



BPCL
Sustainable
Development
Report
2012-13







ABOUT THIS REPORT.....

Bharat Petroleum Corporation Limited (BPCL) is proud to present this Sustainable Development report to all its stakeholders.

The current report covering the period FY 2012-13 is the seventh consecutive report for our operations in India and has been prepared in accordance with level A+ of the Global Reporting Initiative (GRI) G3.1 guidelines for sustainability reporting. The report has also referred to the Oil & Gas Sector Supplement that has recently been published by the GRI.

The report is further aligned with the International Petroleum Industry Environmental Conservation Association (IPIECA) and the American Petroleum Institute's (API) Oil and Gas Industry Guidance on Voluntary Sustainability Reporting (2010).

This report discusses the efforts undertaken and performance on the triple bottom line to provide responsible and sustainable energy to our customers aligned with the BPCL Dream Plan and the sustainable vision and goals enshrined therein. The report describes in detail our key achievements and challenges in the areas of economic development, environmental performance and social development. We present in this report the performance of our seven Strategic Business Units (SBUs) operating in India viz., refineries, retail, aviation, industrial and commercial, LPG, Lubes and gas; furthermore this report does not cover performance details of our retail outlets, subsidiaries and joint ventures. This report does not contain any re-statements of data published in our previous report(s).

Our previous sustainability reports (including the most recent one published last year) are available online at the following web-link:

http://www.bharatpetroleum.co.in/EnergisingSociety/CSR_Sustainability_Report.aspx?id=2

BPCL has sought the services of KPMG for providing assurance on the contents of this report; ISAE 3000 and AA1000 (2008) standards have been used by KPMG for providing assurance.

For any further information on this report,

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LPG bottling plant at Kurnool, Andhra Pradesh



REPORT CONTENTS.....

1. Message from the CMD	06- 08
2. Our organization	09- 19
3. Commitments and performance on sustainable development	20- 26
4. Strategic risks and opportunities	27- 33
5. Stakeholder engagement and collaboration	34- 36
6. Economic performance, market presence and indirect economic impacts	37- 44
7. Environmental performance	45- 55
8. Sustaining an energized workforce	56- 61
9. Responsible products and services	62- 65
10. Corporate social responsibility initiatives	66- 71
11. Independent assurance statement	72- 74
12. GRI index	75- 81
13. Glossary	82- 84



1. MESSAGE FROM - MR. R. K. SINGH CHAIRMAN AND MANAGING DIRECTOR.....

Dear Stakeholders,

We believe that being one of the Navratna companies of the Government of India, it is our responsibility to keep the wheels of India's progress well oiled, and to contribute to the growth of the nation in a sustainable manner. I am happy to present our seventh sustainability report, objectively documenting our company's economic, environmental and social performance- commonly referred to as the triple bottom line.

At a time when the country is faced with a resource crunch, BPCL aims to energize over a billion lives by working towards consolidating India's energy security. We produce world-class fuels at our refineries located at Mumbai, Kochi, Bina and Numaligarh which have the ability to process a wide variety of crude oils using state-of-the-art technology. The diverse range of petroleum products reaches the remotest parts of the country, supported by the robust logistics infrastructure of BPCL. We also contribute to India's growth story by supporting the surging Indian industry, providing them with a reliable supply of top quality fuels.

As a corporate, BPCL has delivered exceptional returns for its shareholder. BPCL also continues to rise in value and position among the global Fortune 500 companies. Our turnover for the reporting period amounted to INR 2,50,649.26 crores (representing a growth of 12.65%), generating a net profit of INR 2,642.90 crores. Riding on our consistent good performance, our shares have appreciated in excess of 50 percent in the last one year. For the twenty fourth year running, we have entered into a Memorandum of Understanding (MOU) with the Ministry of Petroleum & Natural Gas (for the year 2013-14) and consistently met the expectations and achieved the targets set for the company.

Our refineries consistently strive to enhance our product quality, improve workplace sustainability and maximize cost optimization in their operations. The Kochi Refinery is embarking on the prestigious Integrated Refinery Expansion Project (IREP) which will increase the refining capacity of the Refinery by 6 Million Metric Tonnes Per Annum (MMTPA) from the current capacity of 9.5 MMTPA. The IREP will be the single largest industrial investment in Kerala. In addition to

enhancement of the refining capacity, the project will also enable the refinery to produce world class auto-fuels.

Strategic investments of INR 40,000 crores have been envisaged for exploration, refining and marketing related activities in the next 5 years. We are focused on investing a substantial amount in developing the upstream operations of the company which shall include asset discovery in countries in Latin America and Africa. To take us further towards the goal of becoming one-million barrels per day Company, we have plans to expand of our Mumbai and Kochi Refineries.

BPCL continues to forge ahead on its path to becoming a national and global leader in the space of providing responsible energy to meet the country's energy needs. BPCL's subsidiary Bharat Petro Resources Ltd (BPRL) is spearheading the foray into Exploration and Production. As on 31.3.2013, seventeen hydrocarbon discoveries have been announced in Brazil, Mozambique, Australia, Indonesia and India. BPCL's Bharat Metal Cutting Gas (BMCG), a hydrocarbon based metal cutting gas for cutting and brazing applications, was sold in Sultanate of Oman, Saudi Arabia, United Arab Emirates and Sri Lanka. BPCL has entered into international bunkering business for marketing fuel oil at Mumbai and Kochi. The Joint Venture Matrix Bharat Marine Services Pte. carries out bunkering for international markets such as Singapore and others. Last year also marked the inroads of BPCL into the CNG market in Andhra Pradesh.

Compliance with regulatory requirements of the Government of India during all our operations and throughout our value chain is the bedrock of our sustainability philosophy. We aim to succeed by ensuring that our operations do not cause intentional harm to the society, employees, communities and the environment. We have also adopted a progressive standpoint on ensuring safe and low waste operations which has been recognized in Indian and International forums.

Sustainability for us starts at home. One of the cornerstones of BPCL's workplace sustainability initiatives is a strong focus on health, safety, security and environment (HSSE). Our outstanding HSSE initiatives have led BPCL to achieve "Excellent" rating as part of MOU Target agreed with MOP&NG for Accident Frequency Rate for period 2012-13.

We believe that our employees are a critical element in enhancing the value of the company. We invest in customized training programmes for our employees to develop specific skills based on the demands of their role/responsibility. We strive to keep our people motivated and have developed a series of employee-friendly policies and also recognize, reward and retain high performing employees. Our highly skilled and motivated workforce, in turn, helps us exceed our financial and non-financial goals, delivering value to our stakeholders.



BPCL differentiates itself from other competitors in the Indian market by focusing on the highest levels of customer service. To this end, we launched a company-wide initiative called Customer Understanding for Business Excellence (CUBE) intended at transforming our services into integrated energy solutions for our customers. Our customer friendly loyalty programmes such as Petrobonus and SmartFleet enable cashless transactions worth several thousand crores of rupees. Going forward the emphasis will be on augmenting the marketing infrastructure as a part of our 'Dream Plan' about which you will read in the subsequent sections.

Our R&D centers are committed to providing advanced technical support to our businesses and focus on four core research areas are namely Refinery processes up-gradation / optimization, Development of novel energy efficient technologies, Product development and Alternative fuels and energy.

The thrust areas of our CSR interventions continue to be water and education with some initiatives also implemented in the area of health. Our SBUs also encourage entrepreneurship opportunities for women through our LPG distributorship network. We have also set ourselves targets and respective deliverables for different CSR intervention areas. Details of such interventions and targets are available in the later sections of this report.

BPCL successfully implemented six Sustainable Development projects in accordance with the Department of Public Enterprises (DPE) guidelines during the year 2012-13. BPCL has taken the lead in establishing operations in compliance with industry and national regulatory requirements by targeting to minimize waste generation; reduce water consumption; encourage water neutrality at units and utilization of solar energy at its units. We have already taken steps in this direction and have carried out water baseline studies and installation of solar panels. We are striving towards our mission of promoting ecology and environment up-gradation by marketing high performance fuels like Speed, Speed 97 and Hi-speed diesel. The Mumbai refinery launched the "Green Earth Campaign" to plant 10,000 saplings in areas in and around Mumbai.

Going forward, we will continue to focus our efforts on generating value for our shareholders by maximizing return on capital deployed, meet customer demands and expectations, optimize capacity utilization, ensure highest levels of safety for our workforce, develop a motivated and talented workforce, developing and producing world class products and minimizing our environmental footprint, create a strong R&D base and invest in the inclusive growth of the communities where we operate. We discuss the specific targets in these areas and our performance against previous year's commitments in detail throughout this report.



R K Singh
Chairman and Managing Director

2. OUR ORGANIZATION.....

BPCL is an integrated oil and gas company (downstream) engaged in refining of crude oil and marketing of petroleum products. We have also diversified into production and marketing of petrochemical feedstock. We entered the upstream sector covering both oil as well as gas through a wholly owned subsidiary Bharat Petro Resources Ltd in October 2006. This allows us to secure a reliable crude oil supply, hedge against price volatility in global markets and realize the benefits of an integrated supply chain in the volatile global oil market. BPCL also has 3 unlisted Indian subsidiaries, four foreign subsidiaries and 16 Joint Ventures, which have not being covered within the boundary for this report.

OPERATIONS AND PRODUCTS.....

BPCL comprises six customer facing Strategic Business Units (SBU)- Retail, Industrial and Commercial, Gas, Lubricants, LPG and Aviation and one asset based SBU – Refinery.

No.	Unit type	Number
1	Refineries	2 (Mumbai and Kochi) Along With Pipelines Division
2	Retail (installations/depots/TOPs)	82
3	LPG bottling plants	47
4	Lube blending plants	4
5	Aviation locations/fuelling stations/on-wheels	34

The company has business presence across India where our SBUs help us market various types of products through two marketing channels. Some of the finished products are sold through retailers/distributors while others are sold directly to consumers.



Products marketed through Retail Dealers / Distributor networks

- Motor Spirit (MS) / High Speed Diesel (HSD) / Superior Kerosene Oil (SKO) / Mineral Turpentine Oil (MTO)
- Lubricants
- Liquefied Petroleum Gas (LPG)

Products sold directly to consumers

- Fuel oils
- Naphtha
- Aviation Turbine Fuel (ATF)
- Bitumen
- Solvents
- Benzene
- Toluene

OWNERSHIP AND STRUCTURE.....

BPCL is a Public Sector Undertaking (PSU) under the Ministry of Petroleum and Natural Gas (MoP&NG) and has been accorded 'Navratna' status. The shareholding pattern of the company is presented in the adjoining table.

No.	Category of Shareholders	Percentage
1	Govt. of India (President of India)	54.93
2	Govt. of Kerala (Governor of Kerala)	0.86
3	Employees of BPCL	0.29
4	Life Insurance Corporation of India	6.09
5	Other Financial Institutions, Banks/ Mutual Funds	10.50
6	Foreign Institutional Investors, OCB & NRIs	10.44
7	Corporate Bodies and Major Holders with more than 5000 holding	15.01
8	Others	1.88
	TOTAL	100

Subsidiaries

- Numaligarh Refinery Ltd
- Bharat Petroresources Ltd. (BRPL)
- Bharat Petroresources JPDA Ltd.
- BPRL International B.V.
- BPRL Ventures B.V.
- BPRL Ventures Indonesia B.V.
- BPRL Ventures Mozambique B.V.

JV

- Bharat Oman Refineries Ltd.
- Petronet LNG Ltd.
- Indraprastha Gas Ltd.
- Central UP Gas Ltd.
- Maharashtra Natural Gas Ltd.
- Sabarmati Gas Ltd
- Petronet CCK Ltd.
- Petronet India Ltd.
- Bharat Renewable Energy Limited
- Matrix Bharat PTE Ltd.
- Bharat Star Services Pvt.Ltd.
- Delhi Aviation Fuel Facility Private Ltd
- Cochin International Airport Ltd.
- Kannur International Airport Ltd.
- GSPL India Gasnet Ltd.
- GSPL India Transco Ltd.





MESSAGE FROM - MR. S. VARADARAJAN
DIRECTOR : (FINANCE).....

We take great pride in being one of the leading Oil and Gas sector companies in India to have a vision for sustainability and having published our Sustainability Report for the last 6 years. Our consistent and responsible performance has played an important role in our net profit for FY 2012-13 to be highest net profit achieved by the company in a single financial year and more than 100% increase in earnings per share in the same period.

BPCL has made strategic investments involving expansion of refineries and upgradation of infrastructure for import of LNG and setting up of LNG terminals. We have made a strategic decision to invest about 18000 crore rupees for the expansion of the Mumbai and Kochi Refineries and upgrade the refinery configuration at the Kochi Refinery. This shall support us in the production of value products, equipping our facilities to be in line with the new norms, improving the quality of fuel while also improving the overall environmental performance.

Our initiatives to develop our upstream capacity have led to value creation for the company. Our broad objective remains to develop a balanced portfolio across the country. We are also consciously working towards increasing the capacity of the BINA refinery in the state of Madhya Pradesh upto 40 MT by 2015.

Our exploration efforts in Mozambique have shown positive results. Keeping in view this discovery, we target to supply LNG to various international markets in addition to supplying our markets in India. We see a huge opportunity in the gas business and are working towards upgrading the infrastructure required for the same such as import terminals, pipelines, distribution networks while maintaining high environment standards.

At BPCL, corporate governance is one of the key focus areas and is incorporated in the GRC framework developed by us. This framework brings in a core value proposition by ensuring that risk is managed appropriately and the segregation of responsibilities is done aptly.

Risk management at BPCL is considered as an ongoing process which goes beyond fulfilling mandatory requirements. The risk management framework is improved on a regular basis as per the business environment and company's requirements. We have in place a risk council and the company also announces risk champions on an annual basis.

We realize that to sustain our growth and contribute to the development of our society as a responsible corporate citizen of India, our economic growth needs to be inclusive, creating an enabling environment for economic and social enhancement for all our stakeholders. This belief is evident in our CSR program for local and indigenous communities surrounding our operations, keen focus on HSSE practices and endeavour to reach global benchmarks in this area, and our talent management and retention programs.

We are fully charged to grow and increase our market share to higher levels, and to achieve this, our strategy drives all the BPCL SBUs are set to talk to our customers with as a single face. It is imperative for us to enhance the experience of our customers across all segments. We also aim to interact with various strata of our customers as a regular exercise. Our business transformation program, CUBE, is a customer centric program focused on cross- business collaboration which fosters customer centricity at BPCL.

The success of our ambitious Dream Plan targets in the set time period depends on how well these targets are understood by our employees and stakeholders and the groundwork they set for the future. We are heartened to observe that the current crop of employees is keen to take on new challenges and achieve the goals in the shortest possible time.

BPCL shares are listed in all the major Stock Exchanges of India and traded in compulsory demat mode. Annual General Meeting provides a forum for interaction with Shareholders. The views of the shareholders are ascertained on the functioning of the company and their valuable suggestions are examined to act upon.



VISION, MISSION, VALUES AND COMMITMENTS.....

Our vision of being the most admired, respected, profitable company setting an example for others to follow suit guides us in everything we do. Three words – **Innovative, caring and reliable**, encapsulate our corporate values

VISION

- We are the most admired global energy company leveraging talent and technology
- We are the first choice of customers, always
- We exploit profitable growth opportunities outside energy
- We are the role model for Health Safety, Security and Environment
- We are a great organisation to work for
- We are a learning organisationn
- We are a model corporate entity with social responsibility

MISSION

- Participate prominently in nation-building by meeting its growing energy needs, and to support this endeavor, pursue the creation of economic surplus by efficiently deploying all available resources and aiming towards global competitiveness in the energy sector
- Strengthen and expand areas of core competencies throughout the country, total quality management in all spheres of business and maintain the status of a leading national company
- Create awareness among people on the imperatives of energy conservation and efficient consumption of petroleum resources, by disseminating information through appropriate media
- Availing ourselves of new opportunities for expansion / diversification arising from the liberalization of the economy to achieve a global presence
- Promote ecology, environmental upgradation and national heritage
- Information on Training, other mechanisms, suggestion schemes





MESSAGE FROM - MR. K. K. GUPTA
DIRECTOR MARKETING.....

BPCL has always endeavoured to be the best in the Oil and Gas sector in all our pursuits. Our efforts are directed towards enhancing every aspect of the functioning of our business operations and over 10,000 plus retail outlets while we integrate sustainability into our core business operations. We are driven by the vision formulated for different businesses and functions in the Dream Plan of the company. The Dream Plan is being implemented through the Roadmap, with established annual targets in each functional area aligned across the different SBUs and departments. The progress on the targets is reviewed quarterly when the SBU business plans are presented to the Board.

We are committed to reducing the energy intensity of our operations by improving our efficiency, with a specific focus on improving the efficiency of our road transportation operations, and increasing the share of renewable energy in our operations, and as a first step, aim to adopt solar energy power at all the BPCL owned outlets in the states of Madhya Pradesh and Rajasthan. We are also increasing our efforts on changing the mode of transportation to more efficient pipeline transfers wherever possible.

We focus on providing value to our customers while also keeping the environmental control and quality assurance in mind. We strictly monitor all our the dealers to check if the mandatory environmental and pollution norms are followed. We are committed to conserving water at all sites we operate in, and have achieved significant achievements in the area of rain water harvesting.

We have implemented a program for Customer Undertaking for Business Excellence (CUBE) under which we are developing an Integrated Customer Care System. This system will provide the technological backbone to implement the CUBE initiative.

Our business units and retail locations undertake various initiatives targeted at the local communities. These include initiatives related to blood and organ donation, medical checkup and safety training among others. The LPG Safety Clinics are an excellent example of the safety related initiatives where training is provided to customers when they attend these clinics in batches of 40-60.

We believe that we need to place our customers at the heart of our business strategy to create a distinct edge in an increasingly competitive marketplace, and have identified the following key focus areas for our business strategy:

- Customer-focused approach.
- Build on product sourcing capabilities.
- Brand building.
- Strengthening Retail Network-security and development.
- Building international trading skills.
- Investments in R&D and technology.
- Adopt an integrated on-line ERP solution.
- Focused initiatives in LNG, Power, Petrochemicals and E&P.
- Development of clean and renewable energy e.g. Wind Power, Solar Power and Bio- diesel

We also recognize that a successful business needs to integrate the interests of all its stakeholders and work towards creating value for all. Our CSR vision encapsulates this belief and guides our action as follows:

- We are a Model Corporate Entity with Social Responsibility
- Build a Powerful Partnership with Society for 'Sustainable Development'





MESSAGE FROM - MR. S.P.GATHOO
DIRECTOR : HUMAN RESOURCES.....

At BPCL, sustainability is perceived in the wider dimension by focusing on the core thinking of the business and adopting sustainable practices intrinsically. We believe that energizing lives has to start from within the company, and aim to develop an energized workforce that can uphold the BPCL vision.

BPCL's Dream Plan envisions seven key areas focused on our employees, and we have initiated more than fifty initiatives under these seven areas. BPCL has instituted a comprehensive talent review process where we have identified about 2,500 potential future leaders after 2 to 3 levels of talent hunts. As a part of this process, leaders have been identified at the levels of the company, business and the SBUs.

The career development and progression of our employees is of prime importance for us. We have been working on developing an Integrated Career Development Framework which will cover four key components for an employee's career progression and it revolves around the aspirations and growth of the employees keeping in mind their talents, skills and competencies. We are enthused about successfully implementing this framework across a large and complex organization like BPCL.

We are also focused on developing a long-term relationship with our suppliers which transcends individual transactions and builds their capacity in a sustained manner. While we are inspired to learn that our employees view us as a company based on strong values, as evident from the Employee Satisfaction Survey, it is important for us to translate this across the entire value chain of the company by involving our suppliers, contractors and vendors.

The CSR approach of BPCL rests on 3 pillars of enlightened business interest, involving the communities close to our project sites and long term nation building. We have embarked on CSR projects focused on 2 core areas in which we target to make a serious impact i.e. water and education. We also have initiated projects to touch other dimensions of the social fabric by providing livelihood opportunities and indirect employment to marginalized groups like the widows of farmers who have committed suicides.

We initiate various projects with set goals and a well thought out entrance and exit strategies. We are increasingly focused on supporting the cause of infrastructure development for communities with acute need of schools, water resources and other such essential requirements.

The 3 factors that are important to us for our CSR related projects are – committed NGO partners, a concrete project and the quality of the people involved. Impact assessment is a crucial aspect of our CSR projects. Each project is subjected to a pre-intervention survey, mid-term survey and a final survey at the time of exit. We undertake a course correction if we realize that the project is not achieving the set targets.

