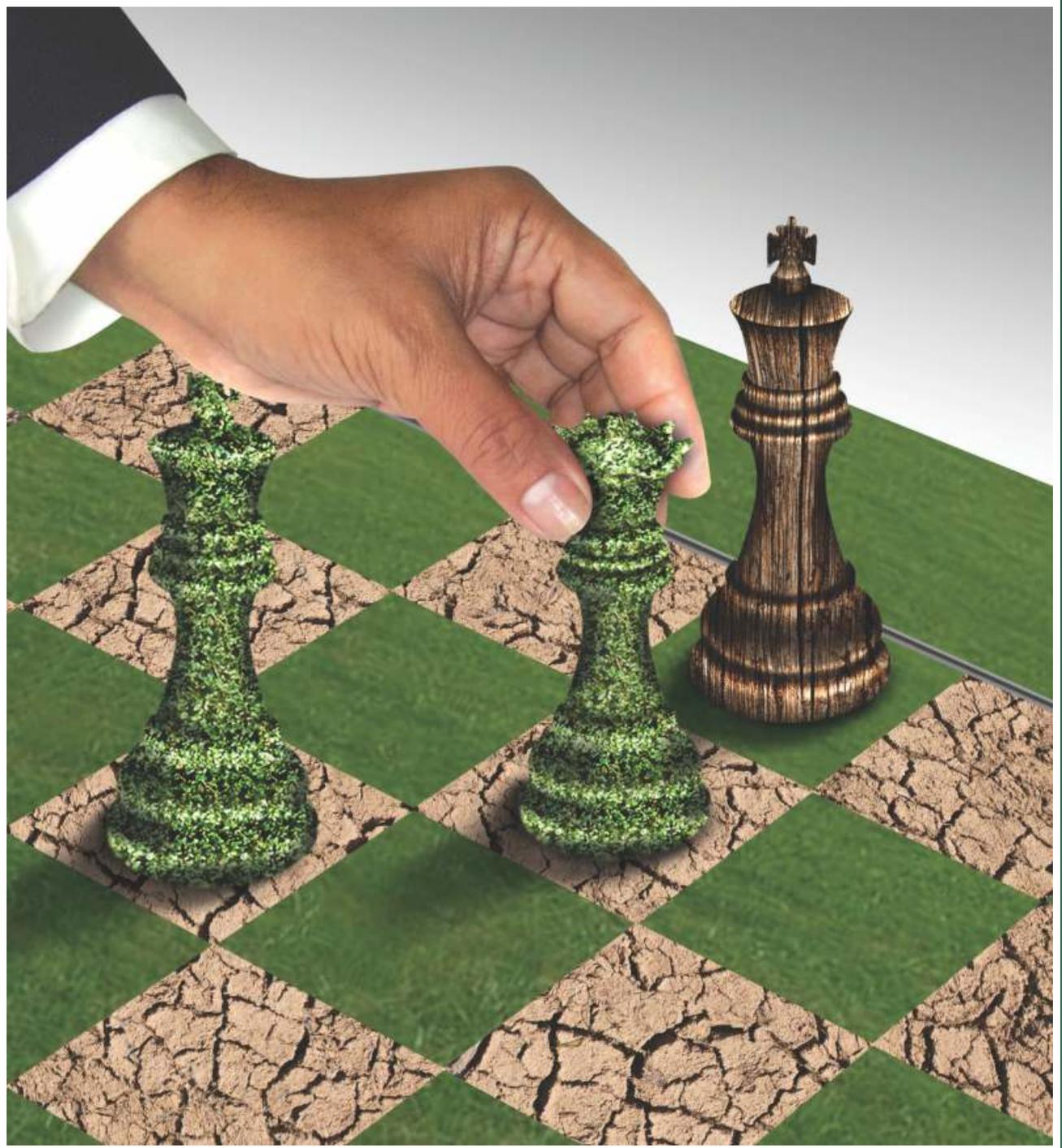


Sustainable Development Report 2011-12
Building a Sustainable Future



Corporate Moves - Towards Sustainable Development

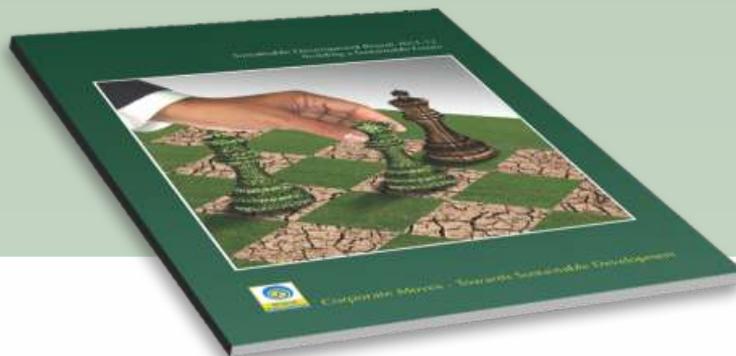


Mr. R. K. Singh - Chairman & Managing Director
Explaining a point to the Hon. Prime Minister Dr. Manmohan Singh and team

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Report Scope

'Building a Sustainable Future', is our 6th sustainable development report which aims to highlight BPCL's focus on corporate responsibility and sustainable growth. The report discusses our economic, environmental and social activities, policies and performance, for the period 2011-12. It builds upon last year's report and progress achieved on targets. Through this report we have also discussed, in general, the oil and gas industry landscape, the growing demand for energy and our efforts to go beyond downstream operations to meet India's energy needs.

The report has been prepared in accordance with level A+ of the Global Reporting Initiative (GRI) sustainability reporting guidelines (GRI-G3.1). The report is aligned with the International Petroleum Industry Environmental Conservation Association (API / IPIECA / OGP) and the American Petroleum Institute's Oil and Gas Industry Guidance on Voluntary Sustainability Reporting (2010).

