

Fuelling for a cleaner future

Sustainability Report FY 2015-16



PETRONET
LIMITED

Petronet LNG Limited

Report Contents

Statements from our leaders	2
About the report.....	6
Understanding our business	8
Demonstrating good governance.....	14
Economic Performance	23
Contribution to environmental protection.....	27
People who make a difference.....	35
Keeping in touch with communities.....	43
Product and Marketing Stewardship	48
GRI Content Index.....	51
Oil & Gas Sector Supplement (OGSS) Reference Content Index	55
United Nation Global Compact (UNGC) Reference Content Index.....	57
National Voluntary Guidelines (NVG) Reference Content Index.....	58
Assurance Statement.....	59



STATEMENTS FROM OUR LEADERS

Dear Stakeholders,

During the year, I have had the pleasure of working with teams across the Company as our people continue our commitment to sustainably supply the cleaner fuel that support development and growth. We believe there is a great opportunity and sustainable competitive advantage in simplifying what we do and doing more with what we have, and this is now delivering productivity gains across our business. Having said that I am pleased to share our efforts and achievements made during FY 2015-16 towards sustainable development through our fourth sustainability report.



During the year, prices continued to drop in the oil and gas industry in 2015 and companies faced a tough time managing their operations. Despite the uncertainty in market and challenges faced in long-term supply agreements, we operated our Dahej Terminal at 111% capacity utilization. As a result, we were successfully able to feed the market by processing LNG under spot/short term deals despite the reduction in volumes under the long term contract. With regards further expansion of the regasification capacity of our Dahej Terminal from 10 MMTPA to 15 MMTPA, as on 31st March, 2016, the project achieved a progress of 94% and full commissioning of the expanded facility would be completed in the last quarter of 2016. During the year, we have also signed an MoU with Andaman & Nicobar Administration for setting up a satellite LNG regasification terminal, along with a power generation plant, at Port Blair. We are also exploring possibility of setting up of LNG Terminal outside India and is in discussion with a few of our neighbouring countries viz. Srilanka and Bangladesh.

We are pleased that people engagement continues to be high and that we are able to attract and retain outstanding talent to strengthen the company. Wherever we operate in the country, we seek to be a responsible player, in part by establishing high workplace standards. We take seriously our role as a contributor to the economic and social welfare of people and communities.

As we reflect on our achievements in FY2016, it gives us great confidence for the future. We sincerely thank our business partners and communities for placing their trust in us and supporting our activities. To our talented and hardworking employees and contractors, it is because of your commitment that we are delivering on our productivity agenda, sustainably, becoming more competitive and delivering to resource the future.

Sincerely,

Prabhat Singh
MD & CEO

MESSAGE FROM THE DIRECTOR (FINANCE)

Dear Stakeholders,

I am happy to present to you our fourth Business Sustainability Report for the year 2015-16. This report covers all matters related to our business sustainability and is a reflection of our commitment to you towards ensuring company is on a path of holistic and authentic growth, such that we continue to be an admired global industry leader in the long term.

It's clear that the sector is going through one of the most transformative periods in its history, which will ultimately redefine the energy business as we know it. A cascading effect of this scenario had repercussions on our business as well. During the year, we achieved a turnover of INR 27,133 Crore as against INR 39,501 Crore in 2014-15. In spite of an increase in quantity, the reduction of turnover in value term is primarily due to reduction in LNG prices and increase in regas service cargoes.

Recently, with a view to mitigate the impact of high priced LNG, we along with our promoters worked relentlessly to take the task of price restructuring with RasGas, Qatar. After series of meetings a new pricing mechanism was agreed between the parties which became effective from January, 2016. Further, while seeking opportunities in middle of risks, we signed another long term deal with RasGas, Qatar for 1 MMTPA, for a period of about 12 years from 2016 to 2028. The volumes under this contract have been sold to GAIL, IOCL, BPCL and GSPC and supplies have started w.e.f. January, 2016.

At PLL, we aim to strengthen our financial performance and at the same time we want to focus on improving the livelihoods of communities within which we operate. In addition to financial growth, we also strive to achieve resource efficiency resulting in financial savings which forms fundamental part of our operational excellence.

Sincerely,

R. K. Garg
Director (Finance)



MESSAGE FROM THE DIRECTOR (TECHNICAL)

Dear Readers,

It is my pleasure to introduce our fourth sustainability report for the year 2015-16. Those of you who are regular readers of our sustainability reports would be familiar with our endeavour to benchmark our sustainability processes and performance through engagement with all stakeholders. We strive for profitable and sustainable growth and, while making decisions, we keep in mind our Company, our communities, and our planet.



During the 2015-16 period, some of our successes included implementation of Integrated Management System at Kochi Terminal, initiatives to improve last mile connectivity and increase in area under Mangrove Plantation initiatives. We are also exploring the possibility of utilizing the cold energy by setting up cryogenic ware house for refrigerated storage of various products. In this regard, we have done pre-project activities and have made provision in process plant to install equipment in future.

Having gained extensive experience in LNG handling capabilities, we have also taken steps to develop a small scale LNG market in the country. The initiatives for last mile connectivity include LNG Bunkering, LNG through trucks, LNG as automotive fuel, LNG as marine fuel and LNG as powered locomotive.

We believe that a sustainable approach contributes to the quality, innovation and values we want consumers to associate with our brand. For that reason, social and environmental responsibility is integrated throughout our organization and backed by top management. You will find details of all these and more initiatives in the later sections of this sustainability report. We look forward to working with you on solutions that make a difference and help create a cleaner world.

Sincerely,

Rajender Singh
Director (Technical)



ABOUT THE REPORT

REPORT THEME

At Petronet LNG Limited (PLL), sustainable practices and business success are inseparable, with a strong commitment to accountability and transparency in its business practices. By application of sustainability concepts to our business strategy and operational activities, we strive to position ourselves as a transformative organization for providing cleaner fuel and a driver of change. Our approach to a rapidly expanding marketplace is guided by our conviction that sustainability is the right compass to use to tackle long-term strategic business goals.

Thus, following upon the trend of previous three years of disclosure on our sustainability performance, we present to you our fourth Sustainability Report titled “Fuelling for a Cleaner Future”. This report describes PLL’s activities in the financial year 2015-16 and provides an account of actions and performance data relating to a range of business, economic, environmental and social issues which make up our sustainability performance. 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.

REPORTING APPROACH

The report has been prepared as per Global Reporting Initiative (GRI) G4 guidelines and covers Oil and Gas sector supplement (OGSS) as well. The disclosures presented, in the report, are in accordance with “Core” option. The quality of the report is defined in such a manner so as to ensure that information presented to stakeholders is

unbiased, comparable, accurate, reliable and understandable.

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 Kochi in Kerala. The report excludes performance of Adani Petronet (Dahej) Port Private Ltd, a Joint Venture company.

ASSURANCE BY ERNST & YOUNG LLP

We believe that independent assurance leads to quality and process improvements, and reassures readers that the information is accurate and material. Therefore, we have engaged professional assurance providers who combine the strengths of non-financial assurance experience with technical competency in environmental and social standards. We have sought services of Ernst & Young LLP to provide limited assurance on the non-financial data in the report. The assurance approach, methodology, and observations are presented in the issued assurance letter, attached at the end of this report.

FEEDBACK

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.



UNDERSTANDING OUR BUSINESS

TM
3
5
4
2
7M
E
6

ABOUT PLL

Petronet LNG Limited (PLL) was incorporated on 2nd April, 1998, as a joint venture Company to import LNG and set up LNG terminals in the country. The joint venture involves India's leading oil and natural gas industry players including Bharat Petroleum Corporation Limited (BPCL), GAIL (India) Limited (GAIL), Indian Oil Corporation Limited (IOCL) and Oil & Natural Gas Corporation Limited (ONGC).

Our commercial operations commenced in April, 2004. We set up the country's first LNG receiving and regasification terminal at Dahej, Gujarat, and another terminal at Kochi, Kerala. Today, PLL is the contributing in national drive to ensure the country's energy security in the years to come.