CSR efforts make complete business sense to us and therefore we include our new recruits as a part of these efforts. It is compulsory for all our management trainees at the time of induction to spend one week at one of the sites of our CSR project locations.

Our efforts in this direction have been appreciated externally. This is amply proven by the awards we have bagged in the space of Human Capital Management, Sustainability Leadership and Corporate Social Responsibility.



CORPORATE GOVERNANCE.....

The Board of Directors is the highest governance body exercising the powers subject to the provisions of the Companies Act, 1956. The Company and the Board is headed by the Chairman & Managing Director (CMD) appointed by the Government of India as per its policy of appointment on CPSEs.

BPCL had nine board members as on 31.3.2013, comprising five Whole Time Directors, two independent directors and two Government Directors.

EXECUTIVE DIRECTORS.....

No.	Name of Director	Designation	Gender	Category
1	Shri R K Singh	Chairman & Managing Director	Male	Executive
2	Shri K K Gupta	Director (Marketing)	Male	Executive
3	Shri B K Datta	Director (Refineries)	Male	Executive
4	Shri S Varadarajan	Director (Finance)	Male	Executive
5	Shri S P Gathoo	Director (Human Resources)	Male	Executive

NON - EXECUTIVE DIRECTORS.....

No.	Name of Director	Designation	Gender	Category
1	Dr. Neeraj Mittal	Director	Male	Non-Executive (Ex- officio Director)
2	Shri Tom Jose	Director	Male	Non-Executive (Ex- officio Director)
3	Prof. J R Varma	Director	Male	Non-Executive (Independent Director)
4	Shri B Chakrabarti	Director	Male	Non-Executive (Independent Director)

The age and gender distribution within the Board of Directors is as follows:

No.	No. of Directors	Gender	Age group
1	One	Male	45- 50
2	Two	Male	50- 55
3	Five	Male	55- 60
4	One	Male	60- 65

The Board schedules regular meetings throughout the year. The gap between two meetings does not exceed 90 days. Special meetings are called if necessary. All Directors attend the meetings barring in exceptional circumstances with leave of absence granted by the Board. Inter alia, Strategic and business plans are reviewed annually at one of the Board's regularly scheduled meetings. In advance of each Board or Committee meeting, a proposed agenda is distributed to each Director.

The Corporation signs a Memorandum of Understanding (MOU) with the Ministry of Petroleum & Natural Gas at the beginning of each financial year. The MOU specifies targets for various parameters. These include physical, financial, social and environmental parameters. The performance of the Corporation is evaluated with reference to the targets set against each of these parameters and the composite score is determined. The composite score is one of the key variables in determining the MOU rating which determines the quantum of variable pay for the year in the form of Performance Related Incentive Scheme for Management Staff (PRISM).

COMMITTEES OF THE BOARD.....

The board is ably assisted by the following committees in discharging its duties

Audit Committee

Oversees all matters specified in Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956 and Guidelines on Corporate Governance for Central Public Sector Enterprises. During the last Financial year, Audit Committee comprised 4 Part-time (Independent) Directors till November 2012 and the Committee has been reconstituted thereafter comprising Two Part-time (Independent) Directors and one Whole Time Director viz., Director – Finance.

Project Evaluation Committee

Project evaluation committee evaluates, guides implementation, monitors, reviews and assesses deliverables and recommends and provides advice to Board for investment in projects costing over INR 150 Crores including investments in Subsidiaries / Joint Ventures. During the last Financial year, PEC comprised of two Part-time (Independent) Directors, one Part-time (Ex-Officio) Director and one Whole Time Director (Finance)

Remuneration Committee

Remuneration Committee formulates and reviews policies related to remuneration / perquisites / incentives within the parameters of Guidelines issued by the Government of India. During the last Financial year, Remuneration Committee comprised of three Independent Directors, and one Part-time (Official) Director, as Members with Director- HR and Director- Finance being Invitee's.

Investor's Grievance Committee

The Committee monitors the Shareholders' / Investors' complaints and redressal of their grievances. During the last financial year, the Committee was headed by an Independent Director as Chairman and Director (Finance) as member.

Sustainable Development Committee

The Sustainable Development Committee has been mandated for setting and evaluation of progress against MOU targets. During the last Financial year, the Committee comprised of one Part-time (Independent) Director as Chairman with Director (Marketing) and Director (Refineries) as members

Committee of Functional Directors

CFD exercised powers vested with C&MD to take all decisions related to day to day administration of the Company. Collective decision making process is followed in BPCL by ensuring participation by all the Functional Directors. The Committee of Functional Directors (CFD) meets regularly and undertakes detailed deliberations and discussions on the matters placed before the Committee. All Functional Directors are members of the Committee.

Standing Committee of Board for Tenders

Standing Committee of Board for Tenders takes final decisions on the tenders as per the existing delegations of authority. All Functional Directors are members of the Committee.

ETHICAL CONDUCT.....

BPCL upholds the principles of corporate ethics and good governance. In the last financial year a total of 1091 business units of the company were analyzed for risks related to corruption. We understand the importance of encouraging ethical business practices among our employees and provide training on the Anti Corruption Policies and Procedures to all the new employees inducted into the organization. In the last financial year 910 employees from the management staff and 430 employees from the non-management staff were trained on BPCL's anti-corruption policies and the relevant procedures.

The Company has also adopted the —Code of Conduct, Procedure and Disclosures for Prevention of Insider Trading in the Securities of BPCL and —Code of Corporate Disclosure Practices. All these procedures, processes and systems create an environment that protects and serves the interest of all stakeholders.

Beginning this year, and in line with the mandate by the Securities and Exchange Board of India (SEBI) requiring inclusion of a “Business Responsibility Report” (BRR) as part of company's Annual Report for top 100 listed entities based on market capitalization at the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE), BPCL has developed and published a Business Responsibility Report (BRR). This BRR describes the Company's policies and performance against the nine principles of the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) developed by the Ministry of Corporate Affairs (MCA).

The detailed BRR is available as part of our Annual Report. We are proud to disclose that the Company has developed policies to guide our business conduct along each of the nine business principles on ethics, product responsibility, employee wellbeing, stakeholder engagement, human rights, environmental performance, public policy advocacy, inclusive growth and customer accountability. While the company has been guided in achieving its sustainable development goals in the past by the two Board level committees on Sustainable Development and CSR, the Board has approved the creation of a comprehensive CSR and Sustainability Committee, to be headed by an Independent Director, to oversee the implementation of the policies on the nine NVG principles, as well as the focused interventions on CSR and aligned with the Dream Plan vision. We will continue to report on our progress in these areas in the coming years through our BRR and Sustainable Development Reports.

3. COMMITMENTS AND PERFORMANCE ON SUSTAINABLE DEVELOPMENT.....

MATERIAL SUSTAINABILITY ISSUES.....

Our Dream Plan, introduced in 2010, encapsulates our business strategy on economic, social and environmental aspects. The Dream Plan identified strategic and material issues that need to be addressed by different functions and SBUs to realize the vision created for the company by 2015.

As part of the strategic planning exercise undertaken while formulating the Dream Plan, we have identified the following five material sustainability issues for our businesses and have focused our efforts for the last three years in these areas. Our targets and focus areas within each of these areas are guided by the MoU agreement and MoP&NG expectations from companies in the oil and gas sector, as detailed in the agreement.

- 1 Energy and Climate Change
- 2 Health and Safety
- 3 Community Development
- 4 New and Clean Technology
- 5 Water Management

In addition to the five issues identified above, our Dream Plan details the aspirations for each of the SBUs and key business functions within BPCL. While the Dream Plan aspirations for the SBUs revolve around direct economic value generation resulting in shareholder value generation, the vision for the Corporate Affairs and Human Resources functions focus on other material sustainability issues for the business.

DREAM PLAN ASPIRATIONS

Corporate Affairs	Human Resources
<ul style="list-style-type: none"> • Investment in wind & Solar Power • Bio-Fuels • Investment in Water (desalination plant) • Investment in Nuclear Power 	<ul style="list-style-type: none"> • Talent management • HR as a business partner • Enable “every line manager to become an HR manager” • Engaging employees • Energizing workplaces • Improving HR capabilities • One Company one HR

COMMITMENT TO EXTERNAL SUSTAINABILITY INITIATIVES.....

BPCL is a signatory to the United Nations Global Compact. The following table presents a snapshot of key activities undertaken against each of the ten principles of the UN Global Compact.

Businesses in BPCL follow 10 principles of UNGC as below:

HUMAN RIGHTS

PRINCIPLE 1

BPCL supports and respects the protection of internationally proclaimed human rights and it has an effective governance with transparent grievance redressal mechanism in place for internal & external stakeholders.

PRINCIPLE 2

BPCL makes sure that they are not complicit in human rights abuses. No significant Human rights abuses noticed in recent past history of BPCL.

LABOUR STANDARDS

PRINCIPLE 3

BPCL supports the freedom of association and the effective recognition of the right to collective bargaining by carrying out rounds of negotiations with 22 trade unions

PRINCIPLE 4

BPCL supports the elimination of all forms of forced and compulsory labour

PRINCIPLE 5

BPCL operations ensures the effective abolition of child labour

PRINCIPLE 6

BPCL supports the elimination of discrimination in employment and occupation through transparent HR practices & procedures.

ENVIRONMENT

PRINCIPLE 7

BPCL understands the environment challenges and supports a precautionary approach to it.

PRINCIPLE 8

BPCL has undertaken various environment friendly initiatives to promote environmental responsibility.

PRINCIPLE 9

BPCL encourages the development and diffusion of environmentally friendly technologies at its business units including refineries.

ANTI CORRUPTION

PRINCIPLE 10

Businesses in BPCL work against corruption in all its forms, including extortion and bribery. Vigilance department initiatives at BPCL ensures anti-corruption in all business activities in BPCL.

BPCL is also an active member of various industry bodies and participates at these platforms to address issues that might have an impact on its stakeholders. We are also part of some oil industry specific bodies like OISD, NSC etc. Some other key major responsible industry platforms are listed below:

- Confederation of Indian Industry (CII)
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Bombay Chamber of Commerce & Industry
- ASSOCHAM
- Indian Merchant Chambers
- World Energy Council-Indian Member Committee
- World LP Gas Association
- Petroleum Federation of India
- Bio Diesel Association of India
- The Advertising Standards Council of India
- National Accreditation Board for Testing and Calibration Laboratories

TARGETS AND PERFORMANCE.....

Core Sustainability Issues	Sustainability Targets 2012 - 2013	Progress	Sustainability Targets 2013 - 2014
Energy & Climate Change	<ul style="list-style-type: none"> • Solar panel erection on MMBPL/BK Pipeline • Achieve specific energy consumption of 72 and 85 MBTU/BBL/NRGF for our Mumbai and Kochi Refineries respectively • Achieve Refinery Crude throughput of 22.58 MMT 	<ul style="list-style-type: none"> • Solar panel erection on MMBPL/BK Pipeline at 10 locations • Achieved specific energy consumption of 65.45 and 79.11 MBTU/BBL/NRGF for our Mumbai and Kochi Refineries respectively • Achieved Refinery Crude throughput of 23.21 MMT 	<ul style="list-style-type: none"> • Installations of Solar PV panels at various locations and pipeline SV stations • Achieve specific energy consumption of 71.1 and 81 MBTU/BBL/NRGF for our Mumbai and Kochi Refineries respectively • Achieve Refinery Crude throughput of 22.3 MMT
Health & Safety	<ul style="list-style-type: none"> • To achieve 3525 man-days of HSE training to employees in Mumbai and Kochi Refineries, decided based on discussions with the task force appointed by DPE. • 85% implementation of safety audit recommendations (internal and external) at Mumbai and Kochi Refineries • Achieve accident frequency rate of 0.35 across Refineries and marketing locations 	<ul style="list-style-type: none"> • Achieved 4370 man-days of HSE training to employees in Mumbai and Kochi Refineries • 93.25 % implementation of safety audit recommendations (internal and external) at Mumbai and Kochi Refineries • Achieved accident frequency rate of 0.21 across Refineries and marketing locations 	<ul style="list-style-type: none"> • To achieve 3525 man-days of HSE training to employees in Mumbai and Kochi Refineries, decided based on discussions with the task force appointed by DPE. • 85% implementation of safety audit recommendations (internal and external) at Mumbai and Kochi Refineries • Achieve accident frequency rate of 0.30 across Refineries and marketing locations
New & Clean Technology	<ul style="list-style-type: none"> • Modification of Gas Turbines in KR for RLNG use • Mumbai Refinery Carbon Footprinting 	<ul style="list-style-type: none"> • On time modification of Gas Turbines in KR for RLNG use • Completion of carbon footprint of the Mumbai Refinery 	<ul style="list-style-type: none"> • Development of various formulations for Lubes, including high performance diesel engine oil, OE Specific Long Drain transmission Oil, OE specific Long drain Axle Oil, Water Based Synthetic MWF, Eco-friendly rubber spray oil, Defense specific Hydraulic Oil • New CDU at Mumbai Refinery • Carbon footprint of Kochi Refinery processes

Core Sustainability Issues	Sustainability Targets 2012 - 2013	Progress	Sustainability Targets 2013 - 2014
Community Development	<ul style="list-style-type: none"> • Transform 20 new villages from “water scarce” to “water positive” • Replication and scaling of computer assisted learning (CAL) and education assistance programme (EAP) for an outreach to 42,500 children • Provide vocational skilling and income generation to reach out to 375 beneficiaries 	<ul style="list-style-type: none"> • 20 new villages transformed from “water scarce” to “water positive” • Outreach to 50,000 children for the replication and scaling of computer assisted learning (CAL) and education assistance programme (EAP) • Vocational skilling and income generation provided to 500 beneficiaries 	<ul style="list-style-type: none"> • Transform 25 new villages from “water scarce” to “water positive” • Replication and scaling of computer assisted learning (CAL) Digital Literacy and Life Skills Programme, Education Assistance Programme (EAP) and other projects for an outreach to 75000 children • Reach out to 250 underprivileged youth in Eastern Region by providing vocational training • BPCL will facilitate exhaustive training of 500 women in Lucknow (Uttar Pradesh) through the 'Economic Empowerment and Income Generation Programme'
Water Management	<ul style="list-style-type: none"> • Water & Waste footprint measurement at Budge-Budge complex • Rain water harvesting covering 1,00,000 sq. meters area in multiple BPCL locations 	<ul style="list-style-type: none"> • Successful measurement of water & waste footprint at Budge-Budge complex • Rain water harvesting initiatives executed for an area of 387516 sq. meters in multiple BPCL locations 	<ul style="list-style-type: none"> • Rain water harvesting to be executed in 25 drought – affected villages facing water shortage.

SUSTAINABILITY GOVERNANCE.....

As mentioned earlier, a Board Level Sustainable Development (SD) and CSR committee is mandated with setting goals and evaluating progress against targets in identified areas for the company and to approve and review Sustainable Development projects from time to time. Last year the SD committee met three times and CSR committee met once to review the progress made in these fields.

AWARDS AND ACCOLADES.....

- 1 **Platts Top 250 Global Energy Company Rankings for 2012** – BPCL was ranked among the top 20 Oil and Gas Refining and Marketing companies in the world for its excellent financial and industry performance.
- 2 **Valuable Brands List** – BPCL ranked in the top 10 in the exclusive Brand Valuation exercise carried out by M/s Brand Finance, featured in ‘The Economic Times’.
- 3 **Aaj Tak CSR Award** – BPCL received this award in the Livelihood and Sustainability category for contribution in the field of women empowerment.
- 4 **Parivartan Sustainability Leadership Awards 2012** – BPCL won this award for the strategic change adopted by BPCL towards the Low carbon Economy.
- 5 **CIDC Vishwakarma Award** - BPCL bagged the award in the area of Corporate Social Responsibility for the livelihood project in collaboration with NGO SEWA, Lucknow.
- 6 **Rotary Binani Zinc CSR excellence award** – Kochi Refinery won this award for the second consecutive year.
- 7 **State Pollution Control Award** - Kochi Refinery received State Pollution Control Award – 2011 First Position award from Kerala State Pollution Control Board for making substantial and sustained efforts towards pollution control.
- 8 **Confederation of Indian Industry (CII) HR Excellence Award** – BPCL was awarded for its strong commitment to HR excellence.
- 9 **Best Run Award in Human Capital Management**- BPCL was bestowed with the ‘Best Run Award in Human Capital Management’ for empowering a large number of employees at all levels with access and responses to their HR queries.



- 10 **4th Annual Chief Learning Officers Summit India** - Mumbai Refinery's learning initiative "Refinery Tech-Know League" bagged a coveted award for nurturing young talent.
- 11 **National Institute of Personnel Management (NIPM) Award 2012** – BPCL bagged the gold award for Best HR Practices in recognition of the various HR initiatives in the past year and the performance continuum that makes Bharat Petroleum a great place to work.
- 12 **Thomson Reuters Project Finance International (PFI) Award 2012** – BPCL won the award for the uniqueness of the deal concerning the financing of the E&P assets of BPRL (Bharat PetroResources Limited).
- 13 **SAP ACE Award 2012** – BPCL bagged the award for the "Best run in Compliance" for the implementation of Governance, Risk and Compliance (GRC) processes.
- 14 **The Annual Association of Business Communicators of India (ABCI) Awards** – BPCL was a recipient of two prestigious Communication Awards, lifting the Bronze Awards for the corporate film, "Energizing a billion lives" and Mumbai Refinery's in-house magazine, 'Atit Bharati.'
- 15 **6th Loyalty Awards** - BPCL Loyalty Program was awarded the "Best Loyalty Program in Services Sector".
- 16 **CMO ASIA Awards** - BPCL won the Best Loyalty Program Award at the 3rd CMO ASIA Awards conducted for excellence in Branding Pan Asia held at Singapore.
- 17 **CSI 2012 Awards for Excellence in IT** - BPCL's Project "Infrastructure Virtualization" was adjudged winner of the "CSI Award for Excellence in IT : 2012" under the "IT Infrastructure and Equipment Solution" category.
- 18 **Derivatives House of the Year, Asia** – Corporate Award – BPCL won this award for its effective hedging activity.
- 19 **Car India and Bike Awards 2013** – MAK was associated as the lubricant partner for the event.
- 20 **BPCL Dealers Award Nite** – BPCL awarded the top performing dealers at the annual award ceremony held in February 2013.



BPCL Corporate R&D Bags Petrofed Innovator of the Year –Team Award

The innovation award was presented for the in-house development and its successful commercial trials of Bharat Ethanol Corrosion Inhibitor (BECI). BECI is a cost effective and multi-metal corrosion inhibitor, developed at CRDC for use in ethanol-gasoline blends, resulting in recurring monetary benefits for the Corporation. The product has been extensively evaluated and meets the NACE and ASTM standards. National and International Patent applications have been filed to protect the IPR for this innovative product. The invention has a good potential in Indian as well as in overseas markets.

The award was presented during Petrofed's Awards 2012 ceremony held on 28th June 2013, at Hyatt Regency, New Delhi by the Hon'ble Union minister for Petroleum and Natural Gas, Dr. Veerappa Moily and Secretary MoP&NG, Shri Vivek Rae.

4. STRATEGIC RISKS AND OPPORTUNITIES.....

OIL AND GAS SECTOR OUTLOOK – INDIA AND GLOBALLY.....

Demand for crude oil is declining in the countries belonging to the Organization of Economic Cooperation and Development (OECD) even as it increases in China and India. The supply of crude oil was threatened at times due to geo political factors like the domestic situation in several countries of the Arab world and sanctions against Iran by the United States of America and the European Union, but the supply was balanced as the members of the Oil and Petroleum Exporting Countries (OPEC) had ramped up production thereby ensuring stability in oil prices, which was about USD 110 per barrel (average price of the benchmark crude oil).

The demand for petroleum products in India grew at a rate of 4.9% (based on the provisional data released by the Petroleum Planning and Analysis Cell (PPAC) of the Ministry of Petroleum & Natural Gas). The Government of India also instituted important changes impacting under-recoveries on high speed diesel (HSD) for the public sector companies in India, which, beginning January 2013, were empowered to determine the retail selling prices of Motor Spirit (MS) while in the case of HSD, they have been given the freedom to hike the selling price every month by a small amount of around 50 paise a liter. Also the selling prices of HSD for bulk consumers have been fully deregulated. These changes however, could also impact demand and lead to greater competition from private sector players in the future.

The Government has also implemented other key changes impacting the LPG business, with a view to limit the subsidy burden. A cap has been placed on the number of subsidised LPG cylinder that every LPG consumer can get in a financial year. Efforts are also on to weed out multiple connections with a single consumer. The Government of India has also introduced a system of directly crediting the subsidy on LPG cylinder to the bank account of the consumer.