This report covers our triple bottom line performance across the seven Strategic Business Units (SBUs) in India, over which we have the direct control. These SBUs include Aviation, Industrial & Commercial, LPG, Lubes, Refineries, Gas¹ and Retail. Our retail outlets, subsidiaries and JVs are excluded from the scope of reporting.

Ernst & Young Pvt. Ltd. (EY) was engaged for providing advisory services. During its engagement with BPCL, EY has led Leadership Discussion, reviewed implementation activities associated with the BPCL's sustainability initiatives, conducted enterprise-wide appreciation workshops, visited select sites for data collation and developed the report.

KPMG was engaged for providing assurance services using ISAE 3000 and AA1000 (2008) Assurance Standard (Type 2) at moderate level.



¹ Gas SBU would be considered a part of the performance on commencement of steady state operations

Chairman & Managing Director's Message

Dear Stakeholders

The 2011-12 fiscal year was both a challenging and an exciting one for BPCL. The key focus areas for the company remained to maximization of shareholder value and growth in regards with the industry, people and environment. We are part of an industry which impacts everyday public life, thus putting immense responsibility on us and we take this responsibility very seriously. Our vision and efforts were directed towards serving customers, efficiently, in the remotest corners of the country. To meet these requirements, we indulged in constant improvement of our operations and ventured into new domains. All these aspects were aligned with our Dream Plan and our Business Strategy and formed key part of our pursuits in 2011-12.

Most of our stakeholders will be aware that a few years back we entered the upstream market in a small capacity. I am proud to share that we have achieved significant success in our endeavors since then. The upstream segment is highly risky as it requires high financial investments without any certainty of returns, however at the same time it is highly profitable if discoveries are made. Keeping this in mind, we have been judicious in our investments, and at the same time fortunate in our discoveries. The gas discovery in our Mozambique exploration block, which may hold up to 100 trillion cubic feet of in-place reserves, is pitched to be one of the biggest global gas discoveries of the 2010-11 and 2011-12 periods. Returns from this are expected by 2017-18. The aim is that the upstream revenues should be able to drive upstream expansion without any undue stress on revenues from other operations. The Mozambique discovery will allow us to achieve the same. On the domestic front, the focus remained on and will continue to be on building gas infrastructure to better manage this resource once the block starts generating.

On the refining front, our refineries, owned, subsidiary or JVs, are strategically located in western, southern, eastern and central India to cater to the cross country market. 2011-12 saw our focus on expansion of existing refinery capacities, instead of constructing new refineries. However, if in the future, need is realized for the construction of green-field refinery, BPCL has already acquired land in the state of Uttar Pradesh, which can be utilized for this purpose. Technology-wise our refineries underwent numerous technological up gradations during the last year, with many state of art process system implementations. Bina Refinery, in this regard, is capable of producing its entire stock in compliance with the Euro IV standards.



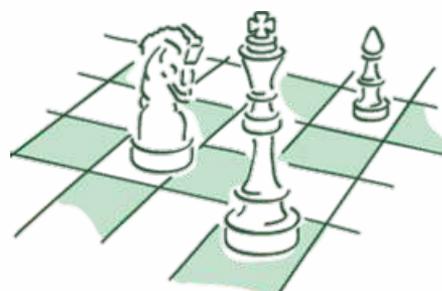
From marketing and customer stakeholder perspective, we undertook numerous unique initiatives during the last fiscal. . BPCL has always had special focus on its stakeholders & addressing their expectations, be it shareholder or customer. We understand that stakeholder expectations are constantly changing and hence we ourselves are continuously improving to meet the expectations. SmartFleet, PetroCard, In&Out stores, Ghar initiative etc. were all undertaken to address this constantly evolving customer need and serve them more efficiently. Further, we indulged in Customer Understanding for Business Excellence (CUBE) surveys to better understand our customers and deliver as per their expectations. Similar surveys were also undertaken for our employees, suppliers and distribution stakeholders. Another focus area for BPCL remained to be its communities. We worked with a dedicated budget for CSR activities, which focused on delivering quality of life for our communities, like education facilities and water management programs. All these initiatives have allowed us to maintain a strong positive image amongst our numerous stakeholders, enabling us to move closer to our vision of being the leading oil & gas retailer in India in all aspects.

From a long-term perspective, our next 5 year investment plans aim to invest 350,000-400,000 million INR across BPCL operations. These include building gas infrastructure, entering in the petrochemicals sector and modernizing our existing refinery units. We will continue to strive to achieve sustainable growth by meeting the energy needs of the nation while preserving the environment and empowering the community.

BPCL envisions a society where everyone is consistently pursuing the holistic vision and ambition of 'Energizing Lives'. We hope that every life that we touch through our efforts spreads a message to many more. This will help multiply the effects of every single action, and, this alone, we believe, is the most certain way to truly and positively energize lives. With this thought and spirit I present to you 'Building a Sustainable Future', BPCL's Sustainability Report for 2011-12. This is our sixth Sustainability Report and continued our efforts to provide a balanced overview of our sustainability performance across the enterprise. I encourage all BPCL stakeholders to share their views with us and look forward to your feedback and continued dialogue.



Mr. R. K. Singh
Chairman & Managing Director



**Independent Director
& Chairman Sustainable
Development Committee**



Dear Stakeholders

The Board level SD Committee has been formed on 10th February 2012 as per the Sustainability Development guidelines issued by Department of Public Enterprises (DPE) to all the Central Public Sector Enterprises. These guidelines cover organisational structure, selection of projects / activities, provision of budget, documentation & monitoring of sustainability development activities.

The vision behind BPCL's SD Committee is same as that shared across the government, i.e. shared natural resources need to be conserved and utilized judiciously.