VISION STATEMENT

"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 STATEMENT

- 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

OUR VALUES

Integrity

Excellence

Sustainability

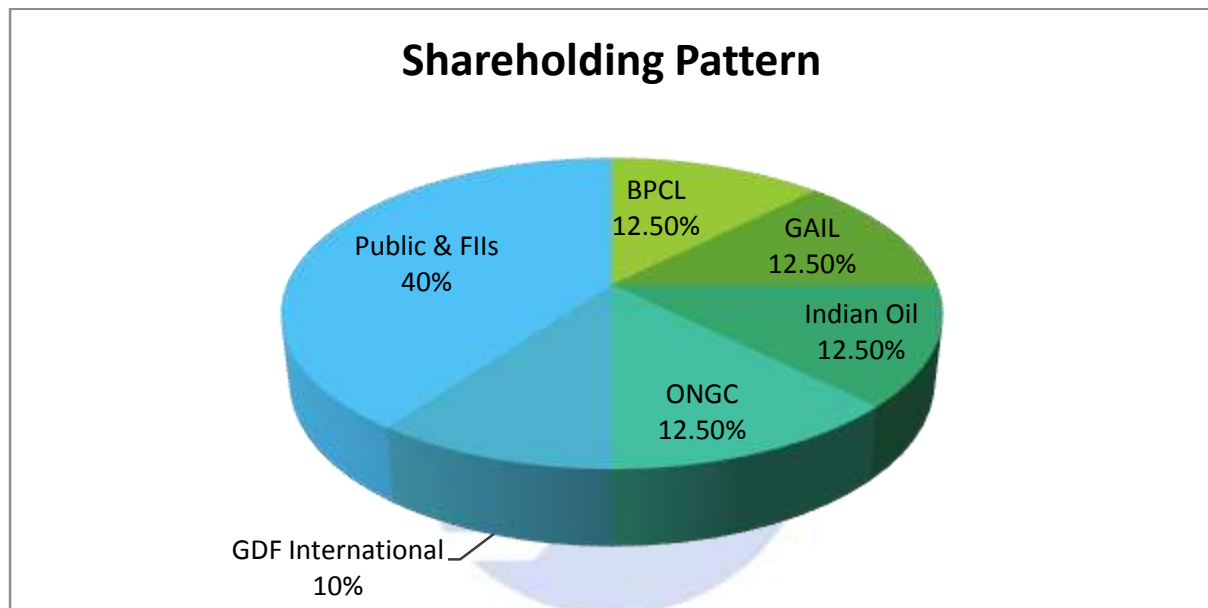
Trust & Care

Team



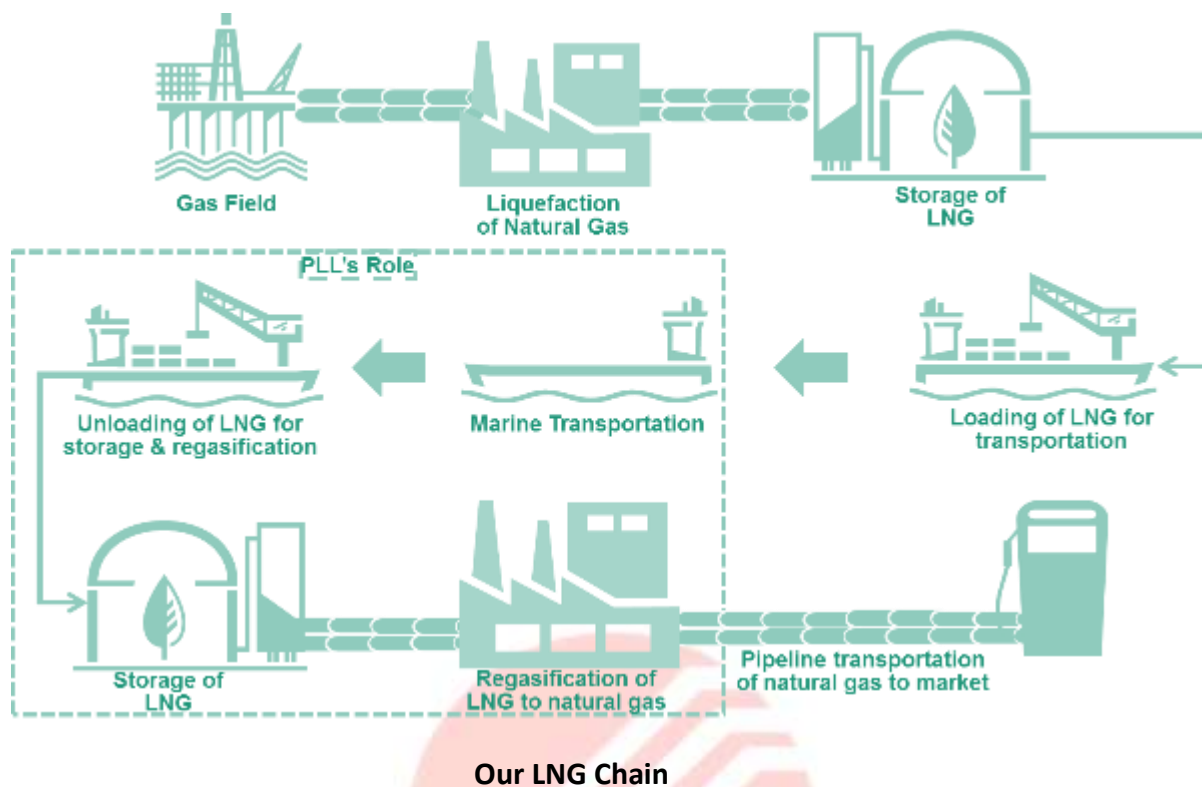
SHAREHOLDING PATTERN

We are listed on the National Stock Exchange of India (NSE) and the Bombay Stock Exchange (BSE). Our promoters are among the top public sector companies of the country's hydrocarbon sector viz. Bharat Petroleum Corporation Limited (BPCL), GAIL (India) Limited (GAIL), Indian Oil Corporation Limited (IOCL) and Oil & Natural Gas Corporation Limited (ONGC). Each promoter 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 FIIs & public (40%). GDF International is also the strategic partner of the Company.



WHAT WE DO?

Natural gas consists of primarily methane and small amounts of ethane, propane and butane. It is transported through pipelines but is extremely bulky. A high-pressure gas pipeline can transport in a day only about one-fifth of the energy that can be transported through an oil pipeline. To overcome this problem, natural gas is cooled to the point that it condenses to a liquid, which occurs at a temperature of approximately -162°C at atmospheric pressure. Liquefaction reduces the volume of gas by approximately 600 times, thus making it more economical to store natural gas, and transport gas over long distances for which pipelines are either too expensive or not feasible. Thus, LNG technology makes natural gas available throughout the world. To bridge the natural gas demand-supply gap in the country, we import LNG from various parts of globe at our terminals where LNG is stored, regasified and transported through pipelines to our customers. Our business operations thus include import and re-gasification of LNG comprising mostly of methane, with varying proportions of ethane, propane and butane. 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.



LNG SOURCING & TRANSPORTATION

We have tied up with Ras Laffan Liquefied Natural Gas Co. Ltd. (RasGas), Qatar on a long term basis for 7.5 MMTPA of LNG. Three LNG tankers, SS Disha, SS Raahi and SS Aseem have been time chartered by the Company for bringing LNG to Dahej. Shipping Corporation of India is operating and maintaining all the LNG ships.

PLL has signed an agreement 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. Similarly, another long-term agreement has been signed to buy an additional 1MMTPA of LNG with RasGas and supply has commenced from January 2016.

For procuring LNG from Australia, we have arranged the transportation by signing a long term Time Charter Agreement with the Consortium of Ship Owners led by M/s. NYK Lines Limited. Vessel named as Prachi, is used for transportation of 1.5 MMTPA LNG from Gorgon, Australia to LNG Terminal at Kochi, Kerala. This vessel will also be operated and maintained by the Shipping Corporation of India. Supply from Gorgon is expected to start during January 2017, however, in absence of an evacuation network at Kochi, it would be shifted to Dahej Terminal.

Besides the long-term LNG contracts, we are also in touch with the new suppliers to secure LNG at an affordable price for Indian markets.

REACHING TO MARKET

To meet the energy demand of the country, we have entered into marketing alliance for the entire throughput quantity of 8.5 MMTPA of RLNG through the Gas Sale & Purchase Agreements with the three promoters cum off-takers i.e. Bharat Petroleum Corporation Limited (BPCL), GAIL (India) Ltd. (GAIL) and Indian Oil Corporation Limited (IOCL). IOCL and BPCL use the pipeline of GAIL and GSPL by executing Gas Transmission Agreements. Mainly, the consumers of RLNG are the existing gas consumers, whose current demand is unmet from domestic gas sources or are currently using liquid fuels, like, Naphtha /FO/ LSHS. We are also meeting RLNG requirement

of bulk consumers in the fertilisers, power, refinery sectors on spot /short term basis. The LNG is sold by Petronet mostly on Ex-terminal basis.

We have taken measures to reach to customers who are not connected with pipeline for supplies of LNG by utilizing already existing road network and overland transportation through LNG trucks/hubs. At Dahej Terminal, already 8-9 trucks are being loaded with LNG 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. Additionally, we also 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.

WHERE WE OPERATE?

DAHEJ LNG TERMINAL

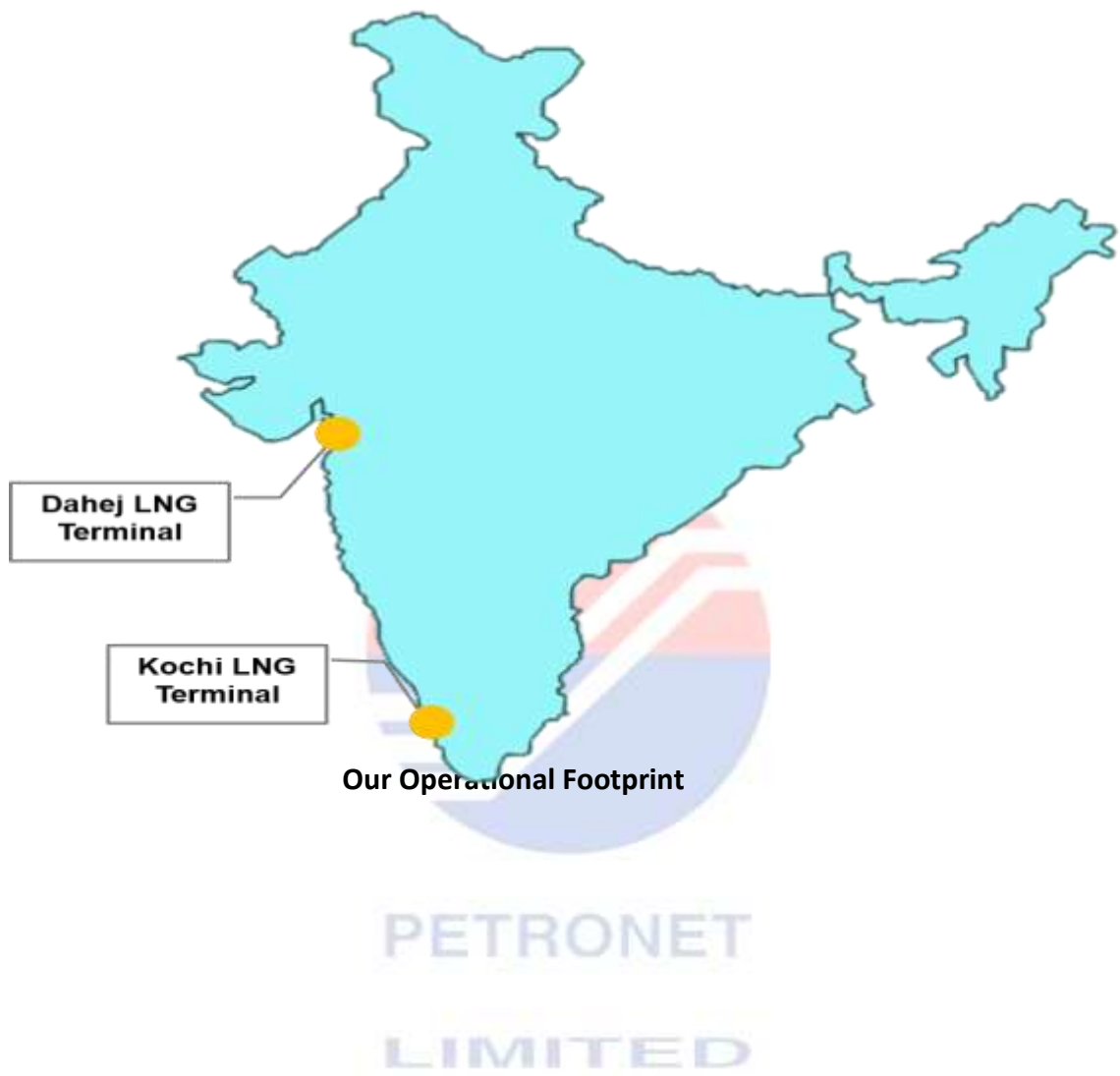
We have set up our first LNG receiving and regasification terminal with a capacity of 5 MMTPA at Dahej, Gujarat which was further expanded to 10 MMTPA in June, 2009 and 15 MMTPA in Aug, 2016. The terminal is meeting around 40% of the total gas demand of the country. The expansion project involves construction of additional storage tanks, additional re-gas facilities and 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 second LNG receiving, storage and regasification terminal with a capacity of 5 MMTPA at Kochi, Kerala in September 2013. 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 offering 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.