The demand for petroleum products in the country depends significantly on the economic growth in the country. The country's economic growth could be affected which in turn can lead to reduction in the energy demand and in particular for oil and gas. The price of crude oil in the international market remains volatile. Although oil prices have reduced in the international markets, the weakening rupee has eroded a major part of the gains. In this situation, any slowdown in key sectors of the economy can have a major impact on companies like BPCL.

The Government has also proposed introducing changes in the method of computing the under recoveries on products that are currently being compensated for (HSD, LPG (Domestic) and SKO (Domestic) as well as sensitive petroleum products due to their sale at controlled prices which are lower than costs. Any such change carries the risk of adversely affecting the refining margins and the viability of the capital projects currently being implemented at the Refineries at Mumbai and Kochi.





MESSAGE FROM - MR. B. K. DATTA
DIRECTOR : (REFINERIES).....

At our Refineries, we focus on value maximization through process improvement, technological innovation and adoption of latest technologies, real time process monitoring through advanced IT systems and strengthening of human capital to key factors for success.

We aim to achieve highly safe and reliable operation, which would result in significant loss control. Reliability of processes and systems are ensured through frequent Risk-Based Inspections (RBI) and Reliability Centered Maintenance (RCM). In the last year, we also implemented the BPMI system, which is management portal for data analytics. These and other advanced process controls have enabled an increase in the uptimes to more than 95%.

Energy and carbon management are considered key elements for operational efficiency and cost savings in Refinery. This year, we have undertaken a study through Shell Global Solutions to identify intervention areas. Pinch analysis and technology mapping are carried out to identify and implement energy efficient technologies. We have met our target to cover 30 cities where we provide Euro IV products and are now gearing towards covering 50 cities in the next financial year. BPCL has received 5.39 MMT crude from Bombay high this year; this would play a key role in reducing the carbon footprint of the product during crude transportation, with over 3.75 MMT being allocated for Mumbai Refinery.

Of more than 50 products in our entire portfolio, three products are regulated and the rest deregulated. We target to improve the production of high value products through employee sensitization and improved operating practices. Technological interventions (such as advanced process control) are being used to maximize the yield and profitability of our operations. Our coherent effort has resulted in reducing crude handling losses by about 0.05%, which brought the overall loss below 0.2%.

Going forward, we aim to focus on channeling the learning from the carbon footprinting exercise undertaken during previous years and developing a roadmap for carbon management. We also foresee that the human capital, age gaps and succession planning can be some of the challenges going forward and are important aspects that will need to be managed.

BPCL STRATEGY.....

BPCL continues to be guided by our Dream Plan vision for our business growth. We will continue to explore and invest in the upstream initiatives which continue to hold immense potential for the company in the coming years. The marketing businesses will focus on maintaining a strong presence in the market place and are gearing up for the inevitable increase in the level of competition from the private players.

BPCL DREAM PLAN VISION	
RETAIL	Keeping BPCL's Market Share at 27-28%
LPG	Growing domestic LPG market share by 1%
LUBES	Increasing market share from 11% to 21%
I & C	Achieving a market share from 14% to 22%
AVIATION	Increasing Market Share from 20% to 25%
GAS	Investment in GAS Business.
REFINERY	<ul style="list-style-type: none"> Expanding Bina Refinery capacity from 6 to 15MMT Expanding Kochi Refinery by 6 MMT Exploring in Petro Chemicals

The marketing SBUs are focused on realizing the Dream Plan vision, and have initiated various activities in line with Dream Plan Roadmap.

- BPCL continues to concentrate on commissioning new outlets and upgrading the outlets, sustaining service levels and providing innovative solutions to the needs of the consumer. The distribution infrastructure is also being strengthened to cater to the growth in demand.
- BPCL is also concentrating on enhancing its presence in the LPG market segment and is also continuing its efforts to optimize the logistics and operating costs.
- BPCL continues to work towards retaining its strong presence among foreign airlines operating in the country. At the same time, it is looking at enhancing its share of business from the private players in the domestic market and the defense segment. BPCL is also looking at opportunities for taking a stake in new airports planned in different parts of the country.

SBU ACHIEVEMENTS AND STRATEGIC PRIORITIES



MESSAGE FROM - MR. K. P. CHANDY ED : (LUBES).....

Innovation has been a key ingredient of our success over the years. We understand that product stewardship is vital for long term growth in business. We are committed to providing best in class products which are also produced while adhering to national regulations and international best practices for environmental, health and safety management. We have been able to achieve some major breakthroughs in developing advanced products which add value for our consumers and have superior environmental performance.

Some of our recent innovations include the longer life engine oil, which has life 4 times the life of normal oil, and the 3-in-1 lubricating oil for tractors, which has significantly reduced our packaging requirements for industrial oils. We are now focused on effectively demonstrating and communicating the incremental benefits of these products to our customers to enhance their demand, thereby creating a sustainable market for our products.

We have been working dedicatedly towards material stewardship which is evident from our focus on developing bio-degradable packaging and pilot programs for recycling of used oil from our customers and reduction of discarded used oil. Our emphasis continues to be on improving our process efficiency and managing the resource use during manufacture of our products. We carried out carbon foot-printing for all the units within our SBU and also implemented several clean energy initiatives such as solar lighting, turbine ventilation in shed, efficient lighting and some structural changes to optimize ambient temperature in sheds. On the operation front our aim is to ensure that correct blend happens in the first attempt, thereby improving efficiency and reducing resource wastage. We also focus on improving the efficiency of our transportation fleet. Our dedicated fleets improve quality and efficiency of transport and reduce the amount of discarded oil requiring disposal. We also focus significant efforts on training of the transportation crew in the areas of health and safety.



MESSAGE FROM - MR. GEORGE PAUL ED : (LPG).....

LPG is one of our primary retail products and is marketed under the brand name 'Bharatgas'. Our motto is 'Cooking for Life', as Bharatgas touches lives of 38 million households in the country. As a clean cooking fuel, usage of Bharatgas promotes health and environment. We are pioneer in introducing LPG in our country since 1955. Today, we market 4 million tons of LPG with 26 percent market share. Approximately 8 lakh cylinders are delivered every day in houses of all economic strata. We have unique opportunity and responsibility of extending our reach and providing this clean fuel to

all sections of society. 'Gramin Vitarak' is an innovative model followed in rural markets, aimed at providing access to LPG for rural households. This initiative results in deep market penetration for our business and also creates indirect economic benefits through employment opportunities in rural areas and enhancement in the quality of life for the households served.

The safety of our employees, truckers and contractors is of paramount importance for us. We have taken several initiatives to improve safety, work culture and participation from these groups. Our 50 bottling plants spread across the country are epitomes of operational excellence. They adopt cutting edge technology and maintain high standards of health, safety, security and environment.

The major challenges for our business revolve around pricing policy, product security, transportation, storage, distribution and infrastructure development. It is our constant endeavor to overcome these challenges by adapting to the changing customer aspirations, dynamic business environment and rapid technological advancement. We also foresee future challenges in increased competition from private sector once the market opens up, but we are well poised to face competition by maintaining our leadership role and brand equity by continuous focus on customer satisfaction. We realize that going forward, we need to continue to focus on service differentiators to remain competitive in this evolving market.



SBU ACHIEVEMENTS AND STRATEGIC PRIORITIES



MESSAGE FROM - MR. I. S. RAO ED : (GAS).....

Though oil will continue to be a major component of the energy basket, the share of Natural Gas in India's energy basket is set to increase from the current 10% to about 15% in the coming 5 to 7 years as per present estimates. Considering this change in the energy scenario in the country, BPCL is geared up to capitalize on this opportunity. The biggest consumers in India of Natural Gas are the fertilizer and power sectors. These sectors consume approximately 70% of the Natural Gas that is supplied. BPCL is also a consumer of Natural Gas and we plan to use more of this fuel in the Mumbai and Kochi Refineries to increase the operational efficiency and also reduce the environmental impacts of our operations.

Reforms expected in some of the sectors in the coming years are likely to increase usage of LNG in our country. The current LNG pricing may also be impacted either ways in coming years. While on one side, the increasing complexities of exploration and production are likely to push up the costs, on the other hand changes in supply and demand are likely to soften the selling prices in the Asian markets to some extent. The major factor that has changed the supply dynamics is US turning from net importer to net exporter with the Shale Gas revolution. The Henry Hub linked US gas imports into Asian markets are expected to be at lower prices than compared to traditional oil linked prices, as per present trends. However, it is very difficult to predict the future movement of Henry Hub and Crude prices with certainty. With more countries expected to exploit their Shale reserves in the coming years, we could see shifts in LNG demand and some re-alignment of LNG prices regionally.

To meet the growing gas demand in the country, the Government of India is also encouraging the indigenous production of Natural Gas while efforts are being made by Indian companies to secure LNG from overseas suppliers. BPCL has entered into few Long Term sourcing agreements through its JV, Petronet LNG Ltd. It is also planning to secure more supplies for future through the JV or directly, to secure a reasonable share of Indian LNG imports at competitive prices. BPCL has been successful in its exploration pursuits and are partners in one of the major gas discoveries in Mozambique, which could be an important source of gas supplies for the Indian market.

To get to a level of sustainable supply position, securing the long term contracts, it is also necessary to have capacity for regasification and transportation by pipelines.

BPCL has therefore taken action towards securing the regasification capacity in the LNG terminals of PLL and also exploring options at other ports being developed. BPCL is also a co-promoter of JVCs developing three cross country gas pipelines, to take the gas to the consumption centers from the import and production centers, apart from utilizing the existing pipeline networks by entering into the transmission agreements.

Thus having presence in the upstream in terms of gas production and liquefaction, and tying up sourcing, regasification capacity and pipeline capacity, BPCL plans to provide gas as one of the energy solutions to our esteemed customers.

SBU ACHIEVEMENTS AND STRATEGIC PRIORITIES



MESSAGE FROM - MR. PRAMOD SHARMA ED : (AVIATION).....

The primary stakeholders for the business are airlines, airport operators and other oil companies. 67% of the SBU's business results from international airlines and 33% is from domestic airlines (including defense requirements). The business has 3 services – pure fuel supplier (we supply and buy from IOCL at certain airports), infrastructure operator at airports and direct fuelling of planes. Safety being paramount, the amount of time taken to fuel the aircraft is one of the most important performance indicator for our business.

We believe that a focus on sustainability can allow companies to differentiate themselves in the marketplace, gain an edge over the competitors thus serving as a business enabler. Given the nature of the industry, where the product itself is standardized, success and growth for our business depends on – pricing, services and relationship. While all oil companies may meet the quality standards required by their customers and have little influence on the commodity prices, sustainability helps us differentiate ourselves from the competitors by focusing on the issues most relevant for our business such as customer service and product innovation.

One of our key initiative focusing on environmental impact mitigation is the addition of an additive to the diesel operated vehicles at fuelling stations (AFSs) to reduce smoke (by 3%). The aviation fuelling stations also have in place defined water management practices. At the Gwalior air force AFS; they have battery operated carts for fuelling. Last year they expanded the number from 1 to 5. This is not possible at big airports as a different system (hydrant based) is used instead of the fuel cart travelling to each aircraft. At big airports, in future they may look at using the same for dispenser vehicles. We focus on working with the airports to identify the systems best suited to the conditions for efficient fueling.

The operations of the SBU are audited by the airline customers. International business for the SBU means more business per fuelling, as the aircrafts are larger than the domestic aircrafts, resulting in a lower fuelling business per aircraft. It is in our interest to focus on the quality an other key sustainability considerations of our customers, and our continued focus in this area has resulted in the business receiving good feedback from clients on safety and quality. We have also won a prestigious contract with an American airline- United Airlines after stringent quality checks.

SBU ACHIEVEMENTS AND STRATEGIC PRIORITIES



MESSAGE FROM - MR. R. P. NATEKAR
ED : (INDUSTRIAL AND COMMERCIAL).....

We realize that environmental risks are an important aspect that may have a profound impact on our financial performance in the future and hence action has to be taken now to ensure the long term sustainability of our business.

We are also aware of the need to extend our risk management to our supply chain. We conduct periodic trainings for our transporters to impart knowledge on fuel efficiency and train them on EHS best practices.

BPCL also provides dedicated services on energy conservation to our selected SME customers with the basic aim of improving fuel efficiency. We have a team consisting of external experts from Petroleum Conservation Research Association (PCRA) and people from BPCL to address the need of our customers.



MESSAGE FROM - MR. E. A. VIMALNATHAN
GM : (RETAIL DISTRIBUTION).....

At BPCL, we work towards providing sustainable and good quality product delivery to our valued dealers and customers. With consumers being our prime focus, we aggressively work towards retaining them through our loyalty programs, such as "SmartFleet" and "PetroBonus" and product quality. Our "Pure for Sure" (PFS) initiative launched a few years ago was an effort to meet the customer requirements in terms of correct quantity and correct quality. Almost 69% of the total volume sold in the BPCL network is through the PFS certified outlets.

As a commitment towards environmental friendly product movement, we are consistently increasing our product movements through pipelines and rail networks. We are also focusing on achieving the target to have 50% of tank lorries of 18KL in entire fleet.

Retail installations are constantly encouraged to implement initiatives on rain water harvesting and waste minimization. Currently, more than 30 installations have rain water harvesting facilities.

Safety is given at most importance in the retail operations, mock drills for fire and safety trainings are conducted regularly to ensure safe operations.

5. STAKEHOLDER ENGAGEMENT AND COLLABORATION.....

BPCL regularly engages with a wide range of stakeholders on issues that affect the company's operations. We also participate in industry and trade groups to address emerging issues, develop industry-wide approaches to environmental and social challenges, and cooperate with governments, non-governmental organizations and other stakeholders on common concerns. Our stakeholders are a diverse group that are directly or indirectly impacted by our business and other related operations and comprise our customers, employees, investors, suppliers, Government agencies, communities, neighbours, non-governmental organizations, industry associations, and other business partners such as dealers and distributors, contractors etc.

BPCL constantly endeavors to work with our stakeholders and encourage their participation in our vision for sustainability, while also developing strategic sustainability goals for their own operations. Our business partners, especially, are a focus group that is encouraged to participate in our sustainability efforts as outlined in the following table.

ENTITY	INITIATIVE
Suppliers	All our suppliers are required to comply with our purchasing terms and conditions, which among other things, requires suppliers to comply with applicable laws of the land. Furthermore, BPCL has also taking initiatives for purchase from local/small vendors.
Contractors	Contractors (including personnel working at our plants, those involved in transportation of our products etc) are provided appropriate safety trainings.
Distributors	Majority of our distributors participate in CSR activities initiated by us.
Customers	Our SBUs undertake capacity building activities for safe use of our products by our customers.
Dealers	Our dealers participate in our CSR activities including providing training to transport crews, others.



We regularly seek the feedback from our stakeholders and interact with them as part of our regular business operations, as described below.

Stakeholder Group	Engagement mechanism	Key concerns & priorities
Shakeholders & Investors	Annual General Meeting provides a forum for interaction with Shareholders.	<ul style="list-style-type: none"> • The views of the shareholders relate to the functioning of the company and their valuable suggestions are examined to act upon.
Employees	<p>An employee desirous of making protected disclosures in respect of any of the improper activities can address his communication to the Competent Authority. The Board has appointed the Chairman and Managing Director (C&MD) as Competent Authority for dealing with such disclosures.</p> <p>More than 24 group meetings were held by Employee Satisfaction Enhancement (ESE) group all over India covering more than 650 management and non-management staff.</p>	<ul style="list-style-type: none"> • Career development and progression • Creating an energized workforce • Healthy and safe work environment
Suppliers & Contractors	We regularly interact with our suppliers and contractors to communicate our expectation on their performance and support them in their endeavour to improve their processes through training and capacity building.	<ul style="list-style-type: none"> • Training and capacity building • Grievance redressal in bidding processes
Government & Regulatory Agencies	Periodic interaction on the MoU with the MoP&NG, Meetings on policy development	<ul style="list-style-type: none"> • Expectations on performance of Refineries, customer satisfaction, sustainable development, human resources etc. as outlines in the MoU with the MoP&NG
Customers	We have initiated the CUBE program which allows us to obtain 360° view of our customers to understand them better and cross leverage products, services and databases available with each of the BUs to tap this potential to the fullest.	<ul style="list-style-type: none"> • Early resolution of consumer complaints • Safe product handling and delivery • Competitive product pricing
Communities & NGO's	<p>We interact and engage with our neighbouring communities during implementation of various CSR initiatives in identified areas of concern. We follow a participatory approach and believe that community participation is a must for all CSR activities. They are a part throughout the decision making and implementation processes.</p> <p>We also collaborate with various NGOs and foundations to gain from their expertise in several community projects.</p>	<ul style="list-style-type: none"> • Employment generation • Training support • Inclusive growth and economic value generation
Industry Associations	BPCL is an active member of various industrial associations and participate in the broader policy development process. We are also part of some oil industry specific bodies and contribute in formulating sector specific guidelines.	<ul style="list-style-type: none"> • Participatory policy development • Industry knowledge sharing

We also sought specific feedback from our core business partners and customers during the development of this report, as summarized in the following table. A significant proportion of the concerns raised have been incorporated into the programs and initiatives developed for these stakeholders, and are discussed later throughout the report.

Stakeholder Group	Key Priorities
Customers	<p>Major positive sustainable development role for BPCL are perceived to be in maintaining supply of clean and good quality fuel for different categories of customers including industries, promoting awareness on safety and maintaining excellent customer service & reliability. Customers also highlighted BPCL's continued contribution towards community health & other welfare initiatives, green-belt development, reduction in hazardous waste in industries, employment generation & employee welfare etc. For improving relationship further, customers suggested using social media to connect with customers, enhancing community development especially in terms of basic amenities (such as road, water, education, health) in co-ordination with various stakeholders. Customers believe that BPCL has contributed significantly to overall development in region and country by maintaining reliable fuel supply across the country to various customers and also leading towards industrial development. Customers suggested that in long-term BPCL should focus on sustaining supply of economically viable products, making processes that reduce human interactions, building expertise and becoming a customer centric organization.</p>
Dealers	<p>As per dealers, major positive sustainable development impacts of BPCL are maintaining supply of clean & good quality fuel, fostering innovation to tackle environmental challenges and promoting safety. Dealers consider community initiatives, communication, environment, health / safety and infrastructure as important areas for partnering with BPCL. Dealers further suggested that BPCL should focus on Customer and retail experience in the long term.</p>
Distributors	<p>The major positive sustainable development impacts of BPCL are maintaining supply fuel, technical support, safety, health (e.g. smokeless kitchens) and promotion of clean energy (solar / wind etc). Distributors consider promoting safety at customer premises, increasing reach of LPG to rural markets, Beyond LPG initiatives (selling solar lamps etc), and community initiatives as important areas for partnering with BPCL. Distributors further suggested that BPCL should further enhance safety awareness programs, tie-ups with NGOs for community initiatives, enhance communication by different media (periodic magazines) and enhance welfare activities for distributor staff.</p>
Contractors	<p>As per contractors, positive sustainable development impacts that BPCL have contributed towards are green belt development, rainwater harvesting, ETP, infrastructure improvements, safety, staff welfare etc. Contractors consider promoting safety, worker welfare (health etc), local employment, water management etc as important areas for partnering with BPCL. Further, emphasis should be given for monitoring following of SOPs for standards and safety, capacity development and promoting environmental awareness. Contractors consider promoting safety, reliability, trust etc as important long term focus areas.</p>