The aim of BPCL's SD Committee is to define a clear sustainability agenda in line with Board approved Sustainable Development Policy. This helps the company to embark on sustainability path smoothly and to measure progress against definite time lines. With a dedicated Sustainable Development Committee in place, the agenda will be to address these matters by setting short and long term goals. The direction of these activities is to increase the awareness amongst our management staff, other employees, stakeholders and peer group. The focus will be on internal skill development and competency building, implementing new initiatives while simultaneously benchmarking our sustainability performance against peer Indian Oil, Gas and other sector companies.

As first Chairman of Sustainable Development (SD) Committee it gives me immense pleasure to present to you this Sixth Sustainable Development Report. This has been a very fruitful journey in which all the members of BPCL family have willingly participated thereby making sustainability a part of their DNA. In this report you will find that techno-savvy BPCL is focussed on its materiality issues; crude security, adoption of best customer relation management practices, reduction of environmental footprint, stake holders' engagement & community initiatives.

In the year 2012-13 we have initiated Sustainability Development projects in line with our policy & have planned investments which are much higher than that mandated by guidelines given by DPE. From the sustainability strategy perspective, the primary aim is to distinguish ourselves from the pack with our initiatives and approach.

A handwritten signature in blue ink, appearing to read 'I. P. S. Anand', with a horizontal line extending to the right.

Mr. I. P. S. Anand
Independent Director and
Chairman Sustainable Development Committee

BPCL Profile





BPCL Profile

A Company with Navratna Status, BPCL is one of the premier integrated Refining and Marketing companies in India with a market share of 22.40% as on 31 March 2012. With sales turnover of INR 2233150 million in 2011-12, BPCL marketed the full range of petroleum products with a total sales throughput of 31.14 million tones. The total Refining Capacity of the BPCL Group is in excess of 30 MMTPA. The company's refineries at Mumbai and Kochi have a capacity to process 12 million metric tons per annum (MMTPA) and 9.5 MMTPA respectively of crude oil. Recently the JV promoted by BPCL, Bharat Oman Refinery was commissioned in Bina and has a capacity of 6 MMTPA. The Company's subsidiary Numaligarh Refinery Ltd. (NRL) in Assam has a capacity to process 3 MMTPA crude oil.

BPCL has a robust Marketing network spread across the country comprising of over 10310 Retail Outlets, 2452 LPG distributorships, 1015 SKO dealerships, A strong network comprising of 127 depots/installations, 49 LPG Bottling Plants with a capacity of 2592 TMTA and 36 Aviation Service Stations complements the Marketing network.

BPCL's wholly owned subsidiary company Bharat PetroResources Ltd (BPRL) is spearheading the foray into Exploration & Production. BPRL has participating interests in 26 exploration blocks off which 11 are located in India. The remaining are in Australia, Brazil, East Timor, Indonesia, Mozambique and the United Kingdom. The company, with its consortium partners, has recently reported world class finds in Brazil for oil and in Mozambique for Gas.

BPCL has shifted its focus from being purely a purveyor of fuel to a retailer, meeting a wider range of customers needs. The Company has entered into the non-fuel retailing business in a big way by undertaking ventures such as errand malls, ATM s, Vehicle Care Centres, etc. BPCL is the first company in the Oil Sector to launch branded fuels and the loyalty scheme called "Petro Bonus", launched in 1999. The company has also made an aggressive entry into the "e-commerce" arena with the introduction of B2B (Business to Business) application for Industrial and Commercial customers and B2C (Business to Customer) solution for Bharatgas customers. BPCL is the preferred fuel provider for leading International airlines.

In the Lubricants business a value added service was created by offering Hero Authorized Services under the brand 'Hero Authorized Service Station ' and there are 160 such service stations at various locations across the country. In the original equipment manufacturers (OEM) segment, BPCL entered into two new alliances and launched Escorts 4 Stroke Bike Engine Oil and Tata Passenger Car Motor Oil. This is in addition to the existing alliances with Hero Moto Corp and TVS Motors. MAK Lubricants are being currently marketed in Nepal, Sri Lanka, Bangladesh, Middle East, Burundi and China. We have also signed an agreement with M/s Saudi Arabian Lubricating Oil Company for blending and marketing of "Petromin" brand marine oils in India.



K. K. Gupta

Bharat Metal Cutting Gas (BMCG), developed by BPCL to replace the conventional Acetylene has been accepted as an ideal product for the metal cutting and brazing applications in the industrial sector. The product is being currently marketed successfully in other countries in Asia and in Africa.

Natural Gas is being hailed as the fuel of the 21st century. BPCL has taken a lead in the emerging gas market in India by becoming one of the promoters of "Petronet LNG Limited". BPCL is also a pioneer in setting up City Gas Distribution networks in India and has promoted four joint venture companies in Delhi, Pune, Ahmedabad & Kanpur.

BPCL has entered in to international bunkering segment for marketing fuel oil at Mumbai and Kochi. Matrix Bharat Marine Services Pte Ltd is a Joint Venture Company incorporated in Singapore for carrying on the bunkering business and supply of marine lubricants in Singapore market as well as international bunkering.

BPCL is leveraging Information Technology with a view to achieve greater efficiencies in all its operations. The implementation of the 'Access Control' module of the Governance Risk & Compliance solution of SAP R/3 was completed for all Business Unit and Entities. BPCL's network was upgraded to Multi Protocol Label Switching involving close to 180 locations. The Company has been awarded, for the fourth time in succession, the Customer Centre of Excellence certification from SAP. BPCL is one of the few Indian companies to be nominated on the SAP World Governing Council.