UPCOMING PROJECTS

We have 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. In addition, we are also exploring possibility of setting up of LNG Terminal outside India and are in discussion with a few of our neighbouring countries viz. Sri Lanka and Bangladesh.



A long, narrow wooden pier extends from the foreground into the ocean, leading towards a lighthouse on the horizon. The sky is filled with dramatic, colorful clouds, and the sun is low on the horizon, creating a warm, golden glow. The pier has white railings on both sides. The lighthouse is a tall, dark structure with a white top section.

DEMONSTRATING GOOD GOVERNANCE

CORPORATE GOVERNANCE

We believe that Corporate Governance is best expressed as performance with integrity and balancing the interest of all stakeholders in a transparent manner. We are committed to upholding international standards and ethical business practices and making strategic decisions which are in the best interests of the Company. For us, Corporate Governance goes beyond philanthropy and compliance but actually deals with how we manage our triple bottom lines – economic, social and environmental impacts.

In order to drive towards a sustainable future, we have put in place a strong, responsive and an inclusive governance structure. Balancing value and caring environment and society is primarily steered by our Board. We are committed to the adoption of best governance practices and adhering to it in the true spirit. Our governance practices are a product of self-desire reflecting the culture of the trusteeship that is deeply ingrained in our value system and reflected in our strategic thought process. At a macro level, our governance philosophy rests on basic tenets viz., Board accountability to the Company and the shareholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all stakeholders as well as transparency and timely disclosures. A key element of our governance approach is to regularly review our performance and publicly report our progress.

We operate in an industry where many of our activities are highly regulated by laws governing health, safety and the environment. We are committed to compliance with the laws and regulations where we operate and, where applicable, strive to exceed legal and other requirements which are less stringent than our own.

OUR BOARD

We strive to enhance our business by encouraging a progressive and entrepreneurial environment based on the highest standards of governance, transparency, and accountability. To empower our Board to make informed decisions, apart from financial information, the Board is apprised on sustainability related aspects such as resource optimization, energy efficiency, fatal or serious accidents, significant labour problems and their proposed solutions, etc. The Board periodically ensures compliance of all laws applicable to the Company.

Considering the 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. The Board of Directors has an optimum combination of executive and non-executive directors with one woman director and more than fifty per cent of the board of directors comprised of non-executive directors.

As on 31st March, 2016, the board comprised thirteen members, three Whole-time Directors, seven Non-executive Directors and three Independent Directors, which include a Women Director. During the reporting period, Shri K.D. Tripathi served as the role of Chairman of the Board of Directors whereas 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 year, six Board Meetings were held on 25th April, 30th July, 19th October, 10th December 2015, 10th February, 2016 and 28th March, 2016. In accordance with the Clause 49 of the Listing Agreement, the gap between any two meetings did not exceed four months. Board composition as on 31st March 2016:

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, 2016:

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. Further, six meetings of Audit Committee were held during the reporting period.

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, 2016, 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

During the reporting period, five meetings of the erstwhile Remuneration Committee were held.

RISK MANAGEMENT COMMITTEE

The Company has laid down procedures to inform the Members of the Board about the risk assessment and minimization procedure. A Risk Management Committee consisting Whole-time Directors and an Independent Director periodically reviews the procedures to ensure that the Executive Management controls risk through a properly defined framework. The risk assessment framework encompasses, inter-alia, methodology for assessing risks on ongoing basis, risk prioritization, risk mitigation, monitoring plan and comprehensive reporting system.

As on 31st March, 2016, the Risk Management Committee comprises the following Directors:

1. Shri Prabhat Singh, Chairman
2. Shri Sushil Kumar Gupta, Member
3. Shri R.K Garg, Member
4. Shri Rajender Singh, Member

Further, our Company Secretary is the Compliance Officer of the Company. One meeting of the Risk Management Committee was held on 4th February, 2016.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

In terms of provisions of the Companies Act, 2013 as well as the Listing Agreement, Board of Directors has renamed Shareholders'/Investors' Grievances Committee as Stakeholders' Relationship Committee. As on 31st March, 2016, the Stakeholders' Relationship Committee comprises of the following Directors:

1. Dr. Jyoti Kiran Shukla, Chairman
2. Shri R. K. Garg, Member
3. Shri Rajender Singh, Member

One meeting of the Stakeholders' Relationship Committee was held on 10th February, 2016. 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, 2015, while 831 complaints were received during the year. Of these, all complaints were resolved during the FY 2015-16 period, with the exception of only one complaint pending as on 31st March 2016.

SHARE TRANSFER COMMITTEE

Share Transfer Committee was constituted to deal with the cases like re-materialization of shares, transfer, transposition and splitting of shares in physical mode. Share Transfer Committee consists only of Whole-time Directors namely:

1. Shri Prabhat Singh, Managing Director & CEO
2. Shri R. K. Garg, Director (Finance)
3. Shri Rajender Singh, Director (Technical)

Shri Prabhat Singh, Managing Director & CEO is the Chairman of the Committee.

CSR COMMITTEE

Petronet LNG 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 underserved 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 the Companies Act, 2013, the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee as a sub-committee of the Board. The composition of the CSR committee as on 31st March 2016 was as following:

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

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

1. Make and 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.

CONDUCTING BUSINESS TRANSPARENTLY

The trust of our customers and other stakeholders is essential to PLL and critical to the value of our brand. To earn and retain the trust of our customers and other stakeholders we need to manage our operations responsibly and conduct our business in an ethical and transparent manner.

Further, we realize that our long-term success is dependent upon the ability to transparently report on and conduct our business. We are, therefore, committed to being responsible stewards of the natural resources we use in our operations. We believe that consistent and proper business conduct demonstrates respect and integrity and creates trust with our stakeholders.

To demonstrate our commitment to ethical and transparent corporate governance practices, we have laid out Code of Business Conduct and Ethics for Board members and Senior Management. Board members and Senior Management personnel affirm compliance to the code on annual basis. Our approach towards Corporate Governance also ensures 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. As an ongoing activity, we are also making continuous efforts in improving our systems and procedures which are transparent and in conformity with the rules and procedures.

CODE OF CONDUCT

We recognise that at times people may find themselves in conflicting situations while taking decisions related to business matter. To empower our people and avoid such situations, we believe that our Code of Business Conduct can provide them confidence to work with integrity.

On 1st April, 2006, the Board of Directors of the Company approved the Code of Business Conduct for Board Members and Senior Management Personnel. We have also hosted the same at the website of the Company.

The subject code has been framed specifically in compliance with the provisions of clause 49 of the Listing Agreement with stock exchanges.

Further, we have also laid out Code of Conduct and Business Ethics policies which 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.

ANTI-CORRUPTION

Corruption is one of the greatest challenges the world is facing today. It is a major hindrance to growth of the society. At PLL, we strongly believe in maintaining integrity and work ethics to protect not just the reputation of the Company but also the interests of our 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 discourage 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, we have been member of the Global Compact Network (GCN), and have been following and disclosing performance against GCN principles covering aspects of human rights, labour practices, and anti-corruption beside others since the last six years.

EXPLORING RISKS AND OPPORTUNITIES

Due to the nature of our operations, HSEC incidents may adversely affect our people, our business, our host communities or our licence to operate. To be able to efficiently manage such issues, the Company has laid down policies and procedures on the Risk Assessment and Minimization Procedure. The risk assessment framework encompasses, inter-alia, methodology for assessing risks on an ongoing basis, risk prioritization, risk mitigation, monitoring plan and comprehensive reporting system. This is the basis of an active and consistent risk-based approach to sustainability. Such approach helps us to assess the risks that we consider material to our business and take into consideration the potential health, safety, environmental, community, reputational, legal and financial impacts.

Further, with regards to risks related to survival of our business, we are well-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. 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 a positive impact in the growth of PLL.

We believe that for every risk faced by our organization, there can be multiple associated opportunities which can help us grow sustainably. Therefore, at PLL, we strive to develop and foster a 'risk' culture within the organization to encourage all employees to identify risk and associated opportunities and respond to them with appropriate actions. For instance, as part of the price restructuring exercise, we signed another long term deal with RasGas, Qatar for 1 MMTPA, for a period of about 12 years from 2016 to 2028. The volumes under this contract have been sold to GAIL, IOCL, BPCL and GSPC and supplies have started w.e.f. January, 2016.

We will continue to identify and manage emerging risks and look for ways to turn them into opportunities where we can, as in doing so, we believe we will continue to strengthen both our business and our reputation.

EMBEDDING SUSTAINABILITY IN OUR BUSINESS

While serving the country by means of making it energy sufficient, PLL is also mindful of its responsibilities towards environment. At PLL, we ensure maximum utilization of plant capacity, operational efficiency and other productivity measures. Right from our inception, we have ensured that performance measurement system does not only count economic returns, but also environmental friendliness and social impact. Further, inclusive growth is high on our agenda and we have undertaken various measures to give back to the society in which we operate.