6. ECONOMIC PERFORMANCE, MARKET PRESENCE AND INDIRECT ECONOMIC IMPACTS.....

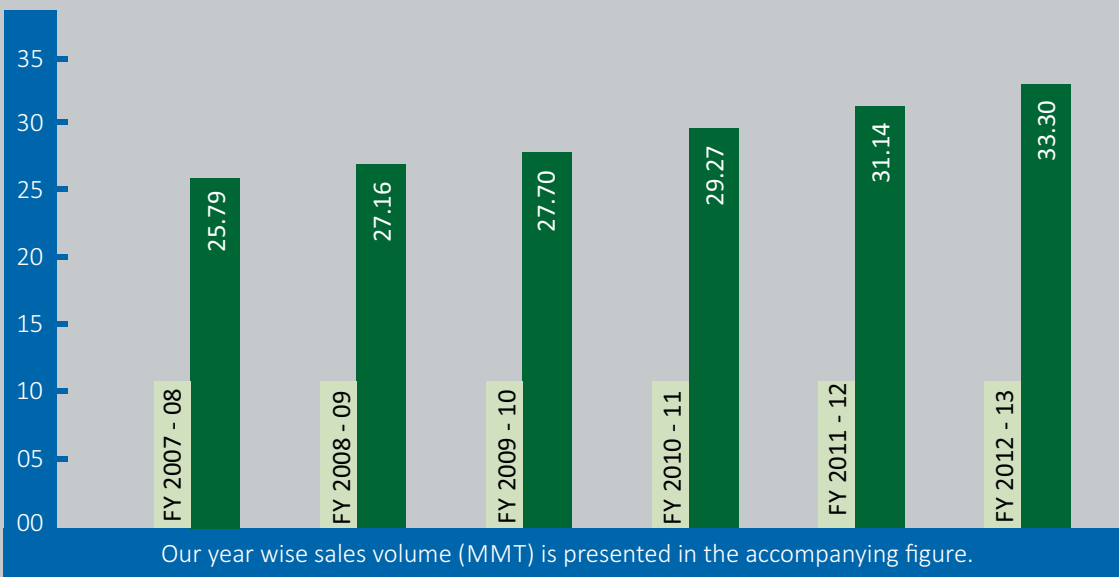
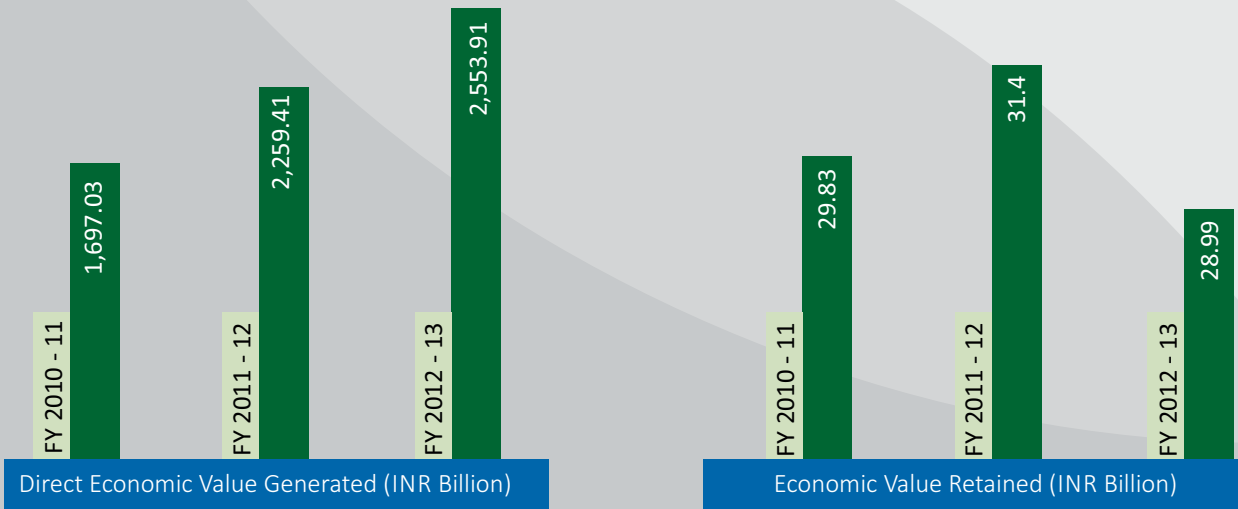
ECONOMIC VALUE GENERATION.....

Coordinated and sustained efforts by our employees and management team have resulted in another year of positive growth for BPCL. In FY 2012-13, BPCL's consolidated revenue increased by about 14%. Key factors in our revenue growth were the company's increased crude through-put, which was 28.55 MMT in FY 2012-13 and increase in market sales, which have grown about 6.96% from the previous year. The consolidated revenues exceeded INR 250,500 crores on the back of sale of 33.3 Million Metric Tons (MMT) of refined petroleum products and gas.

Economic value Generated Distributed and Retained (in INR billion)			
	FY 2010 - 11	FY 2011 - 12	FY 2012 - 13
Directed Economic Value Generated	1697.03	2259.41	2553.91
i Revenues	1697.03	2259.41	2553.91
Economic Value Distributed	1667.20	2227.93	2524.72
ii operating costs	1476.81	2048.68	2323.86
iii Employee wages and benefits	29.74	24.66	29.89
iv Payments to providers of capital	18.15	26.85	33.42
v Payments to government	142.45	127.74	137.55
Economic Value Retained	29.83	31.40	28.99

Disclosure management approach - Economic performance

BPCL has been playing a significant role in India's economic development. We have generated significant employment opportunities across the country leveraging our national presence. We believe robust financial performance is necessary for us to surge ahead in our growth path. We aspire to exceed expectations of our shareholders and at the same time create value for our stakeholders throughout the value chain. Strong growth in revenues and continuous appreciation in our share values are testimony to our efforts in this direction. We realize that inclusive growth is of utmost importance for long term sustainability of our business. With this viewpoint, we have introduced various schemes to encourage rural distributorship and consequently create employment opportunities in rural areas. We also have been working incessantly towards women empowerment, education and capacity building for the community.



Our year wise sales volume (MMT) is presented in the accompanying figure.

We have also planned the following key strategic investments at our Kochi and Mumbai Refineries and other related infrastructure to facilitate future growth:

- ① Integrated Refinery Expansion project (IREP) at Kochi Refinery: The IREP project envisages increasing the refining capacity of Kochi Refinery by 6 MMTPA from the present 9.5 MMTPA to 15.5 MMTPA and modernize the Refinery to produce auto fuels conforming to Euro-IV / V specifications and upgradation of the residue streams (vacuum residue) from the Refinery to distillates and Petcoke.
- ② Capacity Augmentation of Kota-Piyala section of MMBPL Pipeline: The project envisages enhancement of capacity of the Kota-Piyala section of Mumbai-Manmad-Manglia-Piyala-Bijwasan pipeline from 2.8 MMTPA to 4.4 MMTPA, to evacuate products from Bina Refinery and also to meet the growing demands in the Northern region.
- ③ Product Pipeline from Kota to Jobner: The project envisages laying of 14" dia. and 210 km long cross country pipeline from Kota to Jobner for the movement of MS/SKO/HSD, from BPCL Mumbai Refinery /BORL at a cost of 276.27 crore inclusive of 15.67 crore Interest during Construction (June 2010 prices).

RISK MANAGEMENT ACROSS THE VALUE CHAIN

Almost 75% of crude oil requirement of BPCL Refineries at Mumbai and Kochi is met through imported crude. The huge quantity of crude oil (17 million metric tons) imported in a year exposes the company to different risks in transportation of crude oil from the load port to disports and finally its processing in Refineries.

During one instance a tanker loaded with 95000 tons of crude oil reported at Mumbai during rough weather conditions. Within a few minutes of commencement of cargo discharge operation, the vessel was exposed to strong currents of the sea and the moorings started getting snapped. One of the Marine Loading Arm through which the ship was discharging the cargo, broke away causing the vessel to immediately suspend the operations and close all the valves to prevent marine pollution. The vessel was pulled out from the berth and placed at outer anchorage. As the parcel of 95000 tons crude could not be offloaded from the ship, Refinery was running the risk of nil stock.

The following alternative sources had to be immediately tapped with an immediate effect.

- Efforts were made on war footing basis to ensure availability of crude oil to Refinery from alternative source
- In view of low stock of High Sulphur crude, CDU-1 was temporarily shut down. However, other plants continued their operations with Mumbai High Crude.
- The other vessels which were waiting to berth at Jetty No. 4 were either diverted to Kochi Refinery or they were lightered into another vessel in order to accommodate small parcels at Jetty No. 1 and Jetty No. 3.

This ensured that the Refinery operations are not affected in any way and the petroleum products are made available to the end-customers without any disruption.

BPCL takes good deal of care at each step of its value chain to ensure that the risks and losses are contained or minimised to the bare minimum, alternative sources are activated and put in place and effective remedial action is taken to prevent recurrence of such incidents in future.



PM at the inauguration of the Kochi IREP

FINANCIAL INCENTIVES FROM GOVERNMENT.....

As advised by the Ministry of Petroleum and Natural Gas, BPCL has received a subsidy of INR 218966 million from the Government of India as a compensation towards sharing of under recoveries on the sale of sensitive petroleum products during the last financial year. During the same period, BPCL received a discount of INR 168444 million on crude/oil products purchased from oil companies in the upstream sector like ONGC/GAIL/NRL. This discount has been adjusted against the purchase cost in the financial results of the company.

RESPONSIBLE BUSINESS CONDUCT.....

We recognize the invaluable contribution of our customers, employees and our business partners in our success, and constantly endeavour to create value and enhance and contribute to the success of these partners in turn.

We focus on hiring and retaining the best talent through competitive compensation policies and employment benefits. We are guided in our employment policies by the regulations of the Government of India, industry best practices in the country and expectations of the MoP&NG as outlined in the MoU. Our policies support local hiring from within the country and our hiring process is as per the regulations set by Gol and we give equal opportunity to all the eligible candidates across the country. This also facilitates persons from weaker sections of the society to become part of the organization. Being a CPSE, only Indian nationals are recruited in BPCL

We are also committed to managing our procurement operations in an ethical and responsible manner, laying emphasis on procuring from local suppliers. We also work with our business partners on ethical and sustainable sourcing and on building their capacity. Our standard tender document, adopted for major purchases, incorporates a clause on “compliance of regulations” that stipulates that all materials covered in the order have been produced & delivered in strict compliance with all applicable laws, labour agreement, technical codes, statutory requirements etc as applicable. Supplier and vendor compliance with all applicable laws, regulations, labour agreement, working condition and technical codes and applicable statutory requirements are ensured through specific clauses in procurement tenders.

We procure materials from various locations and from the open market as per business requirements through tendering process. We focus on procuring locally from suppliers in India. We also emphasize procuring from small and medium suppliers as per the Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012 issued by the Government of India and target to procure about 20 per cent of total annual purchases of products produced and services rendered by Micro and Small Enterprises in a period of next three years.



BUSINESS IMPLICATIONS OF CLIMATE CHANGE.....

Climate change is recognized as a significant business and environmental issue within BPCL. As a responsible energy company, BPCL is working towards mitigating the impact of climate change through various initiatives centered on energy conservation, usage of cleaner fuels and improving energy efficiency. These initiatives have created strong alignment between BPCL's business principles and various missions under Gol's National Action Plan on Climate Change.

Further to the carbon footprinting carried out for Refineries in the last year and reported in our last Sustainable Development report, we have undertaken carbon footprinting and mapped our GHG emissions for all Lube Oil Blending Plants in FY 2012-13, and plan to expand the scope of this exercise to other operations in the next year. All our operations have made conscious efforts to meet a part of their energy needs from renewable energy sources such as solar power. We have also focused significant attention on mitigating the GHG emissions during the transportation of our products. Our efforts are also directed towards educating the transportation crew and the owners of the transportation fleet. The PCRA trains the field operators on the minimization and optimization of the HSD consumption. We are increasingly concentrating on expanding cross-country pipelines to transport our products to improve the transportation efficiency and minimize environmental impacts from transportation.

Solar Photo Voltaic Power Plant at Kochi Refinery





SOLAR POWER FOR SEVEN SECTIONALIZING VALVE (SV) STATIONS OF BINA KOTA PIPELINE (BKPL).....

The solar system at the BKPL was the recipient of the Frost and Sullivan's Green Manufacturing Excellence Award. This initiative served as an example for the 170 industry members who participated in the award.

BKPL is the 259 KM long multi-product cross country pipeline from Bina Refinery to Kota Terminal used for the evacuation of MS/SKO/HSD production of Bina Refinery. A daily power failure of 12 to 18 hours at the location of the SV locations in Madhya Pradesh and Rajasthan was posing a risk to reliable continuous power supply to all 7 SV stations is essential for smooth and safe operation of pipeline. This resulted in the use of DG sets installed at SV stations as emergency power backup.

The use of the DG sets posed an environmental hazard while also exposing the operations to multiple risks including the non-functioning of telecom panel, SCADA panels, cathodic protection systems, intermittent power failures and escalation of hidden costs.

INR 92.32 Lakhs were invested in January 2013, to provide solar power as main power source in place of grid power at sectionalizing valve stations (SV1 to SV7). Solar power system of 48 volts DC , 6.4 KWp capacities each was installed to meet power requirements of the seven SV stations.

This resulted in the use of the existing DG sets only as an emergency backup source as per the design standard. This also reduced the environment pollution caused by the use of DG sets. The use of solar power would result in the savings of INR 18 Lakhs per year. This would continue for the next 20 years.

We have also focused our business efforts on developing the natural gas business and have made significant investments in this area. Our subsidiary company, BPRL, undertakes the upstream exploration and production of crude oil and gas in 25 exploration/appraisal blocks. To concentrate on the production of biodiesel, Bharat Renewable Energy Limited (BREL) was incorporated in 2008 as a joint collaboration of BPCL with Nandan Biomatrix Limited, Hyderabad and Shapoorji Pallonji Company Limited. This entity undertakes the production, procurement, cultivation and plantation of horticulture crops such as karanj, jatropha and pongamia in the State of Uttar Pradesh. It also takes care of trading, R&D and management of all crops and plantation including Bio-fuels.

Encouraging the conversion of 12 KL capacity tank lorries to 18 KL

The Retail SBU is focussed on the conversion of existing 12 KL capacity tank lorries to 18 KL capacity tank lorries and to achieve a ratio of 50% of the total fleet strength of 18 KL capacity tank lorries by the third year.

This project involves the re-designing of tender document encouraging transporters to offer more number of higher capacity lorries from existing 12 KL to 18 KL capacity tank lorries. As per the requirement, preferential allotment is provided to bidders offering more number of higher capacity tank lorries.

This initiative shall result in the optimisation of fleet number engaged for transportation of delivered products – MS/HSD/SKO, reduction in carbon foot print and environment pollution and also reduction in costs of overall transportation.

INDIRECT ECONOMIC IMPACTS AND COMMUNITY INVESTMENTS....

We work to create value for all our stakeholders and focus on providing support to disadvantaged and marginalized communities near our operations. We have achieved our target set for last year where we committed to train 500 youth/women for livelihood, income generation or training, imparting quality education to 50,000 children and creating infrastructure to support rain water harvesting in 20 villages.

Capacity building of women farmers to enhance livelihood generation

We have partnered with the NGO, MS Swaminathan Research Institute, for imparting innovative and effective farming techniques to the widow 'women farmers'. We have so far reached out to about 500 such women farmers. We have also set up a 'Soil Testing Lab' to help these women farmers understand the quality of the soil before undertaking farming. Apart from this, we have provided a helpline using which they can interact with the experts on daily basis and get advice on various farming and animal husbandry issues.

Some of the community investment initiatives that we undertook last year are highlighted below:

- We initiated a unique Science Education Programme in collaboration with NGO 'Agastya International Foundation' for children of government schools near Solur, Bangalore (Karnataka). Through the project we imparted hands-on science education among poor rural children and teachers. Through this project we are reaching out to 10000 children.
- We entered into the second year with Project Digital Literacy and Life Skills project across 40 low income/ BMC schools in Mumbai in partnership with Pratham reaching out to 25000 children.
- In Nandurbar & Sagar, we entered into the third year of our pilot project of Read India reaching out to 50,000 children.
- We also initiated a unique in-house pilot project for professional development of primary teachers from low income schools.
- We carried out skill based intervention programmes for women in collaboration with NGO SEWA in Lucknow. We impacted about 700 women through this programme.
- We trained 300 youth in Ranchi (Jharkhand) through partnership with Dr. Reddy's Foundation.
- Under Project 'Boond' we converted 20 villages from 'water scarce to water positive'.
- We supported the para health workers training in Bastar Chattisgarh. This project benefited 5000 tribals in remote villages with very less access to health facility.

For implementation in all our community investment programs, we include the key aspects related to needs assessment, baseline assessment and perform impact assessment of our initiatives internally as well as through external agencies to understand the benefits delivered through the project. We also encourage community participation and consider it an integral part of all community investment activities. The communities are a part of the decision making process through a participatory approach in executing projects. We also help build capacity within the community so they are better equipped to deal with various issues and challenges and sustain the intervention.



LUV “Lighting Up the Village” from Patna LPG Territory

LPG SBU is promoting renewable energy, particularly solar lighting facility through its 'non-fuel value added service', named as 'Beyond LPG'. This scheme provides items of household requirement to Bharatgas customers at their door step through LPG distribution network. Branded items are directly sourced from the manufactures and supplied to Bharatgas customers at a competitive price.

The Bharatgas distributors of Gaya and Nalanda districts of Patna LPG Territory came together by sharing their income from Beyond LPG for helping the society by lighting each house of villages of Ichua, Kajichak and Mallichak, comprising of 341 families during 2012-2013, by donating solar powered portable lamps to them.

In 'Beyond LPG' product portfolio, BPCL has solar lantern and solar street light by the brand name-D'light. It was indeed a delight to see the lit up faces of the more than 1500 families of the above villages, when they got the lanterns sponsored by Bharat petroleum. The lanterns are specially designed and are made up of tough unbreakable poly carbonate exterior and have a small solar panel attached to it. The villagers can use these lanterns for all kind of activities including reading as the luminosity of the lamp is very good.

LPG initiatives to provide access to energy in rural areas

Supplying LPG in the countryside of India is something more than business, which Bharat Petroleum is engaged with passionately. On the backdrop of LPG traditionally being an urban fuel, BPCL has taken lead in marketing LPG in rural areas through a specially designed low cost distribution model for rural India, known as Rajiv Gandhi Gramin LPG Vitarak (RGGLV). In a span of 3 years, by end of 2012-13, 532 RGGLV are dotting the remote parts of the countryside. This means immense benefit to the rural women folk in terms of freedom from smoke and drudgery of scrubbing carbon from the utensils. More of LPG usage in rural area helps arresting deforestation and environmental degradation. These RGGLVs are also helping to create self employment opportunities for unemployed or partially employed youths in the villages by providing entrepreneurial avenues. Overall, the RGGLV scheme has taken up the national mission of providing access of clean cooking fuel to rural households.

We also seek to minimize any inadvertent negative impacts on the society and neighbouring communities as a consequence of our business operations. We undertake an assessment of the significant potential impacts on our neighbouring communities before commencement of any new operation through and environmental and social impact assessment, and develop mitigation and action plans to avoid any foreseeable negative impacts. We are also not involved in any involuntary resettlement.

LUV-Lighting Up The Village- from Patna LPG Territory



7. ENVIRONMENTAL PERFORMANCE.....

SUSTAINABLE RESOURCE MANAGEMENT.....

MATERIAL UTILIZATION.....

Extensive material usage is intrinsic to our operations and makes it critical for us to focus our efforts on efficient use of materials. We have an advanced R&D centre which helps us in bringing about process improvements aimed at reducing and recycling our material use with an aim of maximizing material utilization within our operations as well as for our customers.

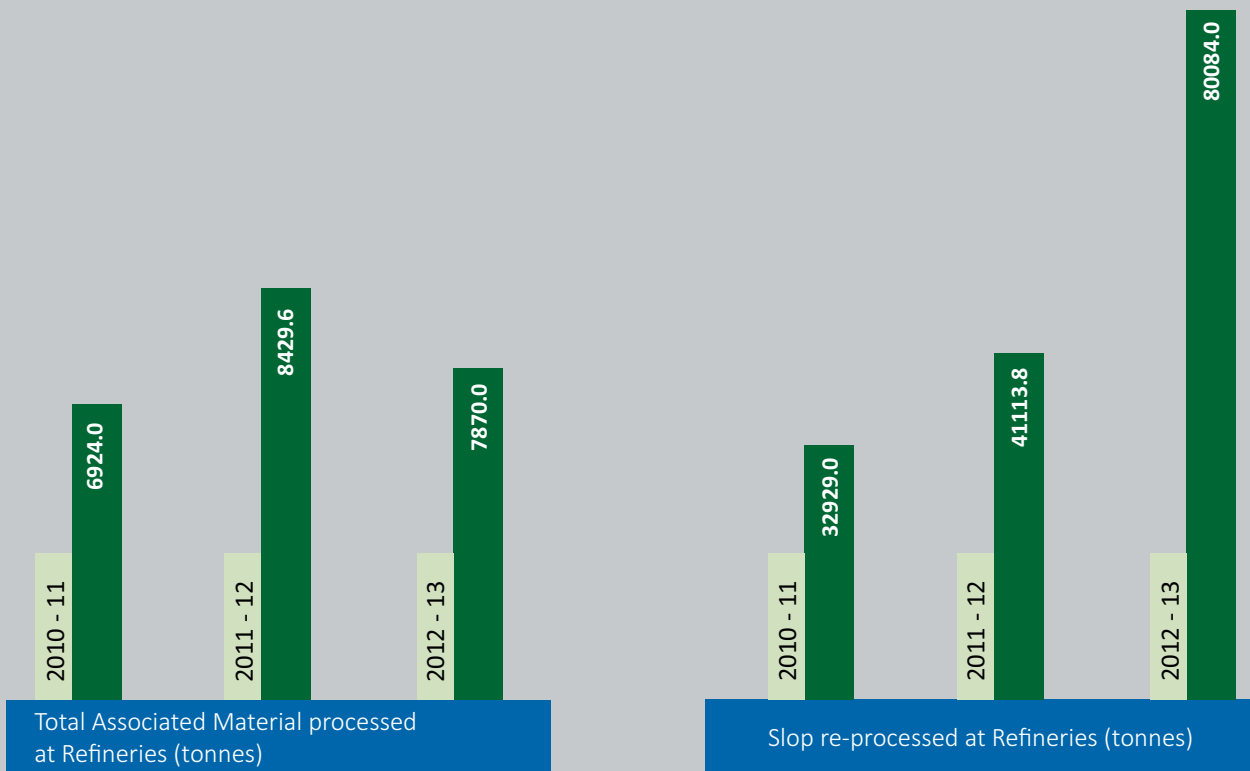
MATERIAL CONSUMPTION REFINERIES.....