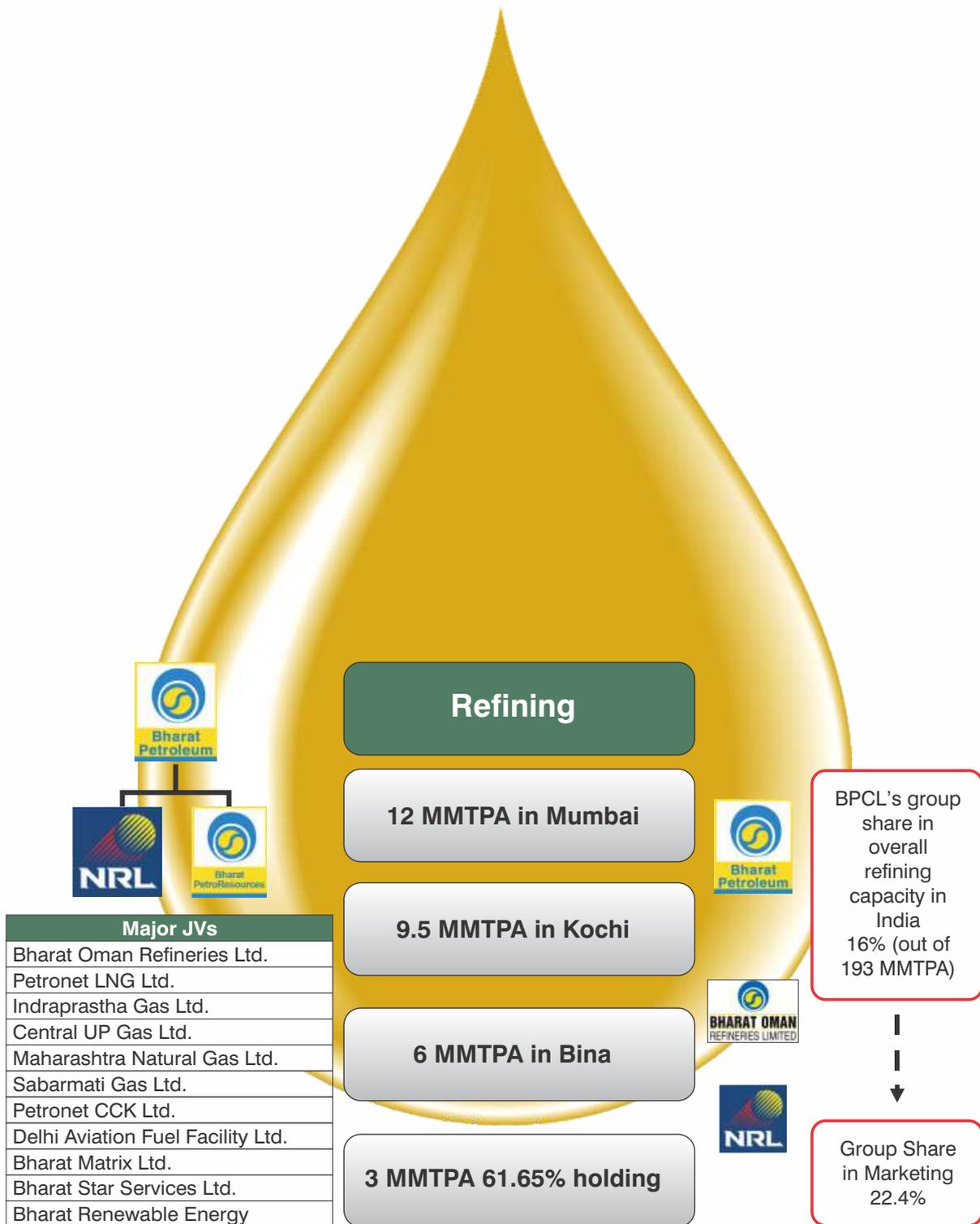
BPCL has made initial forays into the area of non-conventional energy and has made investments in Bio-diesel, wind and solar energy. The company has taken aggressive steps in marketing Natural Gas which is fast emerging as the fuel for the future.

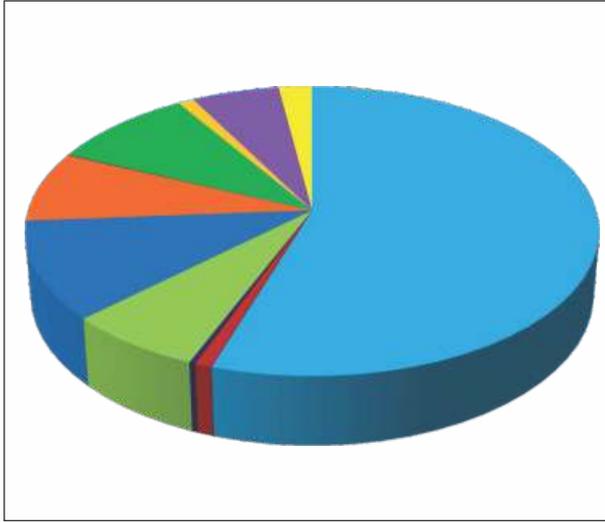
Director Marketing

We are in the process of aligning our Sustainability strategy roadmap that with our Dream Plan 2015-16 and Business Plan. We wish to put process in place to measure & evaluate our progress on regular basis.

Our sites are already taking initiatives regarding energy, water and waste management. However as a part of strategy we wish to develop some selected locations as model by implementing various short, medium and long term projects thereby achieving substantial reduction in environmental footprint. Our aim is achieve replication of these model locations' initiatives across BPCL's 238 facilities in India.

We are already doing substantial activities by going beyond our direct operations to influence & make, our third party supply chain network, retail and distribution, more efficient and sustainable. To strengthen this further we plan to introduce certain core sustainability aspects as a part of regular monitoring & reporting for BPCL's 10,300+ retail fueling stations spread across India.