Besides, we have received high corporate values from our principle promoters including BPCL, GAIL, IOCL and ONGC, who are all amongst the leading sustainability champions in India. 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 and sustainability performance on continual basis.

SUPPORTING LICENSE TO OPERATE

We understand that the regulatory compliance continues to be a complex business challenge. As new laws and regulations are introduced, their requirements challenge us to greater levels of transparency, objectivity and professionalism. With increased accountability and potential exposure to liability, our management need to ensure that corporate governance standards are clearly understood and adhere to robust compliance management systems. We strive to achieve compliance to all national and international regulations and take it as a highest priority.

There has been no significant non-compliance of the provisions/requirements of Stock Exchanges/SEBI except as stated in Corporate Governance Certificate. However, the requirement of Section 149(4) of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is not met as regards Independent Directors. As per regulation, the composition of the Board should comprise of five Independent Directors as against the number of three for the financial year 2015-16. 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.

In terms of provisions of the Companies Act 2013, the Company has failed to spend the two per cent of the average net profit of the last three financial years. During the reporting period, only INR 5.96 crore was utilized on account of various CSR activities against the required amount of INR 25.06 crore. Since, the guidelines for the expenditure on CSR activities are fairly recent and we are also transitioning and undertaking some CSR projects/activities which led to lower expenditure. To address such requirement, we have already identified and positioned people to ensure that CSR areas receive its due attention and form a strong basis for its effectiveness.

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 we did not pay any fine for non-compliance. Further, there were no major operations related spills or accidents at our terminals during the reporting period.

PUBLIC POLICY

We are aware of our reputation in Oil and Gas Industry and are mindful of our responsibilities 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.

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. 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)
5. Society of International Gas Tanker and Terminal Operations Ltd (SIGTTO)
6. SEA LNG

BUILDING STRONG RELATIONSHIPS

Stakeholder engagement is a key part of sustainability and achieving the triple bottom line. Aspirations and concerns of our diverse stakeholders shape our performance as much as any business decision. Also, overlooking stakeholder expectations would risk undermining our prospects for long-term value creation.

We, therefore, engage with our stakeholders in dialogue to find out what economic, environmental and social issues matter most to them, in order to improve decision-making and accountability. We have identified our stakeholders who are impacted by our business based on peer review, internal expertise, past experiences, surveys and influence on organization. In order to develop a strong relationship with our stakeholders and to create a win-win situation for every stakeholder we work with, we have adopted various communication channels for each stakeholder group.

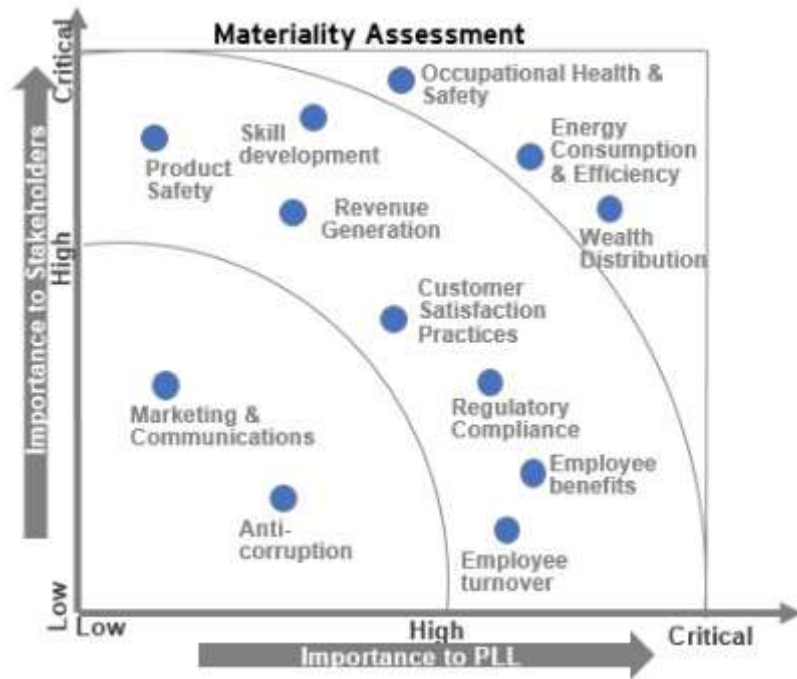
Through these communication channels, we interact with our stakeholders on regular intervals. It is through these interactions that we receive constant feedback on the expectations of the stakeholders from PLL. Our stakeholder interactions lead to continuous improvement in our product and processes.

WHAT IS IMPORTANT TO US?

Sustainable development is not just about addressing the material issues facing our business, but also considering the interests of our stakeholders. In this regard, PLL identifies and prioritizes its most material issues, or those of high importance to both stakeholders and the company. These issues are deeply relevant to our ability to succeed and are addressed in our internal strategic priorities, corporate responsibility approach, and stakeholder communications.

We conducted our first and most recent stakeholder analysis in preparation for our FY 2012-13 sustainability report, with the resulting issues matrix shown here. The assessment was again reviewed to assess the relevance and validity of these issues as well as identify new issues in FY 2015-16.

We conducted structured stakeholder surveys that involved seeking feedback from employees based at Head Office in Delhi and Dahej Terminal. The feedback received from the survey was consolidated and analysed to establish the top priority / material issues of the internal stakeholder group, employees and management personnel. These top issues emerged as the priority areas for PLL sustainability journey and future reporting exercise.



PETRONET
LIMITED



ECONOMIC PERFORMANCE

ECONOMIC CONTRIBUTIONS

Along with our continuous focus on addressing customer's expectations and meeting the market demand, we are also focussing to maintain our market share position. 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.

We understand the importance of the economic value we create for our stakeholders, and the communities in which we operate. Our economic performance highlighted in the report is based on the stand alone financial statements of the Company. We quantify and analyse the economic value we are adding, first and foremost for our shareholders, then for our internal stakeholders (i.e. its employees), and then for our external stakeholders – suppliers and the broader economic community.

During the reporting period, we achieved a turnover of INR 27,133 Crore as against INR 39,501 Crore in FY 2014-15. Despite increase in quantity, the reduction of turnover in value term was primarily due to reduction in LNG prices and increase in regas service cargoes. The net profit during the year stood at INR 914 Crore as against INR 883 Crore in the previous year. A summary of the comparative financial performance in the fiscal 2015-16 and 2014-15 is presented below:

Category	Units	FY 2015-16	FY 2014-15
Economic Value Generated	INR crore	27,303	39,656
Revenue from operations	INR crore	27,133	39,501
Other income	INR crore	170	155
Economic Value Distributed	INR crore		
Cost of Materials consumed	INR crore	25,076	37,611
Employees Benefits and Wages	INR crore	71	57
Payment to providers of Capital(Dividend)	INR crore	187	150
Payment to government (Direct & Indirect Taxes)	INR crore	4719	7,013
Community Investments	INR crore	6	4
Economic Value retained (Profit after Tax)	INR crore	914	883

Overall, we have managed our finances well during the financial year 2015-16. The strong cash flows helped PLL to fund the ongoing capital expenditure from its internal accruals without any need to draw on the credit lines

New Pricing Mechanism

Due to sharp decline in crude prices, the price of LNG under RasGas long term contract was on the higher side compared to other term LNG and spot LNG, leading to lower off-take by consumers. With a view to mitigate the impact of high priced LNG, the Company along-with off-takers GAIL, IOCL and BPCL, under the guidance of Ministry of Petroleum & Natural Gas, undertook the task of price restructuring with RasGas, Qatar. After a series of meetings, a new pricing mechanism was agreed to between the parties. To achieve this, we worked relentlessly to accomplish the goal within a pre-defined time frame and executed the amendments to the upstream and downstream sale and purchase agreements with the revised price formula. New prices have become effective w.e.f. January, 2016. In fact, such price restructuring under a long term contract is a very unique accomplishment, which the Company could achieve with its very own strong team as well as guidance from the Government.

approved by the banks and financial institutions. Also, PLL continues to enjoy good rapport with the lending agencies. The credit rating of the Company continues to remain unchanged both from domestic as well as international agencies.

FINANCIAL IMPLICATIONS OF CLIMATE CHANGE

As we are aware that climate change has become one of the most important international issues. Climate change is already affecting many people in daily lives with unpredictable weather conditions, draughts and flooding, so Green House Gas (GHG) management to reduce the impact on climate change has become a key challenge for the global community.

Although, we do not foresee any immediate threat to our business operations in next few years due to climate changes, even then as a responsible global and national citizen, we plan to take appropriate measures from time to time to cope-up with any situation, aligning our action plan with the Government's national policy on climate change. We are aware of the implications of climate change on our business and, therefore, give topmost priority for sustainability.

During the reporting period, representatives from all nations met in COP 21, Paris to address this pressing issue. At the summit, India has also submitted its new climate plan, also known as Intended Nationally Determined Contributions (INDC), to reduce the GHG emissions in next few years. At PLL, we realize that such targets may not be accomplished without support from industries. We, therefore, embrace GHG reduction as an important management priority, implementing energy efficiency improvement measures and developing GHG emissions reduction technologies to make their contribution to mitigation.

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

Our operations are relatively less impactful on the environment however we lay our continuous focus on the safe transportation and storage of LNG, and efficient usage of this raw material for substituting traditional fuel sources and meeting India's energy needs through a cleaner alternative. In this regard, we are consistently attempting to expand our reach past our pipeline customers. For instance, we are supplying LNG through trucks from Dahej as well as Kochi. We are also in discussions with various potential industrial customers who are not connected with pipeline for supplies of LNG by road tankers. For land transportation, we are also planning to provide LNG as automotive fuel for heavy duty trucks by setting up LNG dispensing stations on major highways. Further, in relation to water transportation, we also plan to provide LNG as marine fuel to LNG powered inland waterway barges, especially for National Waterway 1, thereby supplying cleaner fuel to world.

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

LOCAL HIRING AND PROCUREMENT

We procure LNG, our primary product, from outside India sources. However, for sourcing of other consumables and equipment, we always prefer procuring locally, i.e. from India as compared keeping other technical requirements being same. 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.