Material Type	Measurement Units	Quantity
Raw Materials	Tonnes	22841476
* Associated Process Materials	Tonnes	7870
Semi Manufactured goods and parts	Tonnes	215832
Packaging Material	Tonnes	7398
Direct Materials	Tonnes	23072577

* The material quantities reported does not include RLNG and some other materials used at the Refinery, and these are being reported separately.

While the significant share of material usage occurs in our refineries, the Lubes blending units used 22849 tonnes of packaging material and our Retail units consumed 39088.6 tonnes of materials which comprised of blue dye, ethanol, additives, oil and grease.

We continue to focus on identifying opportunities to recycle packaging and other materials. Our refineries recover slop for re-processing. The LPG SBU continues to minimize the usage of new LPG cylinders by reusing used cylinders for several refilling cycles.



Disclosure on management approach- Environmental performance

We recognize that our business can have a significant impact on the environment and have robust environmental management systems in place to avoid harmful consequences of our operations. Our focus continues to be on minimizing the negative impacts of our operations and going beyond. We have managed to reduce our strain on natural resources through various resource and operational efficiency measures. We are extremely conscious of the criticality of water as a resource for the community and continuity of our operations. We are committed to manage our water usage in a responsible manner. We lay a lot of emphasis on reducing our energy consumption and GHG emissions which is evident from our performance over the years. We have also been exploring opportunities in the field of renewable energy. We have stringent processes to monitor our air emissions and effluents.

Responsible environmental management in our operations over the years has had a huge influence on our growth path. It has not only helped us in gaining access to new resources but has also helped us in optimizing our management of risks. All our business units are working dedicatedly towards a common goal of minimizing our environmental impact and have taken up measures to address the environmental risks specific to them. We believe continuous improvement in our environmental performance is imperative to the sustainability of our operations.

ENERGY UTILIZATION.....

Climate change is a significant challenge for our business. It is a well established fact that energy and climate change are inextricably linked. As a significant consumer of energy, we too have a role to play in contributing to global greenhouse gas emission reductions. It also makes long-term business sense for us to invest in energy security and cost reduction as these are key drivers for our growth. Climate change thus also presents us with potential opportunities. It creates possibilities for us to gain competitive advantage by investing in low emission technologies and demonstrate leadership.

As with material use, the refineries are responsible for a significant share of the total energy used for our operations. Some of the key primary energy sources used in our refineries are diesel, fuel oil (FO), naphtha and LNG. Our refineries consumed 61.8 million GJ of direct energy including 72.7 GJ of renewable energy produced using solar power at the Kochi Refinery. Our indirect energy consumption was 322,000 GJ in the reporting period.

The total direct energy consumed by our other SBUs amounted to **934109 GJ***, of which more than 10% was generated through renewable sources like solar and wind. Also, the total indirect energy consumed by our other business units stood at 260054 GJ.

***934109 GJ** This figure includes the energy used for boiler oil, which was not reported in our last year's report. This change in calculation results in the reported energy consumption figure for this year being significantly higher than the same figure reported for the previous years.



MESSAGE FROM - MR. P. C. SRIVASTAVA
ED : (HSSE).....

For the oil and gas industry, the HSSE performance is of prime importance in the arena of Sustainable Development. BPCL has a strong HSSE roadmap guided by our Dream Plan vision and a well defined HSSE policy. We would also like to highlight that the year on year targets set by the company for the MoU with the MoP&NG are much beyond the regulatory requirements, and BPCL has ensured that our performance has exceeded the targets set for us.

To strengthen the HSSE performance in the company, we shall focus on the following aspects:

- Focus on enhanced sensitization of both management and the workforce on HSSE issues
- Ensuring safe operations by building an attitude that strengthens the HSSE performance of the company
- Adopt a more proactive approach towards disaster management

The Management of the company considers safety and security of the operations as one of the top priorities of BPCL. To achieve this, we encourage responsible and responsive behaviour of employees by sensitization, support of the management and ensuring a two-way communication.

We encourage self-regulation among employees to ensure responsibility towards human life, property, society and the environment. With regard to the workplace related daily operations, we aim to increase the adoption of modern technology that has the potential to reduce manual intervention near the hazardous areas. We are currently assessing the potential areas where this may be implemented.

Going forward, we would like to focus on enhancing our performance in the following areas and move towards zero tolerance on:

- Work permit system – Ensuring that there is a mechanism to mitigate the risks that might possibly arise if the permit is issued.
- Safety Audit – Significant audit points and areas of non compliance and false compliance to be brought under control. To understand the gaps between internal and external audits, we shall also focus on moving beyond the practice of checks and balances, by training, counseling and advising the employees.
- Standard Operating Practices – All activities are carried out as per the rules and internal practices of the company.

We are proud of our performance in the adoption of new and modern technology to increase automation and also the improving quality associated with the process; also on the projects carried out as a part of the corporate social responsibility and our initiatives related to Sustainable Development. The quality of our output has shown significant improvement because of the adoption of new and modern technology at our retail outlets and increased automation. We also consider our performance in the field of Corporate Social Responsibility and our performance in the areas of education and water harvesting.

We take pride in integrating national and international best practices in the areas of HSSE, garnered through participating in industry platform and collaboration, into competencies of our units, related to both the technology and the man power, is as per the global benchmarks.

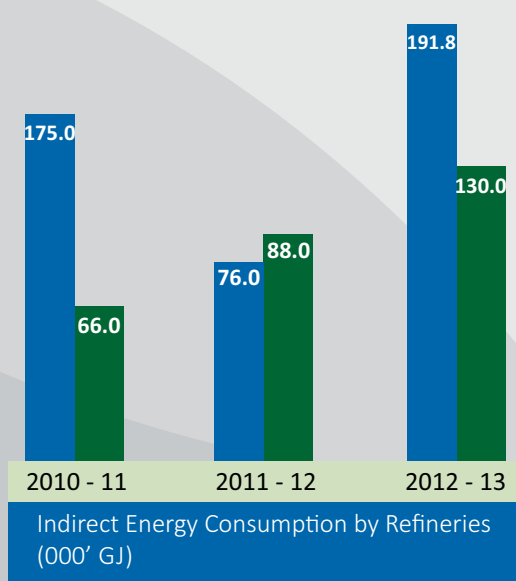
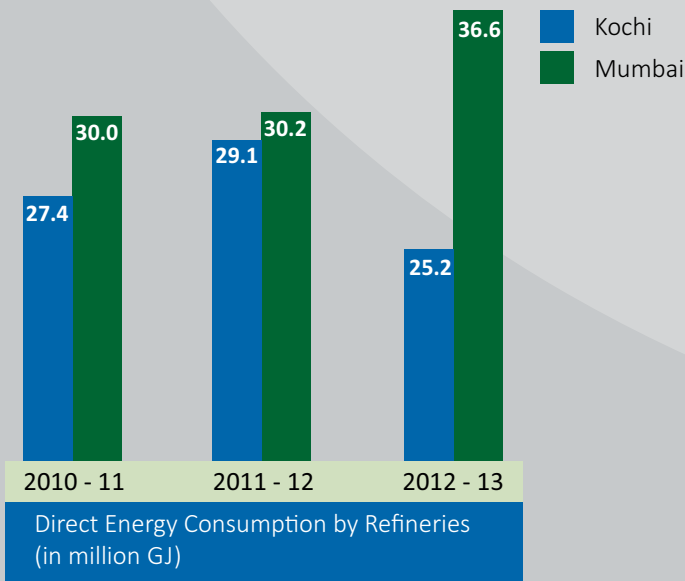
ENERGY CONSUMPTION REFINERIES.....

Kochi	Direct Energy (million GJ)	25.2
	Energy intensity (GJ/tonnes of throughput)	2.5
Mumbai	Direct Energy (million GJ)	36.6
	Energy intensity (GJ/tonnes of throughput)	2.8

Kochi	191791.4
Mumbai	130073.5

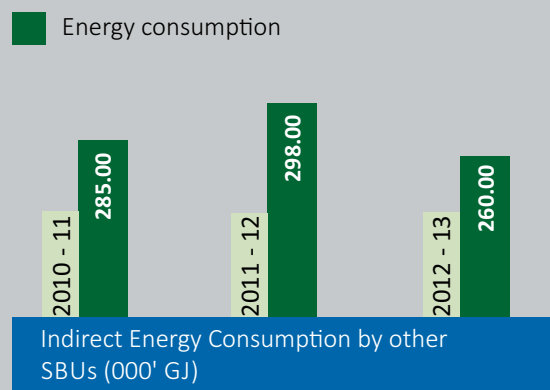
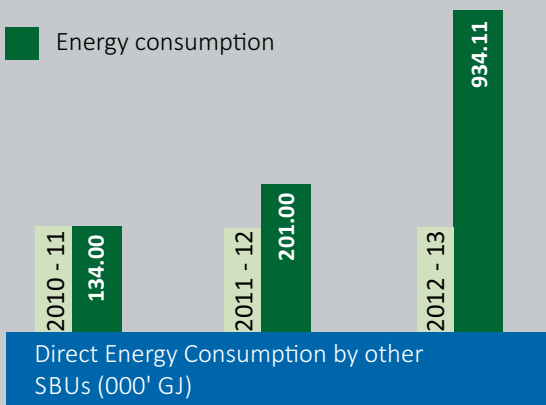
DIRECT (GJ)

INDIRECT (GJ)

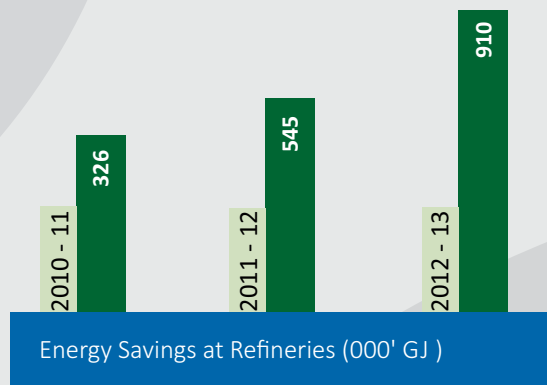


DIRECT ENERGY CONSUMPTION: OTHER BU's.....

Renewable source (GJ)	96738
Non - Renewable source (GJ)	837371



We have also implemented several energy conservation initiatives as a part of our energy efficiency drive. Our refineries were able to save 910,000 GJ of energy which is 66.9% higher as compared to previous year. Our constant efforts across our other business units have resulted in annual savings of 5498.35 GJ of energy.



Biodiesel production Process Technology Development

BPCL's Refinery SBU worked on the development of indigenous end to end bio diesel process using non edible oil and demonstrated the same at pilot scale. INR 2 crores were invested at the initial stage and the recurring expenditure is INR 1 crore.

This project consisted of the standardization of the oil extraction process using non edible based Jatropha seeds , chemical degumming process, process for reusing Gummy material and Trans-esterification process.

Some of the highlights of this project include:

- Development of analytical methods for characterization of feed and product
- Pilot plant design and fabrication and installation and commissioning.
- Production of on spec biodiesel at pilot scale
- Purification and storing in containers for longer duration
- Glycerine separation and purification process demonstrated

Process Scale activities are under progress in collaboration with M/s Engineers India Limited Delhi.

WATER UTILIZATION.....

Water is a finite and increasingly scarce resource. It is not only vital for the sustenance of our operations but also for the community and access to it is a basic human right. We are well aware of the need to use this extremely critical resource prudently. Our installations are widely spread across the country and some of them are situated in water stressed zones as identified by the Government of India. Thus it is imperative for us to have a long term outlook towards water management.*

The type of water source used depends on the locations of our units. The major sources of water are surface water, ground water and municipal supplies and our use is guided by the regulatory permits on resources allocated from specific water sources for our operations. The total water consumed by our refineries in the reporting period was 37.52 million cubic meters which represents over 10% reduction over the last year despite the increase in throughput. Also, more than 84% of Mumbai Refinery's water requirement is being met by sea water. Our other business units consumed 1.09 million cubic meters of water.

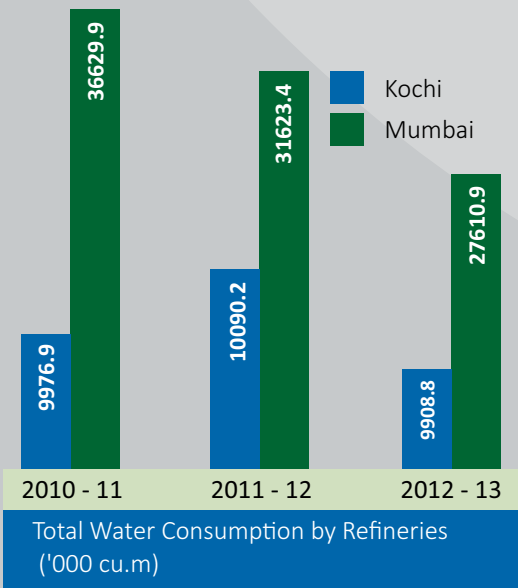
We are constantly seeking opportunities to minimize our burden on the fresh water resources. We have site-specific water conservation plans and water intensity targets as demands for water vary from site to site. Recycling of waste water has been systemically implemented across our locations. Our operations have also made significant investment on rain water harvesting in the last year.

* We are in the process of undertaking a comprehensive study to evaluate the water footprint across all our operations and identify water intensive operations as well as water risks at specific locations to prioritize water management efforts. These will be reported starting FY 2015-16.

Total volume of water withdrawn (000' m ³ /year): Refineries	
Surface water (river, lakes, oceans etc.)	33301.04
Municipal water / other water supply	4190.17
Rain water	28.54

Total volume of water (000' m ³ /year) : Non-refineries	
Surface water	11.25
Ground water	580.37
Municipal water / other water supply	362.77
Tanker water	120.58
Rain water	16.06

Total volume of water recycled/reused (m ³ /year)	
Refineries	3115452
Non- Refineries	13592.34



Our endeavor is to progressively increase the amount of water we recycle and reuse in order to reduce the volume of fresh water our operations use. In the reporting period we were able to recycle 8.3% of our total water consumption at our refineries and reuse it for internal purposes. Also our other business units recycled and reused 13592.34 KL of water during 2012-13.

Effluent treatment plant at Mumbai Refinery

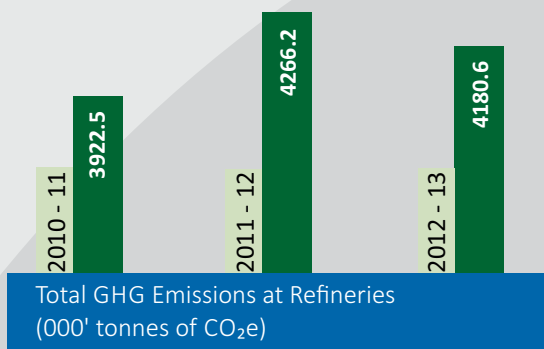


ENVIRONMENTAL IMPACT MANAGEMENT.....

Managing impact on air quality

Our energy use at refineries and other SBUs accounts for the majority of our GHG emissions. The total GHG emissions from our refineries were 4.18 million tonnes CO₂ equivalent. Our total GHG emissions decreased as compared to last year despite the increase in throughput in refineries. The total GHG emissions per unit of throughput showed a reduction of 3.23% over the last year. The indirect GHG emissions from our refineries resulting from purchased electricity was 0.07 million tonnes of CO₂ equivalent. The total direct and indirect GHG emissions from our other business units were 63876 tonnes of CO₂ equivalent and 56345 tonnes of CO₂ equivalent respectively. The total indirect GHG emissions from our other business units saw a 13.84% reduction over previous year.

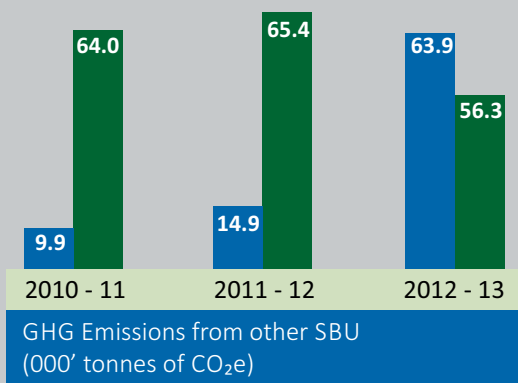
We plan to expand the scope of measurement of our existing GHG accounting studies to also assess the impact of product and raw material transport on our GHG emissions, and we will commence reporting on this from FY 2014-15.



Our focus areas to reduce our greenhouse gas emissions include investing in renewable and cleaner sources of energy, and improving the energy efficiency of our operations to reduce specific energy requirements.

We continue to explore opportunities in the field of alternate energy and strive towards increasing our renewable energy mix. Bharat Renewable Energy Limited (BREL) which is one of the joint ventures of BPCL has made significant investments in the last year towards development of biodiesel using jatropha/karanj. We made significant investment in various renewable energy projects in 2012-13 and were able to generate about 26891.87 MWH of energy through these projects. We are also evaluating additional wind farm proposals to set up 10 MW Capacity in Maharashtra to set-off the electricity consumed in state as well as a solar farm of 5 to 10 MW capacity at select locations.

Some of the significant energy conservation measures include chemical cleaning of heat exchangers, advanced process control in furnace operations, maximum heat recovery from process streams, thereby resulting in a reduction in our GHG emissions.



- Direct GHG emissions
- Indirect GHG emissions

Sunpipe: A natural way of room illumination

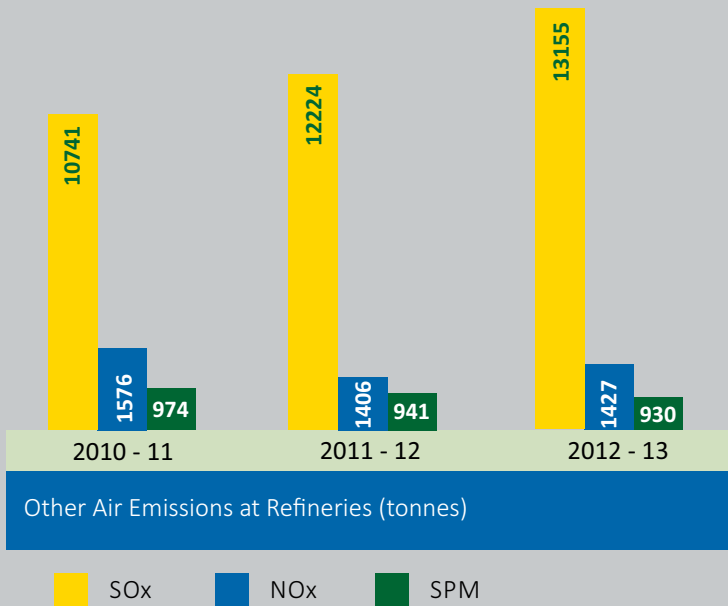
The system of harnessing sunlight for room illumination was introduced for the first time in BPCL by Pipelines group as a green initiative for energy saving.

The advantages of this system are many, including UV protected light, reduced seasonal affective disorder problem, minimization of heat losses in the winter. This installation does not require maintenance and modification of structural alterations. This system is effective even in sunny, overcast and rainy conditions. The key components of the system include Glazing, Lining and Ceiling diffuser.

One of the highlights of Sunpipe is that it has the potential to replace the use of artificial lights for room illumination completely during daytime.