Share holding pattern as on 31.3.2012

| Category of Shareholders | % |
|--|--------|
| Government of India | 54.93 |
| Government of Kerala | 0.86 |
| Employees | 0.31 |
| Life Insurance Corporation of India | 6.80 |
| Other Financial Institutions, Banks/Mutual Funds | 10.94 |
| Foreign Institutional Investors | 7.91 |
| Non Resident Indians/Overseas Corporate Bodies | 0.06 |
| BPCL Trust for Investments in Shares | 9.33 |
| Unit Trust of India | 1.03 |
| Private Corporate Bodies | 5.67 |
| Others | 2.16 |
| Total | 100.00 |

Product Portfolio:

Products marketed through Retail Dealer / Distributor networks:

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

Products sold directly to consumers: Fuel oils/Naphtha/Aviation Turbine Fuel (ATF)/ Bitumen/Solvents/ Benzene/Toluene.



| | | |
|--|---------------|-------|
| Installations | Numbers | 12 |
| TOPs | Numbers | 23 |
| Company Operated Depots | Numbers | 115 |
| Total Tankage Million | KL | 3.43 |
| Pipeline Network (Own: Mumbai-Manmad-Manglia-Bijwasan, Bina-Kota) (JV: Kochi-Coimbatore-Karur) | Km | 1938 |
| Aviation Service Stations | Numbers | 36 |
| Retail Outlets | Numbers | 10310 |
| Kerosene Dealerships | Numbers | 1015 |
| Lube Plants | Numbers | 4 |
| LPG Bottling Plants | Numbers | 49 |
| LPG Bottling capacity | TMT per annum | 3486 |
| LPG Distributorships | Numbers | 2658 |
| LPG Consumers | Millions | 34.5 |



Our Strategy





Our Strategy

Indian Public Sector Enterprises (PSEs) take significant strides as far as TBL (Triple Bottom Line) is concerned. PSEs in India have always been significant contributors to economic development. The recent release of Sustainable Development (SD) and Corporate Social Responsibility (CSR) guidelines by the Department of Public Enterprises (DPEs), it is expected that PSEs will play a key role in promoting and contributing sustainable development. The guidelines are also expected to extend the standard framework, practices and processes which exist today for the profit dimension of TBL to the other two dimensions, namely, people and planet.

Our broad strategy to win in the competitive environment is to focus on customers. Broad Strategic Initiatives identified are:

- ▶ 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.

To provide Board oversight on the sustainability initiatives undertaken, BPCL has established a Board level SD sub-committee headed by an Independent Director. The sub-committee is entrusted with responsibility of finalizing SD projects, allocating budget for their implementation, reviewing & monitoring the progress to ensure adherence to DPE guidelines. BPCL also has a Sustainable Development Policy which clearly outlines its commitment to key issues across the TBL.

BPCL has initiated various activities to meet the future challenges:

- ▶ We are also among the first in the industry in implementing a comprehensive ERP solution – SAP R-3 led re-engineering exercise. The implementation has enabled us to incorporate globally best processes and improve efficiency in all our business operations along the entire value chain. The entire implementation which was completed by March 2002 has provided substantial benefits to the Corporation through improved cost control, faster response to and follow up on customers, improved



B. K. Datta

information access and management throughout the organisation etc..

- ▶ BPCL has a strong Retail presence through nationwide network to meet our customers' aspirations. BPCL has shifted its focus from being purely a purveyor of fuel to a retailer by meeting a wider range of customer needs like convenience goods, banking, and communication. BPCL has entered into the non-fuel retailing business in a big way by undertaking ventures such as Errand malls and e-tailing. BPCL is the first Indian company in the Oil sector to launch the pre-paid loyalty scheme called 'Petro Bonus' and also has made an aggressive entry into the 'e-commerce' arena with the introduction of B2B (Business to Business) application for Industrial & Commercial customers and B2C (Business to Customer) solution for Bharat Gas customers.
- ▶ Retail automation is another key development that enables complete transparency in terms of exact quantity of fuel dispensed, automated receipt and better payment options through smartcard / credit / debit cards.
- ▶ To provide superior customer enablement, BPCL has developed customer-centric business solutions. These solutions focus on different segments of retail customers and provide service offerings which truly enable them. Highway star ROs have been set up to meet the aspirations of highway customers (truckers and motorists.) These new format ROs pack a host of amenities ranging from hygienic restrooms, laundry, amphitheatre, kirana store, a fully equipped multi-cuisine restaurant with separate dining areas for truckers and motorists etc. In the urban market, specific solutions have been developed in the form of 'Quick Serve RO' and for 'Short Distance Commercial Vehicle customers' to enhance customer service.

Director Refinery

The Refineries will play a major role in the Dream Plan 2015-16 in order to keep pace with market demand which grows annually at the rate of 7 to 8% compared to growth in GDP which is about 5 to 6%. During the Dream Plan period, key activities planned include expanding the refining capacity to 45 MMT and enter Petrochemical field in collaboration with M/s LG Chemicals to produce new propylene based Super absorbent & other import substitute products. At the same time, we are focusing on Newer Technologies to ensure more yield and less energy consumption and reduced emissions. By second quarter of 2013 Euro IV products will be introduced in 30 cities. In order to meet the Euro IV specification, BPCL has revamped certain units in its refineries through the Refinery Modernisation Project (RMP).

- ▶ BPCL has launched 'In & Out eTraveller', a one stop facility for all travel and hospitality needs of the customers. The 'In & Out eTraveller' enables customers e-ticketing for air and bus tickets, e-booking for railway tickets, and hotel accommodation, brought through a web of alliances with best in the breed service providers.
- ▶ BPCL LPG business has launched 'Beyond LPG' initiative – a value added service to our Bharatgas customers.
- ▶ In order to tackle the challenging aviation market, BPCL & ST Airport Services Pvt. Ltd (STARS - a member of Singapore Airport Consortium) have formed the Joint Venture Company “Bharat Stars Services Pvt. Ltd” & had jointly bid for “Into-Plane Service” concession at the new Bengaluru International Airport.
- ▶ The JV Company has been provided the SPRH (Service Provider Right Holder) status for “Into-Plane Services” at Bengaluru International Airport and Delhi Terminal 3 airport.

Our Strategy is aligned with the Project Dream Plan with the Goal of becoming one million barrels per day company, triple our profits, and undertake capital spend in excess of INR 5,000 billion by 2015. The plan has been detailed in previous reports and in the reporting period entered the execution phase.