**Value of Imported and Indigenous
Raw Material and Spare Parts
Consumed**

FY 2015-16

FY 2014-15

Raw Material		
Imported	100%	100%
Others	Nil	Nil
Spare parts		
Imported	25.06%	24.32%
Others	74.94%	75.68%

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

INVESTMENTS TOWARDS GREENER GROWTH

At PLL, we are committed to making a positive environmental impact and making ambitious efforts towards the same. We have, thus, invested significant sums in process equipment intended for improving the operational efficiency and reducing our impacts on environment. The costs towards negative environmental impact 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. Currently, we are not tracking the exact amount of expenses incurred on environment management practices but aim to do so in the coming years.

In a step forward, to further improve the safety practices, we have acquired ISO Certification under the Integrated Management System (IMS) at Dahej where the standards are effectively adhered to in each and every process of the company from housekeeping to the operation of the terminal. During December'15, we also acquired ISO Certification under the Integrated Management System (IMS) at Kochi. 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.

**CONTRIBUTION TO ENVIRONMENTAL
PROTECTION**



APPROACH

Today more people than ever share fewer natural resources. Dependency on carbon-based energies is placing an unsustainable burden on the earth's carrying capacity. With increasing population in coming decades, we foresee the rapidly increasing demand for natural resources and the need for efficient products. To address this scenario, 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. Today, natural gas is increasingly becoming the fuel of choice to meet the energy requirement.

We, at PLL, take pride in playing an instrumental role in meeting the requirements of Natural Gas in India. 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.

Further, PLL recognises its obligation to carry out all of its activities in a manner that preserves and promotes a safe and healthy environment. We consciously strive to mitigate environmental impacts due to our business operations and follow precautionary approach wherever we suspect that the risk of our actions might cause harm to environment. While conducting our activities, we take into consideration the efficient use of energy and materials; the minimisation of adverse environmental impact and waste generation; and the safe and responsible disposal of residual wastes. We also carry out Environment, Health and Safety (EHS) risk assessments at Dahej and Kochi regularly. Any actions identified through such assessments are managed accordingly.

At PLL, the environmental performance improvement remains an important pillar of our business success. We have implemented a fully integrated EHS management system in Kochi and Dahej. In addition, we regularly conduct EHS management system audits by third-party certification agencies to maintain the requirements of global standards. To further demonstrate our commitment, during the reporting period, we streamlined our approach towards responsible disposal of e-waste.

MATERIAL CONSUMPTION

PLL processed 566 TBTUs of LNG, an increase of 6% compared to previous financial year. Further, during the reporting period, our two terminals at Dahej and Kochi, with capacities of 10 and 5 MMTPA respectively, achieved a total throughput of 11.40 MMTPA as compared to the combined re-gasification capacity of 15 MMTPA.

Aspect	2015-16	2014-15
LNG Processed (TBTUs)	566	533
Throughput (MMTPA)	11.40	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 AND GHG EMISSIONS

As an organisation operating in the energy sector, we recognise we have a responsibility to constructively engage on climate change issues and actively manage the associated risks. We are committed to delivering Green House Gas (GHG) emission reductions and to transparent public reporting of our GHG emissions.

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. Across our operations, we strive to continually improve our energy use and management of GHG. Reducing GHG emissions, while expanding energy supply and meeting global energy demands, is a challenge for our organisation and the global community. Many factors influence our ability to access energy, including increased global demand, political and regulatory uncertainties etc. We are addressing these risks and securing energy supply by improving the energy efficiency of our operations and negotiating long-term contracts with energy providers. We also encourage our employees to identify, evaluate and implement projects that improve energy efficiency and prevent or minimise GHG emissions.

During FY 2015-16, the total direct energy consumption from our terminals cumulated to 1.2 million GJ, whereas the total direct and indirect energy consumption at our terminals was 2.4 million GJ.

Fuel consumption categories and their contribution to total energy consumption		
Energy Sources	Energy Consumption FY 2015-16 (GJ)	Percentage Contribution (%) in FY 2015-16
Natural Gas	1,203,905	48.2
Diesel	2,320.52	0.1
Grid Electricity	1,289,191	51.7
Total Energy Consumed	2,495,416	100

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 2015-16, 1.2 million GJ of natural gas was consumed in our operations. 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.

Fuel Consumption	FY 2015-16	FY 2014-15
Natural Gas (MMBTU)	1,141,142	1,421,554
Diesel (Litres)¹	64,862	1,053,461

Our focus on reducing direct fuel combustion at our operational sites has led to shifting our operational energy requirement load to grid electricity source. In 2015-16, 1.28 million GJ of grid electricity was consumed in our operations, contributing 51.7 % of our total energy requirement in FY 2014-15.

Grid Consumption	FY 2015-16	FY 2014-15
Grid Electricity (kWh)	1,18,175,809	93,711,982

¹ The 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);

Consequently, GHG emissions from our processes are due to both direct and indirect energy consumption. Total GHG emissions in 2015-16 from our terminal operations stood at 157,861 tons CO2 equivalent, of which 61% contribution, or 96,904 tons CO2 equivalent, was from indirect energy consumption.

Emissions Category	Emissions in FY 2015-16	% Contribution
Direct Emissions		
- Natural Gas (tCO2 eq.)	60,785	38.5
- Diesel (tCO2 eq.)	172	0.1
Indirect Emissions		
- Grid Electricity (tCO2 eq.)	96,904	61.5
Total Emissions (tCO2 eq.)	157,861	100

Besides energy accounting, energy efficiency and conservation are also business critical aspects for our company and for the operations. In order to ensure optimum conservation of energy and absorption of technology, our engineers have been interacting with industry peers, technology providers and EPC Contractors. They have also been nominated to important national and international seminars. A team has closely worked with Project Consultant and EPC Contractors in all phases of designing and construction of Dahej and Kochi LNG Terminals. 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. Some of the other energy efficiency taken during the reporting period are as follows:

- a) Installation of LED lights in Operations area Phase-2:
 - I. Total 50 numbers of 125 Watt HPMV Lamp have been replaced with 30 Watt LED fixture
 - II. Total power saving through installation : 21.6 MWh per annum
 - III. Total cost saving through installation : INR 1.7 lacs per annum
- b) HVAC system of Service building :
 - I. Service building first floor is provided with 2 nos. of HVAC system of capacity: 18000 CFM each.
 - II. Total refrigeration load is 40 TR each
 - III. Total Power saving 481.8 MWh per annum for using chilled water instead of normal refrigerant compressor system.

AIR EMISSIONS

We consider clean air as an asset and continue to enhance the technology and upgrade processes to reduce its impact on the quality of air. We strive to reduce the quantity of pollutant discharge by installing optimal prevention facilities, and continuously performing efficiency enhancement activities at our plants.

Our plants track ambient air-quality in and around the plant-premises and the emission levels were found to be below the permissible limits in FY 2015-16. Also, 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 (NOx), carbon monoxide (CO) and respirable particulate matter (RPM10). Here, we are taking efforts to effectively manage these emissions. Additionally, we are in the process of installing Continuous Ambient Air Monitoring station at Kochi LNG terminal. Based on the amount of diesel fuel and natural gas consumed, we emitted 39 tons of NOx and 0.01 tons of SOx from our operations during 2015-16.

ODS

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. During the reporting period, there was no replacement / consumption of ODS gases at our terminal operations.

WATER CONSERVATION

Sustainable water management has become a prominent global environment issue along with climate change. Today, an increasing number of regions are experiencing severe water stress due to the variations of river flow, urbanization and climate changes.

At PLL, we are aware of our footprint and are consciously taking steps towards reducing our water consumption. During the reporting year, we ensured that no water sources were significantly affected as an impact of our operations.

In the reporting year, the total water consumption at our Terminals was 149,970 m³. 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, 34.5% of our total water requirement in FY 2015-16 was met through rainwater harvesting, including a massive 58% of total water requirement at the Kochi terminal.

Water Source	Consumption in FY 2015-16	Consumption in FY 2014-15	% Source in FY 2015-16
Municipal Supply	60,574	53,279	40.4
Tanker Water	37,465	27,808	25
Rainwater Harvesting	51,731	56,101	34.5
Total	149,770	137,188	100

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 10 KL/day that is treated in the sewage treatment plant (STP) installed at all the locations. This treated domestic waste water is used internally for toilet flushing, greenbelt development, dust suppression etc.

Water conservation and quality improvement initiatives in FY 2015-16

Some of initiatives taken for water conservation are mentioned below:

1. Use of condensed water from Air Heater for gardening in green belt area
2. Use of condensed water, approx. 6,000 m³, from Air Heater for concreting works in Phase-IIIA construction

Further, as part of process improvement initiatives, we also installed a Mobile Glycol water filtration unit to improve water properties. As a result of this intervention, significant improvement in water properties have been observed such as reduction in ppm level of iron content, colour improvement, and reduction of total suspended solids.

CONSERVING BIODIVERSITY

We strive to create more innovative ways of enhancing habitats and protecting biodiversity by seizing the opportunity to work alongside our stakeholders.

At PLL, none of our 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. 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 season data as recommended by MOEF. Appropriate measures and systems to suppress NOx emissions, dust suppression by watering to restrict dust emission etc. are put in place. Also, green belts have been developed at all the locations to reduce the fugitive emissions and absorption of CO2 and the design of control equipment is carried out to meet the standards stipulated by CREP.

As part of monthly tree plantation program, every month PLL sees an active participation of its employees in the Tree Plantation Program in green belt at Dahej LNG Terminal, planned to facilitate clean Environment & beautify the surroundings. Also, an environment awareness drive was organized through local radio channel, at Kochi, in which our Vice President (Plant Head) broadcasted environment message.

Mangrove Plantation Drive

Our initiatives are aimed at promoting and developing biodiversity rich belts with focus on mangrove plantation belts around our Terminals of operations. During FY 2015-16, a total of 16,700 mangrove seedlings were planted at Kochi. Awareness programs and several training programs on ecological and socio-economical importance of mangrove ecosystem were conducted in coordination with Kerala State Forest Department (Social Forestry) for indigenous community especially for fishermen. The self-help group of women was given primary importance. In addition, students, citizen conservators, elected members of Panchayaths, were also included in awareness programs. A total of 847 persons attended these training programs.