The majority of other significant air emissions result from our Refinery operations. We have installed advance monitoring stations at refineries to monitor air emissions. We measure sulphur dioxide (SO₂), oxides of nitrogen (NO_x), carbon monoxide (CO), respirable particulate matter (RPM 10) and other meteorological data and ensure that the emissions are well within the permissible limits specified on our regulatory permits. The total SO_x and NO_x emissions in the reporting period at our refineries amounted to 13155 tonnes and 1427 tonnes respectively.

We have significantly reduced our ozone depleting substance (ODS) emissions and are well on track of completely phasing out ODS from our operations. In 2012-13, our refineries consumed 5 tonnes of R22 gas resulting in ODS emission of 275.04 CFC-11 kg . Also during this year refineries have flared about 8921 tonnes of acid gas and 6258 tonnes of purge gas.



NOx	1427
SOx	13155
PM	930

WASTE MANAGEMENT.....

Our operations generate a wide variety of waste, some of which could potentially have a negative impact on the environment. Depending on the type of waste being generated, every location has a waste management strategy in place. We prioritize reducing the waste being generated through operational efficiency, as what is not generated does not have to be treated. We also have plans in place to reuse, recycle and properly dispose of waste. Ensuring effective management of waste is necessary to avoid potential clean-up cost later on. Our refineries are the significant contributors to the total waste generated from our operations, with minor contributions from the Lubes and LPG SBUs.

Our refineries generated 15402.24 tonnes of waste in 2012-13, of which almost 69% was non-hazardous. Disposal of our waste is done through certified vendors who are authorized by pollution control board. All the non-hazardous waste is sold to the designated contractors and the hazardous waste is disposed off to the secured landfills using specified methods. The residual sludge after oil recovery is treated using bioremediation. Our LPG bottling plants and lubes blending plant generated 18781.8 tonnes and 54.76 tonnes of non-hazardous waste respectively that consisted of used oil, wooden scrap, plastic scarp, metal scrap, MS scrap, ferrous and non-ferrous scrap. This was disposed off through third party designated vendors.

All operations continuously strive to identify opportunities to recycle waste generated from our operations. In order to minimize the amount of oil in the effluent that is being discharged we have installed oil recovery systems at our major locations. We were able to reprocess 80084 tonnes of slop at our refineries in 2012-13.

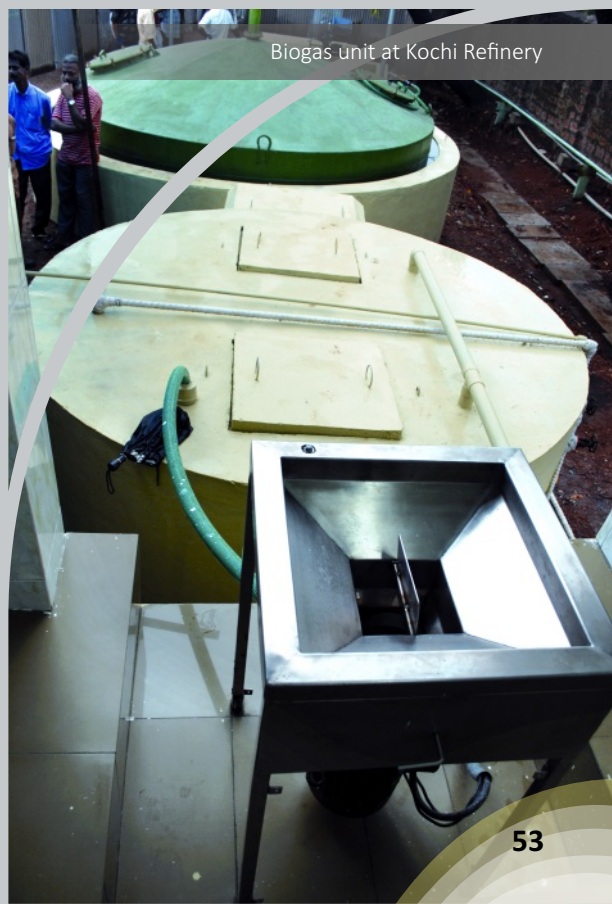
Other significant types of waste material recycled by units include:

- Batteries (hazardous waste - through buy-back arrangements with the suppliers)
- Used filters (hazardous)
- Oil rags/ cotton (hazardous)
- Paper (non-hazardous)
- Sludge (hazardous from refineries)

Biomass Waste to energy at Mumbai Refinery

BPCL R&D premises implemented a waste to energy project in 2011-12, which has been expanded in the last year to use waste biomass consisting of mainly hardwood (kikar, juli flora etc.) and soft/ loose biomass materials like jatropha plantation waste for the production of energy. This project is also being expanded to allow use of bio-diesel waste as the fuel source, as well increase in throughput through pelletization and process intensification for reduction in effluents and improving the specific fuel consumption of the process.

Hazardous Waste: Refineries (in tonnes)	
Spent Catalyst	510.03
Spent Oil	3960.96
Spent Charcoal	9
Spent Coke	5
Batteries and Electronic Waste	55
Others (spent clay)	256



Biogas unit at Kochi Refinery

A key concern for industries in the oil and gas sector is avoidance of and management of oil spills, which can have a significant negative ecological impacts and adverse effects on human health. We did not have any significant oil spills in the reporting period at any locations, and this is direct result of the robust systems implemented by BPCL as well as the training and management of operations by our employees. We also have a well established and comprehensive spill response management system which describes the mitigation and restoration plans to be put in place in case of any such eventuality. BPCL has partnered with other oil and gas majors in India and the port authorities to establish a Tier I Oil Spill Response (OSR) facility at the Mumbai harbour with the objective of minimizing the damage, both ecological and economic that could be caused by an oil spill. The focus is on preventing any spilled oil from coming into contact with oil sensitive resources.

Integrated project on sustainable resource management at Budge Budge

Our Budge Budge installation undertook several initiatives aimed environmentally sustainable operations. The installation measured the energy usage, water consumption, GHG and SPM emissions, hazardous waste generation and the waste water discharged.

The installation has put into place set sustainable development targets, which are given below:

INITIATIVE	TARGET
Recycling of treated water from OWS for boiler operation in LOBP- minimal usage of municipal water	Route all water from OWS for re-charging ground-water by 2014
Rain water harvesting at approx 800 m ²	Cover 100% of Budge Budge Complex under rainwater harvesting by 2014
Installation of LED solar lighting	Achieve a 5 Star energy compliance by 2014
Installation of turbo ventilator	Reduced Energy Consumption
Installation of LED lighting in the Administrative block	Aspire to cover 100% of Budge Budge Complex with T5 Lamps / LED / Solar LED by 2014 The pilot has been started.

Going forward , the installation is geared towards the following sustainable development targets :

- Optimizing operations and increasing energy efficiency
- Formulating GHG, energy, waste reduction strategy and optimization of water consumption
- Identifying future environment associated risks and
- Measurement and report of the progress

MANAGEMENT OF WASTEWATER AND EFFLUENTS:.....

We have installed ETP and oil water separators wherever required in our locations to ensure the quality of wastewater that is being discharged outside is well within the stipulated limits and regulatory requirements. Wastewater from Kochi and Mumbai Refinery is discharged to Chithrapuzha river and sea respectively. We periodically monitor the wastewater on various quality parameters as specified by authorities and take necessary measures whenever required. The discharged water quality from both the refineries was well within the permissible limits specified by state and central pollution control boards

**Total waste water discharge
(000' m³/year)**

Refineries	25240.41
Other BUs	131.81

Green Earth Campaign – Mumbai Refinery

The Mumbai Refinery has set an ambitious target of planting 10000 saplings in and around Mumbai. This project was launched on 22nd June 2012 and is currently successfully engaging important stakeholders like the BMC, MPCB, CISF, Teaching Fraternity, Students of Chembur Schools and senior executives as well as employees of Mumbai Refinery.

Management of impacts on biodiversity

We are cognizant of the potential for impact on biodiversity from our operations, and are in the process of undertaking a comprehensive assessment of significant impacts on local biodiversity due to our varied operations. Based on this assessment, we also propose to formulate response strategies to manage and mitigate any adverse impact from our operations, and we will start reporting on these aspects describing our efforts till date and our future plans to manage impacts on biodiversity from next year, FY 2013-14.

EXPENDITURES INCURRED FOR ENVIRONMENTAL MANAGEMENT....

**Environmental Expenditure:
Refineries (in million INR)**

Treatment and disposal of waste	632.05
Depreciation and maintenance cost of equipments used in pollution control	345.38
External services for environmental management	4.94
External certification of management systems	0.31
Personnel for general environmental management activities	21.52
Extra expenditures for installing cleaner technologies	21.11
Other environmental costs	391.30

**Environmental Expenditure:
Other BUs (in million INR)**

Treatment and disposal of waste	3.21
Depreciation and maintenance cost of equipments used in pollution control	1.84
External services for environmental management	7.22
External certification of management systems	0.66
Personnel for general environmental management activities	2.81
Extra expenditures for installing cleaner technologies	0.49
Other environmental costs	11.27



8. CREATING AN ENERGIZED WORKFORCE.....

Our business motto is "Energizing lives" and we firmly believe that we need an energized workforce to realize our vision. This philosophy also guides our Dream Plan vision and initiatives implemented for recruiting and retaining a talented workforce, ensuring a safe and healthy workplace for our employees and encouraging our business partners to inculcate similar responsible employment practices in their own operations.

We believe our employees are BPCL's most valuable asset and professional growth of our workforce is critical to our sustained business growth.

In the last financial year 153 employees left the organization of which 12 were women. A total of 192 employees were newly recruited in the last financial year. In the last financial year a total of 15 women employees availed the maternity leave out of which 7 women employees returned to work.

BPCL Employees:

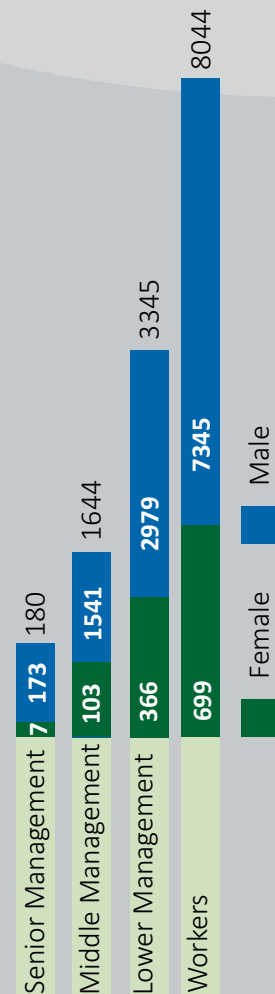
We employ 13213 permanent employees, of which 1175 are women and 219 employees are disabled.

Contract employees:

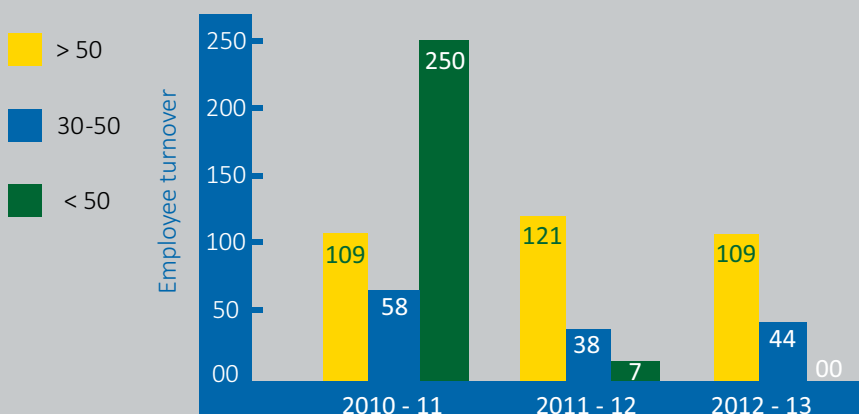
The Company employs contract labour (sourced through tendering process) for several activities. Many such activities are based on number of hours of work. Number of man-hours of contract labour employed over the reporting period across all locations: **Males: 6821226 & Females: 195781**

Age Group	Employees Turnover	2012 - 13	
		Male	Female
< 30	109	98	11
30- 50	44	43	1
> 50	Nil	Nil	Nil

No.	Designation	No. of Employees	2012 - 13	
			Male	Female
1	Senior Management	180	173	7
2	Middle Management	1644	1541	103
3	Lower Management	3345	2979	366
4	Workers	8044	7345	699
5	Total Employees	13213	12038	1175



EMPLOYEE TURNOVER BY AGE GROUP.....



WORKFORCE BREAKUP BY DESIGNATION.....

EMPLOYEE BENEFITS.....

The company has various policies and schemes aimed at ensuring employee wellbeing making BPCL a preferred employer in the sector. Various policies like leave policy, medical policy, post retirement policy, legal aid policy, whistle blower policy etc. have been developed so as to provide an ethical and healthy workplace to our employees and also provide communication and grievance redressal mechanisms to our employees. In addition to our employment policies, we also support various schemes like housing loan, vehicle loan, monthly ex-gratia scheme, new pension scheme, death in service scheme, education assistance scheme and group saving linked insurance scheme for our employees, which are instrumental in making BPCL the employer of choice.

Disclosure on Management Approach – Labour

Our utmost priority is ensuring the health and safety of our people. We have robust mechanisms in place to ensure accident free workplace. Our aim is to achieve zero lost days because of any injury or occupational diseases. We follow a top down approach in managing health and safety related issues. We follow a top down approach in managing HSE issues. We have an apex council under the leadership of Chairman & Managing Director which steers HSE governance of the organization. We have formulated several councils to monitor and review our HSE performance against the set benchmarks at regular intervals. They identify shortcomings and suggest improvement measures in our activities.

BPCL further ensures compliance against all applicable regulatory requirements, including the Industrial Dispute Act of 1947, which stipulates a minimum notice period of 21 days prior to the implementation of significant changes in operations. We do not have any concept of recognized employee association but we have 22 registered unions (Including Refineries) representing 92.56% of our (non-management) employees. 60.8% of all BPCL employees are covered by Collective Bargaining Agreements.

BPCL is an equal opportunity employer and does not discriminate on the grounds of gender, age, religion, race, colour, etc. Salary and remuneration in BPCL are not based on gender and same salary for the same work is paid to all employees, irrespective of gender. We continue to work towards improving the diversity in our organization and we have strict policies in place to eliminate and deal with any act of discrimination based on caste, gender, age and race.

RESPECT FOR HUMAN RIGHTS.....

At BPCL, respect for human rights is deeply embedded into the organization's DNA. We have incorporated safeguards within the existing policies for our employees, contractors, suppliers and other business partners to ensure compliance to our statutory obligations related to human rights. All operations undertaken by BPCL are in compliance with Indian laws and regulations protecting human rights.

The bidders, contractors and the suppliers to BPCL are expected to comply with the laws and regulations which bolster fairness and transparency while ensuring the economic use of resources. Our agreements with the external parties highlight the statutory obligations arising on account of various laws and regulations which advocate the dignity of labour. Also, the standard tender document adopted for major purchases incorporates a clause on “compliance of regulations” that stipulates that all materials covered in the order have been produced and delivered in strict compliance with all applicable laws, labour agreement, technical codes, statutory requirements etc as applicable.

Disclosure on Management Approach – Human Rights

At BPCL, we are committed to undertaking our business in a manner that basic human rights of our employees, both company and contract employees, as well as promote these practices throughout our network of business partners, including our suppliers, distributors, dealers etc. We have various mechanisms in place, discussed in this chapter, which assist us in ensuring compliance with local and national regulations on human rights. The Integrity Pact for our business partners is an important initiative in this area.

While no grievances related to human rights were reported during the last financial year, BPCL is committed towards the protection of human rights and as a step in this direction we plan to establish a system for human rights reviews and impact assessments.

Integrity Pact Programme: Ensuring Fair and Ethical partnering

Flowing from its core values of Integrity in Thought and Action, BPCL took a significant step in its quest to enhance transparency and re-iterate its commitment towards good governance. Recently, a MOU was signed between BPCL and Transparency International India to implement the integrity pact. This initiative is a major step in bringing in good corporate governance and transparency in all spheres of contracts and dealing with business partners.

TALENT MANAGEMENT.....

Talent management and talent retention are key focus areas of our human resource initiatives. In the last year, we have implemented a robust talent management framework with a structured talent review process for all employees to facilitate identification of future leaders at the national, functional and regional levels. We have also implemented learning and development programmes which have been developed bearing in mind the needs and aspirations of our workforce. We have also made important changes in our performance review system recognizing the aspirations of our workforce and we duly reward and recognize our employees for their efforts and encourage them to achieve their objectives.

We believe that leaders are not created in a day and hence we have devised processes to identify talent at the very beginning and prepare them for future. Our aim to develop a talent pool by providing them experiential learning and ensure their smooth transition into leadership roles. We identify talent at national, functional as well as regional level and provide them 360 degree review at various levels.

We have systems in place to assess performance of our employees which is communicated properly to them. The process is designed in a way so as to cover various performance related aspects and is relevant to all the sections of our workforce. We carry out surveys to better understand the requirements of our employees. These are specially focused to provide a medium to our younger employees and identify their expectations from performance and monitoring systems.

Development of Leadership Pool – Career Development through ASCEND

We have formulated an Integrated Career Development framework called "Ascend" which allows freedom to an individual to decide his or her career path and provide them opportunity to appreciate the factors that shape their career. We defined potential as a combination of one's Ability, Engagement and Aspiration and also evolved a framework for assessing all the three elements of potential. The junior (entry level) officers were administered under a standard 360 degree assessment tool known as Growth Factor Inventory (GFI) tool which assessed individuals on four parameters and were provided with post assessment feedback to help develop their Individual Development Plans.

For the middle and senior level officers, we conducted 360 degree assessment on the Leadership competencies. Their respective line managers then made presentation on the talent profile of each of the assessed officers before a panel of senior leaders from businesses. The panel discussed at length the strength and areas of development of all the officers and recommended future roles for them.

HEALTHY AND SAFE WORKPLACES (LA 7 & 8).....

We are committed to providing a safe and healthy work environment to our people. We believe that a safe and healthy work environment is a must for motivated and productive workforce and hence safety is not a cost but an investment towards sustainable business. Ensuring occupational Health and Safety at every operation and project is our priority and our goal is to operate with zero injury to our people. We have improved significantly over the years in terms of our safety performance and are extremely watchful of any scope for further improvement.

Given the nature of our operation, health and safety issues are our topmost concern at each of our business units. We set very high standards for ourselves and have installed best industry practices and safeguards which goes beyond the statutory requirements and laws. We have zero tolerance for any violation in following established procedures.

Despite our best efforts, the last financial year saw a loss of 6318 man days of the company employees. For the reporting period the Injury rate and Lost day rate are 0.0608 and 48.03 respectively. Following table summarizes our safety performance in the year FY 2012-13.

Fatalities	Company	1 FIR lodged (male)
	Contractors	2 (male)
Injury	Company	8
	Contractors	10
Occupational diseases rate	Company	3
	Contractors	0
Man days lost	Company	6318
	Contractors	12600
Missed (absentee) days	Company	24661
	Contractors	0

BPCL has proactively adopted the oil and gas industry standards and norms which include Emergency Handling System, Health, Safety and Environment Management System, Emergency Handling System, Civil Defense Plan and others.

All our employees have access to health advisors through the medical support services. Our employees who are set to travel overseas are also advised and counseled regarding any health risks by providing appropriate training and the relevant vaccinations



Health initiatives for employees

Billion Hearts Beating - Health camp at Eastern regional office, Kolkata:

A health camp was organized at Eastern Regional Office, Kolkata for its employees in coordination with “Apollo Gleneagles Hospitals”, with a team of doctors, technicians and nurses. The health camp was a stupendous success as more than a hundred employees participated in the check up. In the camp need based ECGs were also conducted for our employees.

Anti tobacco day celebrations at NRO:

A Health Awareness Talk on Cancer was organized by HRS North on the occasion of the World Anti Tobacco Day Celebrations on 31st May 2012. Dr. A.K. Dewan, Medical Director, Chief of Head & Neck Surgery, Rajeev Gandhi Cancer Hospital, Rohini, Delhi addressed staff in Noida office auditorium.

Cancer screening camp at Mumbai Refinery:

Mumbai Refinery, in its endeavor to promote wellness amongst the employees, has undertaken a series of programmes to create awareness about the ills and prevention of various diseases. Two days Cancer Screening Camp was organized in association with Indian Cancer Society and SRL Religare Diagnostics. A total no. of 202 employees, including 35 female employees, were examined during this Cancer Screening Camp.