Oil & Gas Industry Landscape



Oil & Gas Industry Landscape



Global Scenario

2011 was a year of surprises for the oil and gas industry. These ranged from issues like political uprising, instability in the markets and Japan's dramatic change in its energy policy, to the abundance of natural gas and the rise of the consuming national oil companies (NOCs). More importantly, these changes happened at such a pace, it was extremely difficult to either predict or mitigate their impacts.

Arab Spring and Energy Security

Over the last year, Arab Spring-the uprisings and political revolutions in the Middle East and North Africa has triggered a shift in the region that will have long-lasting effects on not only the world's politics but also its economy. Libya contains the largest oil reserves in Africa with 47 billion barrels of oil². In 1969, the country was producing nearly 3 million barrels per day (bpd) which decreased by half to 1.66 million bpd pre-revolution. In August 2011, this figure went further down to 60,000 bpd which served a huge economic blow for a nation which relies on oil and gas for 80% of its revenues. Similarly, while Iraq has 150 billion barrels of proven oil reserves and a further 150 billion barrels of unproven reserves, it currently produces only 2.7 million bpd which has been its highest production for the last 20 years³. Undoubtedly, both these countries will play a major role in the global oil industry, but Iraq and Libya have obstacles to overcome before having any major impact on the markets. It is however expected that an increase of output by non-OPEC countries will compensate for the rising demand in the year ahead.

Shale Gas

Shale gas has transformed the energy industry in the United States by turning a down-hill market into a growing self-sufficient industry. In 2010, more than 20 % of their natural gas production came from shale as compared to 1% in 2000⁴. Outside the US, there is a strong impetus towards shale gas exploration and production. It is estimated (by the US EIA) that global basins in 32 countries contain approximately 5,760 trillion cubic feet of shale gas reserves which adds 40% to the world's gas volumes⁵. As more and more markets, especially emerging will discover shale gas, the more impact it will have on the global gas industry and economy. Although production is still three to seven years in the future, this influx would eventually drive up supply and competition in Europe, Asia and South America, keeping prices stable or pushing them down. BPCL has acquired two shale gas blocks in the Perth Basin.

Asian Scenario

Asian NOCs representing the largest and fastest growing markets are looking for natural reserves worldwide to maintain their economies' growth and to secure long term supplies. The Asian NOCs are looking for significant energy supply and are also making significant investment overseas. This allows them to have access to these markets and exploit the technology advancements from other regions. As a result, they are changing the global competitive landscape by introducing a new level of competition.

² Reference: <http://www.businessweek.com/magazine/libya-can-it-become-an-oil-superpower-08242011.html>; Accessed on 21/8/2012

³ Reference: http://www.deloitte.com/assets/DcomRussia/Local%20Assets/Documents/Energy%20and%20Resources/dtt_Oil_Gas_reality_check_2012_22022012.pdf; Accessed on: 21/8/2012

⁴ Reference: http://www.chathamhouse.org/sites/default/files/public/Research/Energy,%20Environment%20and%20Development/bp0812_stevens.pdf; Accessed on: 21/8/2012

⁵ Reference: <http://www.forbes.com/sites/energysource/2011/06/27/new-eia-report-says-shale-gas-boom-could-go-global/>; Accessed on: 21/8/2012

China's energy demands have skyrocketed in the last decade and continue to do so to maintain pace with its fast-growing economy. Before 1993, it was a net exporter of crude oil compared to now, when it imports more than 50 % of its oil needs. Many see China as a consuming black hole that buys energy assets worldwide and imports majority of its needs, but the government is trying to reverse this trend and develop a competent upstream game. It has made the containment of energy imports as part of its 12th five-year plan, by investing in the oil and gas industry to increase the amount of fossil fuels produced domestically. Additionally, there has been a huge push to start E&P activities in the South China Sea, which potentially has more than 200 billion barrels of oil lying below its seabed, according to a Chinese estimate. While they'll be focused to grow their upstream oil industry, the real opportunity lies in their natural gas sector in three different types of gas – conventional natural gas, coal bed methane (CBM) and shale gas. The South China Sea also could hold up to 900 trillion cubic feet of natural gas reserves, equivalent to Qatar's reserves⁶.

Indian Scenario

India has 5.8 billion barrels of proven oil reserves. These reserves have an average oil production of 815,000 bpd⁷. During the 2006-2010 5 years period, India's primary energy consumption increased at a CAGR of 8.3%. Coal, oil and natural gas are the major sources for primary energy in India, accounting 52.9%, 29.6% and 10.6%, respectively, of the primary energy consumption. India holds just 0.7% of the world's proven oil reserves while accounting for 3.9% of the global oil consumption – thus importing 73% of its oil consumed. On similar lines, the country has 0.8% of the world's proven natural gas reserves, however accounts for 1.9% of the worldwide gas consumption, which forces it to import nearly 20% of its natural gas consumed through LNG⁸.

Over the past few years, the country's dependence on imported oil has steadily increased due to stagnant domestic production and rising demand. This high dependence has significant implications on energy security and the overall financial health of the country. Domestic production remained flat, hampered by limited prospects, delays in the commissioning of new projects and declining production from existing maturing fields. The recent depreciation of the rupee raised the cost of crude oil imports for India, which in turn has led to increase in inflationary pressures on the economy. Further, rising oil imports impact our trade deficit.

Currently, around 32% of demand for gas in the country is unmet as domestic supplies are not adequate enough to meet current demand. India has 1,115 BCM of gas reserves, which produce 39.3 BCM annually. Rising production was expected to help bridge this deficit. However, a steady drop in production from the KG-D6 field – from 60 mmscmd in Q1 2011 to 45 mmscmd in Q2 2012 – raised concerns over future availability of domestic gas⁹.