Further, as the part of Habitat improvement and protection program waste dumped in mangrove areas are removed with the involvement of local people. Removal of plastics and cutting of climbers were done occasionally which helped several mangrove plants to grow up well.





Outcomes of our tree plantation programs

- ✓ Greenbelt allocation within premises at Dahej- 1, 35,000 sq. mtrs.
- ✓ 34.5% of total area covered under Green Belt as against the norm of 25%.
- ✓ Lawn covered within premises at Dahej - 44,654 sq. mtrs.
- ✓ Preparatory work for Mangrove afforestation project for Ernakulam district started.
- ✓ Greenbelt allocation within premises- 30,825 sq. mtrs.
- ✓ Lawn covered within premises- 15,000 sq. mtrs.
- ✓ No Waste disposed-off into the environment

WASTE MANAGEMENT

At PLL, we have been persistent in our efforts to ensure reuse, recycling and responsible disposal of waste, and have adopted scientific approach towards waste management. Waste is segregated at the source, stored and disposed to the authorized recyclers, in adherence to applicable legislations. Hazardous waste and e-waste are disposed to the recyclers who possess the required clearances from the pollution control boards.

In the reporting period FY 2015-16, we generated and disposed various categories of hazardous waste. 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 2015-16	FY 2014-15
Used Oil (Litres)	Recycled	16,410	2,460
Oil Barrels (Nos.)	Recycled	39	6
Lead Acid Batteries (Nos.)	Recycled	82	107
Biomedical Waste (Kg)	Incinerated (by authorized vendors)	21	20
e-Waste (kg)	Recycled	1,940	-

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. Organic waste generated in our canteen is treated in vermin- composting units. The quantities of Non-Hazardous waste generated and disposed in FY 2015-16 include:

Non-Hazardous Waste Category	FY 2015-16	FY 2014-15
Food Waste (Kg)	5,760	18,000
Paper Waste (Kg.)	10,800	12,500

Better waste management practices through responsible disposal of e-waste at Dahej plant

E- waste means those electric and electronic items which are not usable and discarded by consumers. Generally these gets mixed with general garbage and contaminate the environment. To avoid this from happening, the e-waste was collected in separate bins kept at the ware house. The section heads were informed to collect and deposit e-waste separately into these bins. The accumulated E-waste was then disposed to GPCB approved agency M/s Earth e-Waste Management Pvt Limited, Surat. In F.Y:15-16, 1940 kg e- waste has been disposed and the details were submitted to GPCB through Environment Statement as per E-waste management Rules,2016.

Waste management initiatives at PLL

- ✓ For incineration waste, we have membership with Bharuch Enviro Infrastructure Limited, (BEIL) Ankleshwar. For FY 2015-16, total 0.22 MT waste residue containing oil sent was for incineration process.
- ✓ At Kochi LNG Terminal, we have signed an agreement with a KSPCB approved agency for hazardous waste and E-waste disposal, M/s KERALA ENVIRO INFRASTRUCTURE LIMITED (KEIL) for disposal of hazardous wastes and e-waste as specified in the schedule to Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008 and e-waste (Management & Handling) Rules, 2011 respectively.

SPILL MANAGEMENT

For our DG sets and turbines, we maintain on-site HSD and natural gas storage facilities. Here, spills present a significant risk for our business. For addressing the same, we have ensured that proper fuel handling equipment is installed on site for safe storage and transfer of these fuels. 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. No significant spill incident occurred across our plant premises during FY 2015-16.

PEOPLE WHO MAKE A DIFFERENCE



APPROACH

We acknowledge that committed, qualified and creative employees have always been one of our biggest assets. Today, it has become increasingly important for employees to have vested stake in the growth potential of its company. People expect a participatory work environment where they can feel a sense of dignity, pride, and ownership of the organization's vision. At PLL, we strive to build an organizational culture that supports strengthening the core competencies of our employees which will have a direct impact on our competitiveness. As a responsible company, we strive to create organizational culture that fosters employees as well as organization's growth.

We also actively promote an organizational culture that allows employees to pursue a healthy work-life balance, in a dynamic, creative and challenging work environment that is not risk-averse. We give our employees plenty of opportunities for continued education and consistently encourage them so they can fully realize their diverse potential in the long term.

Based on the belief that human resources are the most important asset for a corporation, we have implemented a variety of personnel, education, and training systems that are designed to develop the character, motivation, and creativity of each employee. While we strive to expand our business, it is focusing efforts on developing personnel that can play an active role in the global field.

Further, 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 skillset.

We are also passionate about providing a great workplace environment that empowers our employees. This is why we're focused on creating a safe and ethical working environment in all our facilities. To strengthen our efforts, we have established safety management systems to help prevent workplace accidents and our workplace compliance team is dedicated to continual improvements in labour conditions. Such systems also help us to identify areas for improvement in working conditions and to implement corrective measures if needed. Also, 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.

POOL OF TALENTED EMPLOYEES

A particular strength of PLL lies in the creative potential and commitment of our skilled, motivated and energetic employees. To ensure that we continue to be an attractive employer, we give high priority to providing an HR policy that responds flexibly to the changing career phases of employees and their diverse needs as well as to different generations of workers.

As on 31st March 2016, PLL had 469 full time employees, besides 9 GET/PGET, 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 2015-16	
		Male	Female

Senior Management*	Nos.	13	
Middle Management	Nos.	62	2
Junior Management (Executive)	Nos.	145	11
Permanent Workers	Nos.	221	15
GETs/PGETs	Nos.	8	1
Total	Nos.	449	29
Grand Total	Nos.	478	

**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 2015-16, 5,987 contractual workers² were operating in our Dahej and Kochi facilities.

NEW HIRE AND TURN-OVER

Our aim is to make PLL an even more attractive employer throughout the nation and to recruit the best personnel for the Company – employees with the necessary qualifications at the right time and in the right place. In order to meet our requirements for qualified staff, we aim not only to attract new people to PLL as a preferred employer but also to keep instilling our existing workforce with enthusiasm for the Company and retain them over the long term by providing targeted opportunities for their further development. We also encourage local employment in the workforce and 100% of our workforce at our manufacturing units across India is locally hired from within the country.

PLL's credentials as a preferred employer of choice can be seen from our satisfactorily attrition rate of around 4.8% in FY 2015-16, with average years of association with the company lying at a high of around five years. In the reporting period, 22 people left the organization, out of which one employee belonged to the Top Management category.

On the other hand, 26 employees were recruited during the same period, i.e. FY 2015-16. The following table gives a breakdown of the gender and age composition of the new entrants and turn-over of the PLL family.

Category	Unit	Attrition - FY 2015-16		New Hire - FY 2015-16	
		Male	Female	Male	Female
Senior Management	Nos	1	0	1	0
Middle Management	Nos	5	0	2	0
Junior Management (Executive)	Nos	8	0	16	0
Permanent Workers	Nos.	8	0	7	0
Total	Nos	22	0	26	0
Grand Total	Nos	22		26	

EMPLOYEE BENEFITS

² Includes Dahej and Kochi Terminal contract employees in calendar year 2015 as per submitted Form 12;

The endeavour of PLL is to acknowledge the contributions of its directors, key managerial personnel and other employees with best compensation and benefits that appropriately reward performance in line with the regulatory and industry best practices.

Employee benefits play an important role in the lives of employees as well as their families. For that reason, the benefits we offer can be a deciding factor for a potential employee's decision to work at our business. We, therefore, offer a range of benefits to our 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.

EMPLOYEE RELATIONS

We continue to engage contractual labour for our operations, housing-keeping and security activities. Majority of contractual labour is hired from the vicinity of our plants to reduce operational constraints arising from seasonal and festivities-driven labour migrations. This practice also allows us to maintain amiable relations with our neighbouring societies.

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 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. We constantly look for ways for improving the quality of life of our contract labour employees. Going forward, we aim to continuously review our policies with changing times and encourage employees to promote positive working environment.

DEVELOPING OUR WORKFORCE

People with different level of experience and education become a part of PLL and we consistently invest in the training of our employees within the Company and beyond, growing the team's learning curve. We believe that our people are the most important assets providing sustained growth over the long-term.

At PLL, we invest considerable amount in training and continuing education, thus giving our employees at all levels throughout the world the chance to fully develop their potential. It begins with our young new employees, whom we prepare for their tasks in the competitive global arena with training programs worldwide. Continuing education programs of a demanding nature enable our employees to enhance their skills.

Training Center at Kochi

LNG is expanding its footprint as a fuel of choice in the Indian sub-continent and, going forward, there will be a huge demand for skilled and trained manpower in this niche technological area. Therefore, we are planning to use infrastructure at Kochi Terminal for setting up a Centre of Excellence in LNG Training, one of its kind in this part of World to develop a talented skilled pool of professionals. The Company has already completed several activities like Training Curriculum, Faculty Development, Infrastructure Planning etc. and it is expected to commission the Training Centre during the next financial year.

Our 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 financial year, company achieved 5.21 average man days of training per employee, compared to 6.2 in FY 2014-15.

KEEPING OUR PEOPLE AND OPERATIONS SAFE

At PLL, we are committed to creating safe and conducive work environment and continuously work towards implementing safe workplace practices. We believe that all accidents are preventable; we work towards enhancing a culture of safety excellence by establishing safety systems, extensive employee communication, supporting infrastructure and encouraging a compliance with systems and good practices.

We are guided by OHSAS 18001, an internationally recognized standard for occupational safety and health management. We established our internal standards for employee protective equipment, per safety and health regulations, as well as OHSAS 18001. 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.

For the establishment of a hazard-free workplace, PLL promotes a safety culture throughout the Company, and creates activities to improve employee health and reduce safety risks. We do this by operating a workplace accident prevention program, improving employee safety measures, and investing in safety education and materials to instil a culture of throughout the company.

As part of our incident management system, we ensure that all incidents are reported, aberrations investigated, statistics maintained, compared and improvement projects are taken up on an ongoing basis. 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 have also prioritised the need for continuous learning, innovation and creativity by drawing out an annual plan in the area of safety and environmental training for all employee categories covering all relevant subjects.