All our new employees have to undergo HSE Orientation programme before they are assigned with any job / responsibilities in the plant. The programme includes familiarization courses covering the following:

- HSE Policy of the Organization
- Potential Hazards in the Plant, Consequences on Exposure
- Safety Features for the Personnel i.e. PPEs, Do's & Don'ts
- Unsafe acts / Unsafe conditions and other causes for accidents
- Incident Identification and Reporting
- Safe Operating Practices, Maintenance, Repairs, Work Permits
- Housekeeping Practices.
- Emergency Preparedness
- Fire Fighting Arrangements and Operations
- Availability of Operation, Maintenance, Safety Manuals, Guidelines, Rules & Regulations.
- Security Features and Practices

We also ensure that our contractual employees are properly trained and are thorough with our procedures before being put on the job. We have detailed guidelines in place for our contract management and third party services, transport safety management and construction safety.

EMPLOYEE TRAINING AND SKILL BUILDING.....

We focus significant efforts on equipping our employees with the necessary skills upgrades required to facilitate their career progressions and development. The overall investment in employee training is summarized in the adjoining table. At the BPCL Learning Centre (BPLC) employees trained on safety as well as technical and behavioural aspects. Thus they are sensitized on various aspects of human rights and fair practices.

Fire prevention week celebrations at Cherlapally installation: Fire Prevention Week was celebrated at our Cherlapally installation from 14.4.2012 to 23.4.2012. The BPCL staff and contract workmen were made aware of various safety procedures and the importance of fire safety through live demonstrations of various processes

Fire Officers receive President's Gallantry Awards: Three Kochi Refinery Fire & Safety Officers Mr. A.V. Naizu, Mr. V. L. Bimal Raj and Mr. Satish Jagiwan received the President's Gallantry Award from Kerala Chief Minister Mr. Oommen Chandy at a function held in Kochi on 31 March.

National Safety Week at Sewree installation: The 41st National Safety Week was celebrated at our Sewree Installation to sensitize employees on the importance of observing safety in operations.

Permanent Employees	On an average 31.84 man-hours of training per employee was provided in the reporting period. This is inclusive of safety related trainings undertaken at plants, technical and behavioural training offered by BPCL Learning Centre (BPLC) centrally
Permanent Employees (Women)	On an average 20.93 man-hours of training per women employee was provided in the reporting period. This is inclusive of safety related trainings undertaken at plants, technical and behavioural training offered by BPCL Learning Centre (BPLC) centrally.
Casual/Temporary/Contractual Employees	Across our units, relevant safety trainings are provided for our contract employees. Cumulatively number of man-hours of safety training in reporting period: 749337
Employees with Disabilities	Not tracked separately



9. RESPONSIBLE PRODUCTS & SERVICES.....

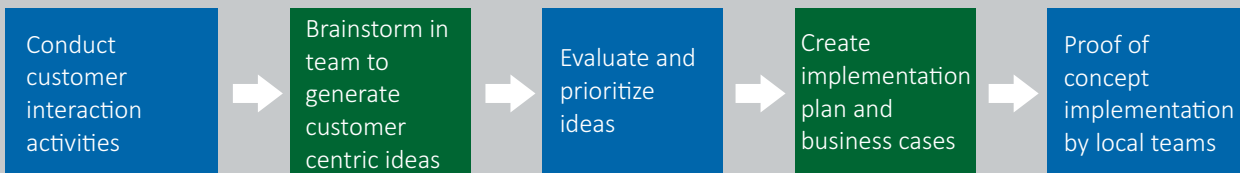
LPG is one of our primary retail products and it is marketed by the name "Bharatgas". It touches millions of lives across nation as it is the major source of fuel for cooking in Indian households. This is also corroborated by our business motto "Cooking for Life" of LPG business division. We take pride in being the pioneer of LPG business in our country and we continue to provide our services passionately. Marketing network and customer service has been our forte for many years. We are rapidly adapting to the changing customer aspirations and technological advancement.

RESPONSIVE TO CUSTOMER NEEDS.....

We started a corporate initiative called Customer Understanding for Business Excellence (CUBE) intended at transforming our services into an integrated energy solution provider. CUBE has a three level governance structure comprising of the CUBE steering committee, CUBE core team and customer champions. This initiative is primarily aimed at the following:

- Fostering a culture of collaboration at the field level by establishing cross business unit (BU) Customer Innovation Councils (CICs)
- Taking 360° view of our customers to understand them better and cross leverage products, services and databases available with each of the BUs to tap this potential to the fullest
- Applying analytics on existing data fields to create a deeper and meaningful data analysis to augment the understanding of our customers
- Engaging with channel partners to deliver a superior customer experience on a consistent basis

CUBE process flow for CIC



Disclosure on Management Approach-Product Responsibility

We follow a customer centric approach while designing our products and services. Our efforts are directed towards making our products as user friendly and relevant as possible for our customers. All our product labels provide information required as per National and International specifications on the product. We also display relevant information for safe handling of the product. We conduct regular customer surveys to get their feedback and understand their needs. We ensure our customers are satisfied by providing best in class products and maintaining high quality standards. Being compliant to required regulations is extremely important for us and all the marketing communications are done responsibly.

We are currently working on the concept of "One BPCL" which will enable us to look beyond BUs by offering integrated solutions to B2B customers. Under CUBE, some of the initiatives that are currently being taken are:

- **One point Contact:** A new Customer Care Centre is being set up which will act as a single point contact for any information, feedback or grievance handling.
- **One BPCL Card / Platform:** A paper has been prepared on a consolidated BPCL loyalty card, which can be utilized by all sets of customers.
- **Knowledge Management (KM):** CUBE is in the process of implementing the KM solution in two spaces in association with our ERPCC- B2B customers and Channel Partner Engagement.
- **SmartFleet Customer Care Centre:** SmartFleet is a tool which offers fleet owners / companies' convenience of payment, security, credit, MIS and rewards.
- **BPCL First :** This initiative is successfully creating better visibility, enhanced levels of service, structured customer interface and an upgraded complaints redressal system in 14 high potential 2-3 tier cities. For effective complaint redressal, these 14 locations have Customer Care System (CCS) which provides single window for complaints, queries and suggestions.

ENVIRONMENT, HEALTH AND SAFETY CONSIDERATION DURING PRODUCT LIFE CYCLE.....

Our refineries emphasize on fuel quality upgradation in line with national fuel policy and international benchmarks to minimize emissions. Some of the key enablers are

- Energy efficient Refinery operations,
- Best in class Refinery technology adoption,
- Resource conservation,

Our Mumbai Refinery has formulated an Environmental Management Plan which establishes goals and action plans in line with our sustainability principles, which are also applied while designing and constructing new process units and associated infrastructural facilities.

Some of the recent changes implemented throughout the product value chain by our Mumbai Refinery in line with these sustainable development principles are as follows:

- Production and supply of auto fuels (MS/HSD) meeting Bharat Stage IV specifications. We are also in the process of developing plans for meeting the emerging Euro-V specifications.
- Transportation of 85% of the petroleum products through pipelines resulting in lower GHG emissions in the life cycle of our products.
- Replacing liquid fuels with Re-gasified Liquefied Natural Gas has immensely helped in reducing carbon dioxide (CO₂) and sulphur dioxide (SO₂) emissions from the Refinery.
- Installation of a new state of art energy efficient Crude & Vacuum distillation unit is under implementation. This will produce higher yield of products as compared to the old units.

BPCL has a strong focus on developing products that reduce resource consumption wherever possible and also replace it with more environmental friendly material. We have an advanced R&D centre which helps us in bringing about any process improvements. Process improvement and the development of products that are resource effective are major thrust areas of the R&D centre of the company. BPCL has a rolling plan for the upgradation of Bharat Stage II autofuel to Stage III & Stage IV which shall have the positive upshots of lesser fuel consumption and pollution reduction.

"Jan Chetna Rath": Safety awareness for customers in Bihar

"Surakshit Bharat Gas – rakhe surakshit ghar" - this was the motto of the second Jan Chetna Rath. The aim of this movement was to raise safety awareness of the people in 8 Districts of Bihar covering 20 markets and more than 1.5 Lakhs Bharatgas consumers in urban, semi urban and rural markets during its 7 days journey.

The Rath carried informative messages regarding safe usage and conservation of LPG, various Do's and Don'ts, brand promises and PDI messages.

A Nukkad Natak (Street play) troop, which accompanied Rath, performed street play themes on customer's right, safe usage and conservation of LPG, PDI, new connection installation tips etc.



Coal gasification and Coal to Liquid

Depleting oil resources, increasing demand, uncertain political climate in oil producing countries have caused a significant rise in crude oil price over the last few years. In this background production of clean fuels from coal is being viewed as one of the most promising options of the future, particularly for countries like India. With the current crude oil price being above US\$90 a barrel, the option of producing liquid fuels from coal is very lucrative. Also conversion of coal to fuel makes economic sense for the country while also playing a key role in maintaining the energy security of the country.

CRDC has the distinction of being the first industrial research organization of the country to produce fuel from syngas. This project was implemented from 2009-2013 and involves research work in the area of syngas generation, syngas clean up and synthesis of liquid fuels from syngas through Fischer-Tropsch process for the development of basic design package for CTL demonstration plant. The capital expenditure of this project is INR 6 crores while the revenue expenditure is INR 1.5 crores.

The key activities of this breakthrough project include:

- Development of novel operating scheme for co-gasification of coal/Petcoke to generate high quality syngas
- Synthesization and demonstrated attrition resistant Cobalt based FT catalyst for the conversion of syngas to liquid fuel.
- Development of mathematical models for estimating kinetics of FT reaction and prediction of product distribution.
- Developed a multi-reactor operating scheme for the conversion of coal to liquid fuel

Going forward, the basic and detailed engineering package will be developed based on the knowledgebase of CTL for setting up a demonstration unit of coal to liquid (CTL) technology.

In line with Autofuel policy of Govt. of India, BPCL has taken up rolling plan to upgrade Autofuels from Bharat Stage II, to III & IV. As the stage increase the fuels are expected to give better performance during their use in the vehicles leading to lesser fuel consumption & reduced pollution. In this program a particular emphasis is put on reduction of Sulphur which is a pollutant & also has harmful effects on system during its storage, transportation & use. Reduction of sulphur leads to reduced Sulphur-dioxide and trioxide emission during burning of Autofuels in the vehicles leading to cleaner atmosphere. It is estimated that 1 Kg of Sulphur generated about 2 Kg of oxides of Sulphur. Details of stage-wise sulphur reduction in this program are given below:

- During manufacturing Sulphur content in MS reduced with a maximum limit of 500 PPM in Bharat Stage II, 150 PPM in Bharat Stage III & 50 PPM in Bharat Stage IV.
- During manufacturing Sulphur content in HSD reduced with a maximum limit of 500 PPM in Bharat Stage II to 350 PPM in Bharat Stage III & 50 PPM in Bharat Stage IV
- MAK All Season HMO – A single formulated product has been created, addressing both conventional and organic farming requirements. This has led to reduced inventory in production, packing and distribution. Shelf life has also doubled, leading to reduced requirements for frequent testing / retesting / corrections.
- MAK All Season HMO – Farmers, both conventional and those demanding organic inputs are being offered a single product which meets the stringent requirements for an organic product set by IMO. This makes it much safer than conventional products for- plants, soil, environment, farmers' health and even for human consumption. Further, the longer shelf life helps farmers to stock it for longer periods and also lowers the rejection rate.

The health and safety issues are given the utmost priority in the organization and steps are taken to ensure the compliance with the relevant practices across the entire life cycle of the products. All the operations and manufacturing at our business units are carried out as per the best industry practices. To ensure safe and secure distribution of products, our transport crew is trained on the Health and Safety and fuel safety practices with special trainings conducted for the PVCO crew. Our SBUs also undertake capacity building activities for safe use of our products by our customers through workshops, seminars and other to educate and sensitize them on it.

All our product labels provide information required as per National and International specifications on the product. We also display information relevant for safe handling of the product.

10. CSR INITIATIVES.....

BPCL being a leading organization recognizes its responsibility towards community and has been working conscientiously for the betterment of weaker sections of society for years. Our vision is to build a powerful partnership with society for sustainable development. It is our constant endeavor to maximize the positive impacts of our activities and ensuring that it reaches to all our stakeholders. We firmly believe that inclusive growth is critical for the sustainability of our business. Our community engagement programmes are vital to our sustainability strategy and hence it is essential for us to engage honestly with communities and respecting their needs and rights.

We take complete cognizance of the need of the community at the designing stage of our CSR projects. All our CSR activities are directed towards bringing about sustainable and broader level benefits to the society. We undertook several CSR initiatives in the reporting period with a special emphasis on education, water conservation and livelihood. We had set a MOU target of reaching out to 50,000 children for imparting quality education, 20 villages for Rain Water Harvesting and 500 youth/women for livelihood/ income generation training. We achieved 100 % completion of the MOU targets. Some of the initiatives that we undertook last year are highlighted below:

SCIENCE EDUCATION PROGRAMME.....

We initiated a unique Science Education Programme in collaboration with NGO 'Agastya International Foundation' for children of government schools near Solur, Bangalore (Karnataka). Through the project we imparted hands on science education among poor rural children and teachers. The program is holistically designed to spark creative thinking and problem-solving skills, improve learning achievement and expand opportunities for rural children and teachers. In the said project a Science Center hub is established at Magdi which acts as a hub for hands-on teaching and learning activities in that particular area. Children and teachers from nearby areas viz. 5 km radius visit the Science Center while farther stretched areas are reached by a tailor made mobile science Lab. This moving van covers schools in 30 km radius and involves students and teachers with hands on training and scientific experiments. Children really enjoy and have an experiential learning. Through this project we are reaching out to 10000 children.

PROJECT DIGITAL LITERACY.....

We entered into the second year with Project Digital Literacy and Life Skills project across 40 low income/ BMC schools in Mumbai in partnership with Pratham reaching out to 25000 children. The children, who were otherwise completely unaware of computers, have now been able to grasp and operate computers with confidence. There is an enhancement in their confidence and they are also enthused to attend school regularly.

Disclosure on Management Approach – Society

The BPCL CSR Committee has been constituted to provide guidance on pursuing inclusive development for our local communities. We have focused on the areas of water and education in developing our interventions for the local communities. We also aim to minimize the impact on neighbouring communities and mitigating potential impacts as far as possible by conducting environmental and social impact assessment for all new operations, in line with the requirements by the Ministry of Environment and Forests.

We also participate in various industry forums to promote the development and implementation of responsible business practices for companies in the oil and gas sector.

READ INDIA.....

In Nandurbar & Sagar, we entered into the third year of our pilot project of Read India reaching out to 50,000 children. The project had a very positive impact on the learning levels of children. In Sagar, the children who were the part of the project have gained 40 – 50 % higher scores than other students. Third party impact assessment of our intervention showed following results:

NANDURBAR	SAGAR
<p>The learning level of intervention groups in Mathematics and Language were good and on an average they scored between 71 to 81 %.</p>	<p>The students of the intervention group gained 40 to 50 % higher scores for class 2, 3, 4 & 5 compared to non intervention group.</p>
<p>The scores of children on factual knowledge (i.e memorizing) were higher for grade 2 children, but for grade 3,4 and 5 factual knowledge & comprehension were almost same.</p>	<p>The scores of children on factual knowledge (i.e memorizing) were higher than comprehension or application.</p>
<p>Intervention group students have scored 90% on standard measurement, followed by data handling, money, geometry i.e. 66%.</p>	<p>Intervention group students of class 5 scored 100 % on concept of money, 99 % in data handling and 86 % in measurement & geometry.</p>



COMPUTER ASSISTED LEARNING PROGRAMME.....

We imparted computer education to children from Govt./low-income schools through this program. We started with 11 schools near our bottling plant in Uran (Raigad Dist, Maharashtra) and 10 schools near our bottling plant in Lucknow. Today we have scaled it up to 75 schools in Uran and Lucknow. We will be able to increase our outreach to 60000 children in the next couple of years through this program. A third party assessment of this project highlighted an increased practical knowledge of computers in children. It also reflected an improvement in the subjects of Mathematics and English as a result of activity based learning through computers.



PROJECT BOOND.....

This year continuing with success of one of our most extraordinary projects 'Boond', we converted 20 villages from 'water scarce to water positive'. These villages are now not only able meet their drinking water needs but are also able to mitigate risks associated with water scarcity in agriculture. There is also an increase in ground water level, decrease in water salinity, better soil moisture and increased agriculture output.



Medical Camp at the Bhagavathy Vilasam High School at Nayarambalam

More than 8,000 people from the fishermen community residing in the vicinity of our Shore Tank Farm at Puthuvypeen were benefitted from the medical camp conducted at the Bhagavathy Vilasam High School at Nayarambalam. The medical camp, Ekadina Janakeeya Aashupathri or the 'People's Hospital' was organized jointly by BPCL Kochi Refinery, Ernakulam General Hospital, District Medical Officer, National Rural Health Mission with Mr. S. Sarma, Hon'ble MLA of Vypeen as patron.

About 200 doctors from the Health Services attached to the General Hospital, Malippuram, Vypeen Blocks and the National Rural Health Mission led the camp. The camp had centres for ayurveda and homeopathy treatment besides allopathy. Camps were held in 15 departments including general medicine, gynaecology, ophthalmology and surgery.

The Ophthalmology section got the largest number of patients. "Lots of people turned up for eye check up," said Dr. KV Beena, NRHM manager and convener of the camp. Super- specialty departments of Amrita Institute of Medical Sciences, such as cardiology, nephrology and dental participated in the camp. They brought telemedicine and other equipment to the camp.

The volunteers of Kudumbashree, ASHA workers, local bank branches and other organizations offered their services at the camp. The camp was run by 400 odd medical staff including nurses, laboratory technicians and pharmacists.

EMPOWERING WOMEN AND YOUTH OF INDIA.....

We carried out skill based intervention programmes for women in collaboration with NGO SEWA in Lucknow. We taught "chikankari skill" to around 1000 women from low economic strata near our bottling plant in Lucknow. Today they are earning around INR 5000 to 6000 per month. The women have an enhanced self esteem, are able to manage their domestic chores as well as earn an additional income and above all this project has eliminated middle men. We are also supporting about 200 zardosi workers in Loni, Haryana in collaboration with NGO 'AROH'. For this initiative, BPCL was awarded the Aaj Tak Care Awards for CSR under the livelihood category for outstanding contribution in the field of women empowerment. The award was presented by Shri Pranab Mukherjee, Honorable President of India.

We trained 300 youth in Ranchi (Jharkhand) through partnership with Dr. Reddy's Foundation. The skills are mainly in motor mechanic, customer relationship management, BPO services, hospitality, multi skilled technician, machine operator, micro irrigation operator, security, drivers, IT enabled service etc.

We also initiated a unique in-house pilot project for professional development of primary teachers from low income schools. The concept of designing and implementing this program is to empower primary teachers to bring about academic and non academic growth in students through exposure to hands on pedagogical concepts delivered through reputed NGO's like Pratham, Shikshangan, Navnirmithi, BNHS etc. Through this two years project, we would have created a pool of highly trained primary teachers, whose teachings methods and approaches would have an impact on the children's learning levels. This will help us to scale up the projects in the coming years.

Eye check-up camp at Mahul, Mumbai Refinery

Mumbai Refinery collaborated with Anugrah Drishtidaan, an NGO competent in organizing Eye check-up camps, to conduct an eye check-up camp at Mahul. The camp was organized with the voluntary involvement of the local community members. Pre-registration was done for the visual acuity test. The optometrist facility was available during the camp to detect the refractive error. All the patients were examined by the ophthalmologist and essential eye drops and medication were administered. Patients above 50 years were given special preference for cataract, glaucoma and diabetic retinopathy detection. Also patients with hazy vision requiring spectacles and reading glasses were provided the same - free of cost. The following were the highlights of the camp:

- Medical Beneficiaries- 171
- Spectacles Beneficiaries- 258
- Cataract Detection- 39
- Diabetes Detection- 157
- Total Number of Beneficiaries- 435

MONITORING & IMPACT ASSESSMENT.....

Our focus continues to be on capacity building and ensuring self sustenance of our activities. Community participation is a must for all CSR activities. They are a part of decision making process. We follow participatory approach in executing projects and engaging with the community. There is also contribution through shram and money, which ensures that there is ownership in the project even after we exit. We also build their capacity, so that they are better equipped to deal with various issues and challenges.

We have well defined internal processes to evaluate all the projects that is taken up. We also perform impact assessment of all our projects internally as well as through external agencies to understand whether the projects are delivering the intended benefits.



