State Governments and in which Petronet LNG Ltd. has made substantial contribution is the development of drinking water facilities for the inhabitants of Bharuch town. Though the town is situated on the banks of river Narmada, there is acute shortage of drinking water. Under the

scheme, drinking water facilities including storage will be created so that there is round-the-clock water supply.

Going forward, we plan to conduct more structured assessments of our CSR initiatives to better map the impacts of our efforts.



Appendix



## GRI Application Level

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

\* Sector supplement in final version

\*\* Performance Indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI guidelines

\*\*\* Performance Indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines.

Our maiden sustainability report is self declared to be in compliance with the Application Level B+.

## Independent Assurance Statement

Ernst & Young LLP (EY) was engaged by Petronet LNG Limited (the 'Company') to provide independent assurance to its Sustainability Report 2012-13 (the 'Report') covering the Company's sustainability performance during the period 1st April 2012 to 31st March 2013.

The development of the Report based on the Global Reporting Initiative (GRI-G3.1) Guidelines, its content, and presentation is the sole responsibility of the management of the Company. EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the report content as described in the scope of assurance. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with 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 Report is entirely as 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

The Company has stated that it has developed the Report based on the

Sustainability Reporting Guidelines Version 3.1 of Global Reporting Initiative (GRI-G3.1), adhering to requirements for application level B. 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 assurance engagement was limited to review of information pertaining to environment, health & safety (EHS) and social performance for the period 1st April 2012 to 31st March 2013. We conducted review and verification of data collection/ measurement methodology and general review of the logic of inclusion/omission of necessary relevant information / data and this was limited to:

- Review of consistency of data/information within the report as well as between the report and source;
- Review and execution of audit trail of selected/sample claims, information and data streams at the site (Dahej Terminal) and corporate headquarter (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.

### Limitations of our assurance

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2012 to 31st March 2013);
- The economic performance indicators' included in the Report;
- The Company's statements that describe expression of opinion, belief, inference, aspiration expectation, aim or future intention.

### Our assurance team and independence

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



### Observations and opportunities for improvement

- The Company has demonstrated a structured approach for addressing the reporting principles and criteria of the GRI G3.1 Guidelines;
- The Company may develop robust data management system and internal review

mechanism to improve the completeness of reporting on certain indicators (viz. waste, direct energy consumption, ODS emissions, etc).

### Conclusion

Based on our scope of review and approach, nothing has come to our attention that causes us not to believe that the Report has covered

significant aspects in a fairly balanced manner, with regard to the Company's sustainability performance.

**Ernst & Young LLP**

**Sudipta Das  
Partner**

Dated: 31<sup>st</sup> October 2013  
Place: Kolkata, India





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