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

Implementation of MySetu software for improving safety performance

The unsafe acts, conditions and the near miss were earlier sent to HSE department through e mails and were processed. The data were manually entered in excel sheet and maintained by HSE department. By implementing My Setu software (June-2015) with separate modules for Unsafe acts, unsafe conditions and Near miss/incidents, the data were entered by the users and processing of them is being carried out through the system. Several training sessions were conducted department wise to make employees understand the system and how to use it effectively.

The main advantage is that the data can be retrieved and the status can be monitored any time. A common approach is being followed across the terminal towards HSE issues. It also helps to educate employees who has the provision to access information about unsafe acts and conditions that prevail inside the terminal. The HSE department can analyse the statistics and highlight the recurrences to top management which will help them make suitable decisions to avoid repeat incidents.

major incident was observed at our terminal sites. Further, the number of minor injuries, including the first aid cases, remained at par compared to the previous years, while the focus on leading performance indicator 'near miss reporting' was also observed 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 2015-16	FY 2014-15
Minor Injuries (Incl. First Aid cases)	32	31
Near Misses Reported	64	66

Introduction to Life-Saver rules at Dahej plant

During the reporting period, the concept of Life Saver Rules were introduced in Dahej terminal in National safety week celebration. A visit was made to M/s BGEPIIL in Mumbai to understand about the Life Saver Rules. The safety requirements which if overlooked can result in danger to life were studied. They were made as simple rules with pictorial representation for easy understanding. These rules were made into a small booklet and distributed to all employees. The life saver rules were also displayed inside the terminal in two languages. Training sessions are conducted to cover all employees in making them understand these Life saver Rules.

Safety improvement initiatives at PLL

- ✓ Scaffold inspector training conducted by ASHA Certified Trainer and 18 employees are certified to inspect scaffolding. This improves quality and reliability of scaffold for work at height.
- ✓ Transport emergency tool kit made as per PNGRB Guidelines and handed over to fire department.
- ✓ Procured pocket LEL & oxygen detector for easy handling and easy monitoring at work place.
- ✓ Ice falling nets installed on unloading arms of North jetty. It has reduced hazard of ICE falling on technicians/operators during ship disconnection
- ✓ All building fire alarm panel power supply changed from Emergency panel to UPS.

RESPECTING HUMAN RIGHTS

Integrity, trust, fairness and honesty are the basic guidelines that define our strategies, behaviour and relationships we build with people, both internally and externally. These guidelines serve as the pillars in areas where local regulations are assessed as weak or non-existent. At PLL, we are non-tolerant to any human rights violation that comes to our attention within our organization and supply chain.

We endeavour to identify, assess and manage human rights impacts within operations and amongst identified suppliers considered to have significant risks for the following viz. respect for human rights including non-discrimination, prohibition of child and enforced labour.

We strongly oppose illegal labour practices. Exploitation of children and child labour is strictly prohibited at all our plants and offices. We do not work with any supplier or contractor known to operate with unacceptable labour practices such as the exploitation of children, physical punishment, female abuse, involuntary servitude or any other form of unacceptable behaviour. Periodic inspections are held at our manufacturing operations to ensure that no child labour is present at any of our plant. The agreements with contractors and suppliers also, mandatorily include necessary clauses on human rights and child labour as specified by the Government of India and Factory Act regulations.

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, s/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 labour.

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.

We do not engage or support the use of forced labour and ensure that all employees are working voluntarily. The terms and conditions relating to the employment are communicated prior to recruitment. 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. We also ensure that workers are atleast 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 labour, forced or compulsory labour at any of our terminals or the corporate office. Also, no cases of discrimination, harassment, human rights violation or harm to indigenous communities were reported across our plants 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 Labour 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 organised and effective Grievance Redressal System to provide prompt and orderly resolution of complaints or disputes arising in the course of employment.



An aerial photograph of a lush green valley. In the foreground, a dark river flows through a grassy area with scattered trees. In the middle ground, there is a large, rectangular agricultural field divided into several smaller plots, some of which appear to be flooded or recently irrigated. The background consists of steep, forested hillsides. A green rectangular box is overlaid on the image, containing white text.

**KEEPING IN TOUCH WITH
COMMUNITIES**

OUR APPROACH

We completely understand the responsibility towards the society and have been constantly contributing towards various causes. In our endeavour to be more focused towards our social goals, we are developing a more structured approach to enhance access to quality healthcare, enrich the lives of people in the rural communities, environmental causes and enhance the educational quotient in the country.

At PLL, 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, we have also put in place our Social Philosophy and Vision. To further streamline our approach towards CSR, we have also formed CSR policy and CSR committee. 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 our [website](#). Based on the recommendations of the CSR committee, the Board of Directors ensures that 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.

The Company is in process of finalizing short-term, medium-term and long-term strategy to channelize the resources in manner so as to derive maximum socio-economic impact from targeted approach. In line with its social goals as enumerated above, the Company has already identified several projects in the areas of Healthcare, Education, Environment, River Surface Cleaning, Agriculture, Swatch Bharat etc. where our Company will spend the annual CSR budget in a progressive manner.

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."

FOCUS AREAS

PLL, 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 underserved 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.

PROGRAMMES

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

- ✓ Participated in Poor Welfare Initiative “Garib Kalyan Mela” to link poor residents from Vagra taluka with Government of Gujarat Benefit schemes.
- ✓ Awareness session for women by Gynecologist Dr. Bhavna Sheth was organized on “Preventive Care during Monsoon Season” at Luwara Village near our Dahej LNG Terminal, Gujarat.
- ✓ We organized a Health Talk and cancer detection camp at Primary Health Centre Luwara Village, Gujarat where 70 women from village got benefitted by participating in the program.
- ✓ Four eye screening & cataract operational camps got conducted in Dahej, Kochi, Delhi NCR and U.P. In total 1364 OPDs, 1083 spectacles were distributed, 792 patients were provided with medicine and 180 cataract surgery was were done.



- ✓ We partnered with Rashtriya Madhyamik Siksha Abhijan (RMSA) for building 100 toilet blocks for boys and girls in 75 Secondary and Higher Secondary Schools in Assam. These schools are from 15 districts in Assam i.e. Dibrigharh, Sivasagar, Lakhimpur, Golaghat, Karbi Anglong, Dargang, Nagaon, Kampur Rural, Dima Hasao, Barpeta, Nalbari, Baka, Chirang, Bongaigaon and Dhbri.
- ✓ Under Swchachh Bharat Abhiyan the initiative, we built 33 WC and 16 urinals for students in 5 schools in neighbouring villages of Ambheta, Jageshwar and Dahej near our Dahej LNG Terminal.

EDUCATION AND EMPOWERMENT

- ✓ Outstanding students of Primary School Luwara Village, near Dahej LNG Terminal were rewarded as a part of CSR Initiative to motivate the children for continuing education.



- ✓ PLL has distributed educational kits from 1st standard to 8th standard to 237 school students of Luwara Primary School, during Shala Praveshotsav (an educational theme promoted by Gujarat Government).
- ✓ PLL in association with IL&FS organised residential skill training for 28 youths and non-residential skill training linked with employment for 72 youths in Fitter and Welding Trades.
- ✓ As part of the intervention at the village level through Luwara Primary School Children, competition on Cleanliness was organized on 29th December 2015. In this competition all the students of the school

were divided into 9 groups based on their area of residence and a competition of cleanest street was organized.

- ✓ PLL in association with Local MLA has supported a project named Velicham during the year which aims to provide free Engineering/Medical Entrance coaching to 40 poor and brilliant students of Vypin Island.
- ✓ A baseline survey was conducted by Centum Foundation to identify the need assessment of the local women to provide them livelihood through skill development training in Elamkunnappuzha.
- ✓ Appointment of 11 para teachers through Gram Vikas Trust in 3 villages schools in consultation with District Magistrate, Dahej.

Vocational Training for Children

To enable vocational training for children around our work centres and provide scholarships, as a part of our CSR activity, we provide better learning facilities to students. We have so far:

- Sponsored and distributed two pairs of shirt and pant to school to 145 Boys and two pairs of skirts, tops & Leggings to 125 school girls as uniforms in Primary School at Luwara Village.
- Sponsorship of Educational Tour for around 120 students at Luwara Primary School
- Identification and enrolment of children of migrant labour in Anganwadi and Luwara Primary School



ENVIRONMENT AND SUSTAINABILITY

- ✓ Installation of 12 Solar Lights at prominent locations from Goshree Junction to Petronet LNG Ltd, Kochi.
- ✓ Over 16700 mangrove seedlings were planted through women group called Kundumbasree for the protection of ecosystem under mangrove afforestation project in Ernakulam District of Kerala. In addition, awareness and trainings among the local people were organised on the theme of Ecological and Socio-economic importance of Mangrove Eco-system”to involve them in the protection of existing mangrove forest.



RURAL DEVELOPMENT PROJECTS

- ✓ Puthuvypeen area adjacent to Kochi terminal has been identified for infrastructure development mainly roads, culverts, storm, water drains, solar lights etc. in partnership with District Collector, Ernakulum and Village Panchayat.
- ✓ Petronet undertook the construction and rehabilitation of 11 pacca houses for the tribals and migrant villagers of Luvara, 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 lifecycle, including identification, development, execution and maintenance, and are treated as project owners, which ensures maximum impact achieved from each CSR intervention. During the financial year 2015-16, sum of INR 5.96 crore was spent which represents 0.65% of profit after tax. Break-up of the amount spent on CSR activities is mentioned below:

S.No.	Initiative(s)	Focus Area	Amount Spent (in INR Lac)
1	Infrastructure upgradation of schools, Education for specially challenged children, BPL students, Skill development with assured employment, educational lab equipment, computer peripheral repairs/ internet connection to schools	Promoting education/ enhancing vocational skills/ livelihood enhancing projects	56
2	Tree/mangrove plantation, solar lights, water harvesting, garbage collection vehicles	Environment Sustainability	23
3	Promotion of sports & Art	Promotion of Rural Sports	2
4	Medical equipments for Civil Hospital, Bharuch and Primary Health Centres, Luvara and its operation by PLL, Supply of potable water and packed lunch to drought hit areas, Construction of toilets blocks in schools, Garbage Collection Vehicles	Eradicating hunger, poverty, malnutrition, Promoting Preventive Healthcare and sanitation	298
5	Enhancement of road infrastructure, Housing for homeless tribes	Rural Development Projects	217
Total Spend FY 2015-16			596

PRODUCT AND MARKETING STEWARDSHIP

OUR APPROACH

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

Today, natural gas and renewable energy sources are frequently thought to be supplementing one another. Also, natural gas, 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. These characteristics make LNG a cleaner fuel and helps PLL and consumers in reducing their carbon footprint. We, thus, believe that increasing the share of natural gas in the Country's energy mix will prompt a move towards a low carbon emission.