EMPLOYEE VOLUNTEERING.....

We encourage our employees to participate and contribute in the CSR projects undertaken by us. Employee volunteering is self motivated, and no incentives are given from the Corporation to contribute to social initiatives of the company. More than 100 employees regularly volunteer in our education and water conservation initiatives. The employee volunteers are trained on how to conduct these classes and water and energy conservation sessions. In fact, even family members of the employees are encouraged to volunteer for CSR initiatives. As on date, we have achieved 3,700 employee volunteering hours for our water and education initiatives. We are in the process of initiating an Employee Volunteering Mission under which every employee will have to volunteer 10% of his or her annual working hours towards CSR projects initiated by BPCL. Also all the management trainees have to compulsorily spend 1 week in a CSR project as a part of their induction programme.





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11. INDEPENDENT ASSURANCE STATEMENT.....

Independent Assurance Statement on Bharat Petroleum Corporation Limited's 2012-13 Sustainable Development Report

KPMG was engaged by Bharat Petroleum Corporation Limited ('BPCL' or 'the Company') to provide assurance on its Sustainable Development Report ('the Report') for the financial year 2012-13.

What was included in the scope of our assurance engagement?

The scope of assurance includes sustainability data and information, based on Global Reporting Initiative (GRI) G3.1 Guidelines, presented by BPCL in the report for the period 01 April 2012 to 31 March 2013.

Which assurance standards and guidelines did we use?

We conducted the assurance in accordance with

- ISAE 3000: "Limited Assurance" requirements of ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information by International Federation of Accountants' (IFAC) International Standard for Assurance Engagements
- AA 1000 AS: "Type 2, Moderate Level" assurance requirements of AA1000 Assurance Standards 2008 Under this standard, we have reviewed the accuracy and quality of sustainability performance data / information disclosed by BPCL and evaluated BPCL's adherence to the following AA1000 Accountability Principles (2008):
 - Inclusivity: To assess if BPCL has included stakeholders in developing and achieving an accountable and strategic response to sustainability.
 - Materiality: To assess if BPCL has included in its report the material information required by its stakeholders to be able to make informed judgements, decisions and actions.
 - Responsiveness: To assess if BPCL has responded to stakeholder concerns, policies and relevant standards, and adequately communicated these in the Report.

How we maintained our independence?

We conducted our engagement in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behavior. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence.

What were the limitations in conducting the assurance?

Our assurance process was subject to the following limitations:

- Verification of claims was limited to data and information presented for the period 01 April 2012 to 31 March 2013. Data and information outside this reporting period was not subject to any verification.
- Any statement indicating intention, opinion, belief and / or aspiration by BPCL was excluded from the scope of assurance.
- The assurance process does not include verification of financial performance indicators that were sourced from BPCL's 2012-13 annual report.



What did we do to arrive at conclusions and observations?

The assurance work was executed by KPMG's multi-disciplinary team comprising of environmental and social experts who have prior experience of working on similar assurance engagements. Our work was planned and executed to obtain all the evidence, information and explanations that were considered necessary in relation to the above scope. Our work included the following procedures involving a range of evidence-gathering activities as explained below:

- Visit to the following sample locations of BPCL:
 - Refineries (Kochi, Mumbai)
 - LPG bottling plants (Bangalore, Piyala, Ulberia)
 - Lubes (Wadibunder)
 - Retail (Bijwasan, Budge-Budge, Cherlapally, Manmad, Mathura, Sewree)
 - Corporate Office (Mumbai)
- Interaction with BPCL's Senior management and Health, Safety, Security and Environment personnel at the Corporate Office and the sample locations selected for site visit
- Review of the stakeholder consultation processes and the methodology used for determining the material issues
- Assessment of report contents to ensure consistency with the requirements of the GRI G3.1 Guidelines on Sustainability Reporting and Oil and Gas Industry Guidance on Voluntary Sustainability Reporting by IPIECA/ API /OGP, 2010 Edition.
- Evaluation of the existence and operation of the systems and methods used to collect, process and aggregate the performance data at sample locations selected for site visit
- Testing the reliability of underlying data and information for the performance data within the scope of our assurance on a sample basis

What are our conclusions?

Based on our review, nothing has come to our attention to indicate that the information presented in the Report is not consistent with the findings of our work as described below:

- Principle of Inclusivity (AA1000AS: 2008) – BPCL has engaged with its employees, customers, dealers, distributors and contractors, as elaborated in the Report, in order to assess and address their expectations and concerns.
- Principle of Materiality (AA1000AS: 2008) – BPCL has addressed material issues related to its sustainability performance in the Report. The Report contents have been linked to the Oil and Gas Sector Supplement of GRI G3.1 Guidelines along with the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting by API/IPIECA, 2010 Edition.
- Principle of Responsiveness (AA1000AS: 2008) – The Report addresses the major concerns and expectations raised by BPCL's significant stakeholders as mentioned above.
- The systems and processes deployed for presenting the sustainability data and information in the Report are reliable.
- The representation of data and information for the reporting period is accurate and within acceptable margins of error.
- The Report meets the requirements of 'A+' application level as per the GRI G3.1 Guidelines



What were the other key observations?

Without prejudice to all our conclusions mentioned above and KPMG's management letter submitted to BPCL's senior management, under the prevailing scope of assurance, following are some of our other key observations:

- BPCL's two Board level committees on Sustainable Development and CSR have been merged in to a single CSR and Sustainability Committee, headed by an Independent Director, to oversee the implementation of its policies on the nine NVG principles, interventions on CSR and pursue the Dream Plan vision.
- BPCL's performance is evaluated in form of a composite score with reference to the targets set against physical, financial, social and environmental parameters. This composite score is one of the key variables in determining the MOU rating which determines the quantum of variable pay for relevant BPCL employees in the form of Performance Related Incentive Scheme for Management Staff (PRISM).
- Over last two years, BPCL has focused on product stewardship as one of its focus area with one of the major initiatives being reduction in the sulphur content of fuels produced.
- BPCL has introduced a clear screening process on contractors in terms of social and environmental issues. They have also introduced an award for locations based on these compliances. The location head is in-charge for assuring the compliance of contractors along with sample verification from the corporate office.
- There is an opportunity for improvement with respect to strengthening of compliance requirements related to hazardous waste and water across BPCL's locations.
- Going forward, there is an opportunity for BPCL to report on relevant additional indicators (as per GRI G3.1 Guidelines and OGSS) that have not been reported in 2012-13.

How are the responsibilities assigned?

The Management of BPCL is responsible for development of the Report and its contents. BPCL is responsible for identification of stakeholders and material issues, define commitments with respect to sustainability performance, establish and maintain appropriate performance management and internal control systems from which reported information is derived.

Our responsibility is to express our conclusions in relation to the scope mentioned above. This assurance statement is made solely to BPCL in accordance with the terms of our engagement. Our work has been undertaken so that we might state to BPCL those matters we have been engaged to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than BPCL for our work, for this report, or for the conclusions we have reached. By reading this assurance statement, the stakeholders acknowledge and agree to the limitations and disclaimers mentioned above in this Assurance Statement.

Santhosh Jayaram
Technical Director
KPMG, India
Date : 2nd September 2013



12. GRI INDEX.....

GRI Ref	Reference to relevant section in draft report	Responded	Pg. No. / Ref. to IPEICA	Remarks
STANDARD DISCLOSURES PART I : Profile Disclosures				
1 Strategy and Analysis				
1.1	Message from CMD	Full	6- 8	
1.2	Message from Directors, EDs	Full	11-12, 14-16, 28, 30-33, 47	
2 Organisational Profile				
2.1	Our Organization	Full	9	
2.2	Our Organization	Full	9	
2.3	Our Organization	Full	9- 10	
2.4	Back cover page	Full	87	Chairman's Office, Bharat Bhavan. 4 and 6 Currimbhoy Road, Ballard Estate, Mumbai 400001, India, Tel No.: +91-22-22714000
2.5	Our Organization	Full	10	
2.6	Ownership and structure	Full	9	
2.7	Operations and Products	Full	6 , 9-10	
2.8	Message from CMD; Our Organizations	Full	6- 8	
2.9	Message from CMD	Full	6- 8	
2.10	Awards and Accolades	Full	25-26	
3 Report Parameters				
3.1	About this report	Full	4	
3.2	About this report	Full	4	
3.3	About this report	Full	4	
3.4	About this report	Full	4	
3.5	Material sustainability issues	Full	20	
3.6	About this report	Full	4	
3.7		Full		Specific limitations (if any) have been reported in the relevant section of this report
3.8	About this report	Full	4	
3.9		Full	4	Relevant explanation have been provided in the individual section where necessary
3.10		Full	4	Restatement of info. (if any) has been explained in the relevant section of this report

GRI Ref	Reference to relevant section in draft report	Responded	Pg. No. / Ref. to IPIECA	Remarks
3.11		Full		No major changes occurred during the reporting period
3.12		Full		
3.13	About this project	Full	4	
4 Governance, Commitments and Engagement				
4.1	Corporate Governance	Full	17-18	
4.2	Corporate Governance	Full	17-18	
4.3	Corporate Governance	Full	17-18, SE15	
4.4	Corporate Governance	Full	17-18, SE 16	
4.5	Message from CMD	Full	17-18	
4.6	Ethical conduct	Full	19	
4.7	Corporate Governance	Full	17-18	
4.8	Vision, Mission, Values, and Commitments	Full	13	
4.9	Committees of the Board	Full	18	
4.10	Corporate Governance	Full	17-18	
4.11	About this report	Full		Our approach towards addressing business related risks has been explained in the relevant sections throughout the report
4.12	Commitment to External Sustainability Initiatives	Full	21-22	
4.13	Commitment to External Sustainability Initiatives	Full	22	
4.14	Commitment to External Sustainability Initiatives	Full	34-36	
4.15	Commitment to External Sustainability Initiatives	Full	34-36	
4.16	Commitment to External Sustainability Initiatives	Full	34-36, SE1 & SE16	
4.17	Commitment to External Sustainability Initiatives	Full	34-36	

GRI Ref	Reference to relevant section in draft report	Responded	Pg. No. / Ref. to IPEICA	Remarks
STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)				
DMA EC		Full	38	
DMA EN		Full	46	
DMA LA		Full	57	
DMA HR		Full	57	
DMA SO		Full	66	
DMA PR		Full	62	
STANDARD DISCLOSURES PART III: Performance Indicators				
Economic				
Economic performance				
EC1	Economic value generation	Full	37, SE4, SE13, & SE14	
EC2	Business implications of climate change	Full	41	
EC3	Employee benefits	Full	57	
EC4	Financial incentives from government	Full	40, SE13	
Market presence				
EC6	Responsible business conduct	Full	40, SE5 & SE7	
EC7	Responsible business conduct	Full	40, SE5 & SE6	
Indirect economic impacts				
EC8	Indirect Economic Impacts and Community Investments	Full	43-44, 66-71 & SE4	
EC9	Indirect Economic Impacts and Community Investments	Full	43-44, 66-71 & SE6	
OG1	n/a		n/a	
Environmental				
Materials				
EN1	Sustainable resource management	Full	45	
EN2	Sustainable resource management	Full	45, E10	
Energy				
EN3	Sustainable resource management	Full	46, 48-49, E2	
OG2	Sustainable impact management	Full	51-52, E3	
OG3	Sustainable resource management	Full	46, 48-49, E3	
EN4	Sustainable resource management	Full	46, 48-49, E2	

GRI Ref	Reference to relevant section in draft report	Responded	Pg. No. / Ref. to IPECA	Remarks
STANDARD DISCLOSURES PART III: Performance Indicators				
Environmental				
Water				
EN8	Sustainable resource management	Full	49-50, E6	
EN9	Sustainable resource management	Full	49-50, E6	
Biodiversity				
EN11	Environmental impact management	Partial	55, E5	
EN12	Environmental impact management	Partial	55, E5	
OG4	Environmental impact management	Partial	55, E5	
EN14	Environmental impact management	Partial	55, E5	
Emissions, effluents and waste				
EN16	Environmental impact management	Full	51, E1	
EN17	Environmental impact management	Full	51, E1	
EN18	Environmental impact management	Full	51-52, E1	
EN19	Environmental impact management	Full	52, E7	
EN20	Environmental impact management	Full	52, E7	
EN21	Environmental impact management	Full	54-55, E9	
OG5	n/a		n/a	
EN22	Environmental impact management	Full	53, E10	
EN23	Environmental impact management	Full	54, E8	
OG6	Environmental impact management	Full	52, E4	
OG7	n/a	Full	n/a	
Products and services				
EN26	Environment, health and safety consideration during product life cycle	Full	63-64, HS4	
OG8	Health and safety consideration during product life cycle		65	
EN27	Sustainable Resource Management	Full	45	

GRI Ref	Reference to relevant section in draft report	Responded	Pg. No. / Ref. to IPIECA	Remarks
STANDARD DISCLOSURES PART III: Performance Indicators				
Environmental				
Compliance				
EN28		Full		BPCL had received two show-cause notices from Rajasthan Pollution Control Board at our Kota operations. There were no other significant monetary fines.
Labour Practices and Decent Work				
Employment				
LA1	Creating an energized workforce	Full	56, SE15	
LA2	Creating an energized workforce	Full	56, SE15	
LA15	Creating an energized workforce	Full	56	
Labour/management relations				
LA4	Employee benefits	Full	57, SE16 & SE18	
LA5	Employee benefits	Full	57, SE16	
Occupational health and safety				
LA7	Healthy and Safe workplaces	Full	59, HS3	
LA8	Healthy and Safe workplaces	Full	59, HS2	
Training and education				
LA10	Employee training and skill building	Full	61, SE17	
Diversity and equal opportunity				
LA13	BPCL Employees	Full	56, SE15	
Equal remuneration for women and men				
LA14	Employee benefits	Full	57, SE15	

GRI Ref	Reference to relevant section in draft report	Responded	Pg. No. / Ref. to IPIECA	Remarks
Human Rights				
Investment and procurement practices				
HR1	Respect for human rights	Full	57-58, SE8	
HR2	Respect for human rights	Full	57-58, SE9	
HR3	Employee training and skill building	Partial	61, SE8	
Non-discrimination				
HR4	Respect for human rights	Full	58, SE8 & SE18	
Freedom of association and collective bargaining				
HR5	Employee benefits	Full	57, SE8 & SE9	
Child Labor				
HR6	Respect for human rights	Full	57, SE8 & SE9	
Prevention of forced and compulsory labor				
HR7	Respect for human rights	Full	57, SE8	
Assessment				
OG9	Indirect economic impacts and community investments	Full	44, SE2	
HR10	Respect for human rights	Full	57, SE8 & SE9	
Remediation				
HR11	Respect for human rights	Full	57, SE18	
Society				
Local communities				
SO1	Indirect economic impacts and community investments	Full	44, SE1	
SO9	Indirect economic impacts and community investments	Full	44, SE1	
SO10	Indirect economic impacts and community investments	Full	44, SE1	
OG10			SE1 & SE3	No disputes with local communities and indigenous people were reported
OG11	n/a	Full		

GRI Ref	Reference to relevant section in draft report	Responded	Pg. No. / Ref. to IPEICA	Remarks
Society				
Corruption				
SO2	Ethical conduct	Full	19, SE11 & SE12	
SO3	Ethical conduct	Full	19, SE11	
SO4		Full	SE11 & SE12	10 disciplinary cases arising out of vigilance investigations have been disposed
Public policy				
SO5	Commitment to External Sustainability Initiatives	Full	22, SE14	
Compliance				
SO8	Respect for Human Rights		57-58	
Involuntary resettlement				
OG12	Indirect economic impacts and community investments	Full	44, SE3	
Involuntary resettlement				
OG13		Partial	HS5	The data related to the process safety events (as per API RP 754 definitions) will be reported from next year onwards. The data collection process for the same has been started.
Product Responsibility				
Customer health and safety				
PR1	Environment, health and safety consideration during product life cycle	Full	63-65, HS4	
Product and service labelling				
PR3	Environment, health and safety consideration during product life cycle	Full	65, HS4	
Marketing communications				
PR6	Environment, health and safety consideration during product life cycle	Full	22, 64-65, HS4	
Compliance				
PR9	Environment, health and safety consideration during product life cycle	Full		There were no significant fines in the reporting period
Biofuels				
OG14		Full	E3	We will start reporting on this indicator from the next reporting period

13. GLOSSARY.....

ABCI	Association of Business Communicators of India
AFS	Aviation Fuelling Station
API	American Petroleum Institute
ASSOCHAM	Associate Chambers of Commerce and Industry
ASTM	American Society for Testing and Materials
ATF	Aviation Turbine Fuel
BECI	Bharat Ethanol Corrosion Inhibitor
BKPL	Bina Kota Pipeline
BMC	Brihanmumbai Municipal Corporation
BMCG	Bharat Metal Cutting Gas
BPCL	Bharat Petroleum Corporation Limited
BPLC	Learning Centre
BPMI	Business Process Management Initiative
BPO	Business Process Outsourcing
BPRL	Bharat Petro Resources Ltd
BREL	Bharat Renewable Energy Limited
BRR	Business Responsibility Report
BSE	Bombay Stock Exchange
CAL	Computer Assisted Learning
CCS	Customer Care System
CDU	Crude Distillation Unit
CFC	Chlorofluorocarbon
CIC	Customer Innovation Councils
CII	Confederation of Indian Industry
CISF	Central Industrial Security Force
CMD	Chairman and Managing Director
CNG	Compressed Natural Gas
CSR	Corporate Social Responsibility
CTL	Coal to Liquid
CUBE	Customer Understanding for Business Excellence
DG	Diesel Generator
DPE	Department of Public Enterprises
E&P	Exploration and Planning
EAP	Education Assistance Programme
ED	Executive Director
ERP	Enterprise Resource Planning
ESE	Employee Satisfaction Enhancement
ETP	Effluent Treatment Plant

FICCI	Federation of Indian Chambers of Commerce and Industry
FO	Fuel Oil
GFI	Growth Factor Inventory
GHG	Green House Gas
GJ	Giga Joule
GRC	Governance, Risk and Compliance
GRI	Global Reporting Initiative
HSD	High Speed Diesel
HSE	Health, Safety and Environment
HSSE	Health, Safety, Security and Environment
IOCL	Indian Oil Corporation Limited
IPIECA	International Petroleum Industry Environmental Conservation Association
IPR	Intellectual Property Rights
IREP	Integrated Refinery Expansion Project
JV	Joint Venture
KL	Kilo Litre
KR	Kochi Refinery
LED	Light Emitting Diode
LPG	Liquefied Petroleum Gas
MMBTU	Million British Thermal Unit
MCA	Ministry of Corporate Affairs
MMPA	Million Metric Tonnes per Annum
MoPNG	Ministry of Petroleum and Natural Gas
MOU	Memorandum of Understanding
MPCB	Maharashtra Pollution Control Board
MR	Mumbai Refinery
MS	Motor Spirit
MSE	Micro and Small Enterprises
MTO	Mineral Turpentine Oil
NGO	Non Governmental Organisation
NIPM	National Institute of Personnel Management
NRL	Numaligarh Refinery Limited
NSC	National Safety Council
NSE	National Stock Exchange
NVG	National Voluntary Guideline
ODS	Ozone Depleting Substance
OECD	Organization of Economic Cooperation and Development

OISD	Oil Industry Safety Directorate
OPEC	Oil and Petroleum Exporting Countries
OSR	Oil Spill Response
PCRA	Petroleum Conservation Research Association
PFS	Pure For Sure
PPAC	Petroleum Planning and Analysis Cell
PPM	Parts Per Million
PRISM	Performance Related Incentive Scheme for Management Staff
PSU	Public Sector Undertaking
R&D	Research and Development
RBI	Risk-Based Inspections
RCM	Reliability Centred Maintenance
RLNG	Regasified Liquefied Natural Gas
RPM	Respirable Particulate Matter
SBU	Strategic Business Unit
SCADA	Supervisory Control And Data Acquisition
SDR	Sustainable Development Report
SEBI	Securities and Exchange Board of India
SME	Small and Medium Enterprises
UV	Ultra Violet

Acknowledgement – Message from HSSE Team

"This report has been compiled by the Corporate HSSE team of BPCL. The team takes this opportunity to thank all internal and external stakeholders who have assisted us at various stages of preparation of this report. We look for opportunities to continuously improve the quality of our disclosure, and to make the report increasingly relevant to all stakeholder groups. For the first time, we have also included the indicators from the Oil and Gas Sector Supplement (OGSS- published in 2011) of the GRI in this reporting cycle.

We welcome discussions and feedback on this work."





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