Over the next few years, the availability of gas is likely to increase on the back of incremental supplies from the KG-D6 block, as well as from the new gas fields of ONGC and Gujarat State Petroleum, CBM and new LNG facilities. In spite of the increase in supplies, shortages are likely to persist due to significant latent demand and overall growth in demand for gas in the country.

6 Reference: <http://www.bbc.co.uk/news/world-asia-pacific-13748349>; Accessed on: 21/8/2012

7 Reference: http://www.ibef.org/download/Oil_and_Gas50112.pdf; Accessed on: 21/8/2012

8 Reference: <http://www.financialexpress.com/news/indias-impending-energy-crisis/892871/2>; Accessed on: 21/8/2012

9 Reference: [http://www.ey.com/Publication/vwLUAssets/Indias_energy_security/\\$FILE/India-s_energy_security.pdf](http://www.ey.com/Publication/vwLUAssets/Indias_energy_security/$FILE/India-s_energy_security.pdf); Accessed on: 21/8/2012



S. Varadarajan

India is the fifth largest energy consumer in the world. There is a growing demand as a result of the rise in population and economic growth. Demand is also fuelled by increasing industrialization and usage of gas in these industries. This demand has invited policy support from the government which has reacted in the form of supportive FDI guidelines. 100% FDI is allowed in upstream and private sector refining projects, whereas the FDI limit for public sector refining projects has been raised to 49%. This has resulted in increasing investments. FDI grew 111 % y-o-y in 2011 at \$574 million in the petroleum and natural gas sector. Also, tracking the total FDI inflows in the Indian petroleum and natural gas industry from 2000-2011, this stands at \$3159 million. In addition, investments worth \$563 billion are expected across the oil and gas value chain under the 11th five-year plan.

The opportunities for India in this sector are aplenty. In the upstream segment, 78% of the country's sedimentary area is yet to be explored for location new fields for E&P activities. Secondary and tertiary oil producing techniques is a space India is yet to explore. Among the key trends in the sector are alternative fuels. The government approved the CBM policy in 1997 to boost the development of clean and renewable energy resources. CBM, an eco-friendly natural gas, is absorbed in coal and lignite seams. Underground coal gasification (UCG) technology is currently the only feasible technology available to harness energy from deep un-mineable coal seams economically in an eco-friendly manner. Also, this reduces capital outlay, operating costs and output gas expenses by 25-50%. In the midstream segment, the transmission network of gas pipelines requires expansion. The LNG imports have increased significantly which provides an opportunity to boost production capacity. In light of this mounting LNG production, there is a huge scope for growth for LNG terminal operation, engineering, procurement and construction services. In the downstream segment, India needs to develop more city gas distribution (CGD) networks, similar to those in Delhi and Mumbai.

Director Finance

We have been making investments in alternate energy projects. The learning from such initiatives provides the impetus to move in the right direction, as today's technology may not be very cost competitive but in the long run renewable would go hand in hand with fossil fuels.

In India, the incremental increase in energy will come from gas infrastructure. We believe that a large part of our downstream operations would be based on gas. Hence, BPCL plans to have major investments in pipeline infrastructure for gas marketing which facilitates clean energy being available in the hinterland markets. Our upstream efforts have shown major success with gas discoveries in Mozambique which would also provide a steady source of gas availability to meet the growing demand in the Indian context.

I will like to highlight the achievements associated with reduced paper consumption across the organization as these small steps can contribute significantly to sustainable development due to the large size of BPCL and its workforce. We are also looking at enterprise content management as a tool which would bring in more efficiency and add substantial values by using the electronic mode more intensely. I would also like to highlight the fact that BPCL employees have shown their responsibility in adapting to these new systems and contributed to our goal of becoming an environment friendly organization.

Public Policy Advocacy and Anti-Competitive Behavior

As a significant player in the oil and gas industry of India, BPCL is represented in various advisory panels, boards and committees set up by Government and other industry associations. Senior officials represent us at various levels on the boards and committees of inter alia, the Oil Industry Safety Directorate (OISD) Bureau of Indian Standards (BIS), and Chamber of Commerce.

We are the members of the World Energy Council, World LPG Association and international bio-fuels forum amongst other national and international forums. We are under the purview of Competition Commission, set up under Competition Act, 2002. We stand by our commitment to fair practices and do not exhibit or indulge in anti-competitive behavior.

As required under the Clause 49 of SEBI, all our business units and entities track and report on compliance. In 2011-12, there were no cases of non-compliance.



Sustainability Performance Highlights and Targets 2012 -13

| Core Sustainability Issues | Sustainability Targets 2011-12 | Progress 2011-12 | Sustainability Targets 2012-13 |
|----------------------------|--|---|--|
| Energy and Climate Change | <ol style="list-style-type: none"> 95% commissioning of 1 MW solar PV power plant at our Lalru LPG Unit Achieve specific energy consumption of 73 and 86 MBTU/ BBL/NRGF for our Mumbai and Kochi Refineries, respectively | <ul style="list-style-type: none"> Due to some unforeseen circumstances, the project is delayed. Achieved our target of specific energy consumption for our Mumbai and Kochi Refineries | <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 |
| Health and Safety | <ol style="list-style-type: none"> 3540 man-days of HSE training to employees in Mumbai and Kochi Refineries 86% implementation of safety audit recommendation (internal and external) at Mumbai and Kochi Refineries Achieve accident frequency rate of 0.43 across refineries and marketing locations | <ul style="list-style-type: none"> 3540 man-days of HSE training to employees in Mumbai and Kochi refineries 86% implementation of safety audit recommendations (internal and external) at Mumbai and Kochi refineries Achieved Loss Time Accident frequency rate of 0.28 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 0.35 across refineries and marketing locations |
| Community Development | <ol style="list-style-type: none"> Transform 14 villages from "water scarce" to "water positive" under Project Boond VI Replication and scaling of computer assisted learning (CAL) and education assistance programme (EAP) for an outreach to 27,000 children Provide vocational skilling and income generation to reach out to 450 beneficiaries | <ul style="list-style-type: none"> Transformed 14 villages from 'water scarce' to 'water positive' under Project Boond VI Replicated and scaled computer assisted learning (CAL) and education assistance program (EAP) for an outreach to 27000 children Provided vocational skilling and income generation to reach out to 450 beneficiaries | <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 |
| New and Clean Technology | <ol style="list-style-type: none"> Replacing liquid fuel with LNG (50% project completion) at Kochi Refinery to reduce our GHG footprint | <ul style="list-style-type: none"> Successfully replaced 54% liquid fuel with LNG at Kochi Refinery to reduce our GHG footprint | <ul style="list-style-type: none"> Modification of Gas Turbines in KR for RLNG use Mumbai Refinery Carbon Foot-printing |
| Water Management | <ol style="list-style-type: none"> Institute pilot project for measurement of water and waste footprint at Sewree by 31 Dec. 2011 Develop 80,000 sq.m of rainwater harvesting area in multiple locations | <ul style="list-style-type: none"> The project was successfully completed in July 2011 Rain harvesting was carried out in an area of approx 1,04,000 sq.m | <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 BPC Locations |