SAFE TRANSPORTATION

To make our product available to the market, we transport through massive tanker ships and gas pipelines thus reducing environmental footprint associated with transport. We are 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. 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 neighbouring 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.

PRODUCT COMPLIANCE

PLL ensures complete compliance to all facets dealing with product handling, branding and distribution. Since our activities involve transportation, storage and regasification of LNG, product information labelling is not material issue for our business. However, we take utmost care to comply with all existing regulations of the concerned land.

Further, PLL believes in fair trade practices, responsible advertising and / or competitive behaviour for betterment of business and society. Though the nature of business does need to have any polices with regard to these, still we endeavour 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 behaviour in the last five years.

CUSTOMER SATISFACTION

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”.



GRI CONTENT INDEX

Standard Disclosures

#	Disclosures	Reference	Page Number
G4-1	CEO Letter	Statement from our leaders	03
G4-2	Key impacts, risks, and opportunities	Exploring risks and opportunities	19
G4-3	Organization name	About the Company	09
G4-4	Primary brands, products, and services	Understanding our business	10
G4-5	Headquarters location	About the Report	07
G4-6	Where the organization operates	Understanding our business	12
G4-7	Nature of ownership and legal form	People who make difference	36
G4-8	Markets served	Product and marketing stewardship	49
G4-9	Scale of the organization	About the Report	07
G4-10	Total number of employees by type	People who make difference	36
G4-11	Collective bargaining agreements	People who make difference	37
G4-12	Supply chain description	Understanding our business	11
G4-13	Organizational changes during the reporting period	<i>'No significant organizational changes during the reporting period'</i>	-
G4-14	Precautionary principle	Contribution to Environmental Protection	27
G4-15	External charters, principles, or other initiatives	Public Policy, Reference Indices	20
G4-16	Membership associations	Public Policy	21
G4-17	Entities included in financial statements	About the Report	07
G4-18	Process for defining report boundaries and content	About the Report	07
G4-19	Material aspects included in the report	What is important to us?	21
G4-20	Descriptions of material aspect boundaries within the organization	What is important to us?	21
G4-21	Descriptions of material aspect boundaries outside the organization	What is important to us?	21
G4-22	Restatements	No restatements	-
G4-23	Changes from previous reports in terms of scope and/or boundaries	<i>'No significant changes from previous reports in terms of scope and / or boundary'</i>	-
G4-24	Stakeholder groups	Building strong relationships, What is important to us	21
G4-25	How stakeholders were identified	Building strong relationships, What is important to us	21
G4-26	Approach to stakeholder engagement	Building strong relationships, What is important to us	21

G4-27	Topics raised during stakeholder engagements	Building strong relationships, What is important to us	21
G4-28	Reporting period	About the Report	07
G4-29	Date of most recent report	About the Report	07
G4-30	Reporting cycle	About the Report	07
G4-31	Report contact	About the Report	07
G4-32	"In accordance" option, GRI Index and report assurance	About the Report	07
G4-33	Policy regarding report assurance	About the Report	07
G4-34	Governance structure of the organization	Corporate Governance	15
G4-56	Code of conduct	Conducting business transparently, Code of conduct	18

Specific Disclosures

#	Disclosures	Reference	Page No.
---	-------------	-----------	----------

Category: Economic

G4-DMA	Economic Performance	Economic Performance	24
G4-EC1	Economic value generated and distributed	Economic Contributions	24
G4-DMA	Indirect Economic Impacts	Keeping in touch with communities	44
G4-EC7	Development and impact of infrastructure investments and services supported	Keeping in touch with communities	44
G4-EC8	Significant indirect economic impacts	Keeping in touch with communities	44

Category: Environmental

G4-DMA	DMA: Materials	Contribution to Environmental Protection	27
G4-EN1	Raw Material & Packaging Consumption	Material consumption	28
G4-DMA	DMA: Energy	Energy and GHG emissions	28
G4-EN3	Energy consumption within the organization	Energy and GHG emissions	28
G4-EN6	Energy reduction measures	Energy and GHG emissions	28
G4-DMA	DMA: Water	Water conservation	31
G4-EN8	Water withdrawal by source	Water conservation	31

G4-EN10	Water recycled/reused	Water conservation	31
G4-DMA	DMA: Emissions	Air emissions	30
G4-EN15	Scope-1 Emissions	Air emissions	30
G4-EN16	Scope-2 Emissions	Air emissions	30
G4-EN20	Ozone Depleting Substances	Air emissions	30
G4-DMA	DMA: Effluents & Waste	Waste-Management	33
G4-EN22	Water discharge by destination and quality	Water conservation	31
G4-EN23	Hazardous & Non-Hazardous Waste generated	Waste-Management	33
G4-EN24	Volume of significant spills	Waste-Management	33
Category: Social			
G4-DMA	DMA-Employment	People who make a difference	36
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	New hire and turn over	37
G4-DMA	DMA: Occupational Health & Safety	Keeping our people and operations safe	39
G4-LA6	Rates of injury, lost days, and work-related fatalities	Employee relations	38
G4-DMA	DMA: Training & Education	Developing our workforce	38
G4-LA9	Average hours of training for employees	Developing our workforce	38
G4-DMA	DMA: Product Responsibility	Product and Marketing Stewardship	49
G4-PR4	Non-compliance with regulations concerning product and service labelling	Product compliance	49

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. As operations at both of our terminal sites has stabilised, the total volume of gas flared is not so significant anymore.
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.

<p>OG8: Benzene, lead and sulfur content in fuels</p>	<p>We deal with Natural Gas. It does not contain Benzene, Lead or Sulphur content.</p>
<p>OG9: Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place.</p>	<p>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.</p>
<p>OG10: Number and description of significant disputes with local communities and indigenous peoples.</p>	<p>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.</p>
<p>OG11: Number of sites that have been decommissioned and sites that are in the process of being decommissioned.</p>	<p>No such site.</p>
<p>OG12: Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process.</p>	<p>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.</p>
<p>OG13: Number of process safety events, by business activity.</p>	<p>Refer 'Health and Safety Culture' section under People Performance.</p>
<p>OG14: Volume of biofuels produced and purchased meeting sustainability criteria.</p>	<p>NA. We are in the business of re-gasification and distribution of LNG. We do not procure or produce biofuels.</p>

UNGC Principle	Response
Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights.	Refer 'Respecting Human Rights' sub-section under People who make a difference Section
Principle 2 Business should make sure that they are not complicit in human rights abuses	
Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Refer 'Developing our workforce' and 'Respecting Human Rights' sub-sections under People Performance Section
Principle 4 The elimination of all forms of forced and compulsory labour	
Principle 5 The effective abolition of child labour	
Principle 6 The elimination of discrimination in respect of employment and occupation	
Principle 7 Business should support a precautionary approach to environmental challenges	Refer Contribution to environmental protection 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' sub-sections under the Demonstrating Good Governance Section

For more details kindly refer our latest communications on progress (COP) statement to UNGC, for FY 2015-16, at

https://www.unglobalcompact.org/system/attachments/cop_2016/295171/original/COP_2015-16.pdf?1466747658

NATIONAL VOLUNTARY GUIDELINES (NVG) REFERENCE CONTENT INDEX

NVG Principle	Response
Principle 1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Refer 'Corporate Governance' and 'Our Board' sub-sections under the Demonstrating Good 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 Product and Marketing Stewardship Section
Principle 3 Businesses should promote the well-being of all employees	Refer 'Developing our workforce' sub-section under Demonstrating Good Governance.
Principle 4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized	Refer 'What is Important to Us' under Demonstrating Good Governance Section
Principle 5 Businesses should respect and promote human rights	Refer 'Respecting Human Rights' sub-section under People Who make a difference Section
Principle 6 Businesses should respect, protect, and make efforts to restore the environment	Refer Contribution to Environmental 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 Developing Our Workforce Section
Principle 8 Businesses should support inclusive growth and equitable development	Refer 'Keeping in touch with communities' Section
Principle 9 Businesses should engage with and provide value to their customers and consumers in a responsible manner	Refer 'Product and Marketing Stewardship' Section

For more details kindly refer our latest business responsibility report (BRR), for FY 2015-16, included as part of the Annual Report FY 2015-16, at: <http://www.petronetlng.com/PDF/AR-2015-16.pdf>

ASSURANCE STATEMENT

The Management and Board of Directors
Petronet LNG Limited,
Babar Road, Barakhamba Lane
New Delhi - 110 001, India

Independent Assurance Statement

Ernst & Young LLP (EY) was engaged by Petronet LNG Limited (the 'Company') to provide independent assurance on its Sustainability Report 2015-16 (the 'Report') covering the Company's sustainability performance during the period 1st April 2015 to 31st March 2016.

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 activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

Assurance standard

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

Scope of assurance and methodology

The scope of our work for this assurance engagement was limited to review of information pertaining to environmental and social performance for the period 1st April 2015 to 31st March 2016. 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 an audit trail of selected/ sample claims, information and data streams at 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.

Limitations of our engagement

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2015 to 31st March 2016);
- 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

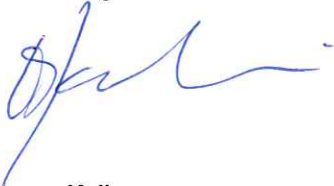
During the review process, we observed that:

- The Company has compiled the Report as per the 'in accordance' core criteria of GRI G4 Sustainability Reporting Guidelines. The Report presents a fair description of the Company's performance disclosures under the aspects identified as material;
- The Company may develop robust data management systems and an internal audit procedure to further improve on the accuracy, compilation and completeness of reporting on certain aspects viz. energy (EN 3), waste (EN 23), and health & safety (LA 6).

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



Chaitanya Kalia
Partner

Dated: 16 August, 2017

Place: Mumbai, India



PETRONET
LIMITED