Stakeholder Dialogue

Engaging with our stakeholders is a critical part of our sustainability strategy. It highlights a commitment to continuous and transparent long-term engagement and a recognition that we are not accountable only to shareholders but to a wider community of stakeholders.

Over the last 3 years, we have streamlined our materiality determination process to make it more consistent and effective. We achieved this by encouraging participation across all levels of organization and across various stakeholder groups. We have infused our Sustainability core issues in BPCL's Dream Plan and have developed our micro-strategy and planned initiatives for each of them. Our Sustainability Reporting process shares the same framework and is thus structured around these core issues.

In 2011 – 12, BPCL continued its efforts to initiate an open dialogue with its stakeholders. We have detailed out our efforts with regard to each of the five core issues identified through an elaborate materiality determination process. We also interact with our top management and key stakeholders to update the relevance and importance of these material issues on a regular basis.

BPCL compiles and analyses the information on stakeholders as a whole collected through various touch points to understand their current and future needs and expectations to enable deployment of strategies to address the same.

Effective reporting of our performance information provides a foundation for future dialogue and enhanced communication with our stakeholders and helps align our business practices with stakeholders' needs and aspirations.

This section provides an overview of BPCL's key main stakeholders, their touch points and priorities with each group.

| Stakeholder Group | Touch Point | Priorities |
|---------------------------------------|---|---|
| Shareholders and Lenders | <ul style="list-style-type: none"> - Annual General Meetings - Annual Reports - Investor Meets - Quarterly Earnings Reports - Press releases - Online section for 'Investor Relations' | <ul style="list-style-type: none"> - Return on investments - New ventures - Effective and efficient governance - Sustainable and long-term growth - Transparency |
| Employees | <ul style="list-style-type: none"> - Individual Performance Appraisal - Employee Satisfaction Survey - Trainings and workshops - Employee recognition activities - Employee welfare schemes - Online communications etc | <ul style="list-style-type: none"> - Performance-based progression opportunities - Healthy work environment - Job security and safety - Competitive salary and benefits |
| Government and Regulatory authorities | <ul style="list-style-type: none"> - Memorandum of Understanding : Targets and Communication - Meetings on Ministry directives and policy development | <ul style="list-style-type: none"> - Compliance - Current or Emerging regulations |

| Stakeholder Group | Touch Point | Priorities |
|--------------------------|---|---|
| Industry Association | <ul style="list-style-type: none"> - Industry Meets - Lobbying with the Government through industry associations | <ul style="list-style-type: none"> - Policy Developments - Regulation - Adapting best practices within the sector |
| Customers | <ul style="list-style-type: none"> - Annual Customer Meets - Personal meetings - Online communication regarding products - Contact centers - Customer satisfaction surveys - Product campaign | <ul style="list-style-type: none"> - High-quality service and responsive customer support - On-time delivery - Safety and privacy - Product pricing |
| Suppliers | <ul style="list-style-type: none"> - Vendor Meets - Inspection visit to Facility - Communication via e-mails and phone calls | <ul style="list-style-type: none"> - Product Quality - Compliance to BPCL's values and directives - Product Pricing |
| Business and JV Partners | <ul style="list-style-type: none"> - One on one meets - Business Review Meetings | <ul style="list-style-type: none"> - Business Performance - New Partnerships - BPCL's strategy and future project Plans |
| Community | <ul style="list-style-type: none"> - Community needs assessment - Direct and indirect feedback from local communities - Participation and investment in community events - Focus group discussions to address specific community issues | <ul style="list-style-type: none"> - Local livelihood creation : Job creation, local hiring and competitive wages - Health and Safety Awareness - Addressing needs of the community through participative action |
| Dealers and distributors | <ul style="list-style-type: none"> - Dealer Meets - One on one meetings - Grievance addressal mechanism | <ul style="list-style-type: none"> - Compliance to BPCL's directive - Product availability - Health and Safety - Customer grievance redressal |
| Contractors | <ul style="list-style-type: none"> - Contractual Procedures - Contractors Meet - Trainings and workshops - Awareness session on Health and Safety - Health Check ups | <ul style="list-style-type: none"> - Skill development - Compliance to BPCL Norms - Competitive wages - Health and Safety of the workmen |
| Media | <ul style="list-style-type: none"> - Press conference - Telephone or conference calls - Interviews with the management | <ul style="list-style-type: none"> - Strategy - Milestones - Business Plan - New announcements |
| Academic Institutions | <ul style="list-style-type: none"> - Meetings - Visit to the Institutions - Interviews | <ul style="list-style-type: none"> - Recruitment of fresh talent |

Corporate Governance



Corporate Governance



BPCL has always been committed to highest level of corporate governance and has derived values from a system that integrates ethics, corporate integrity and best in class compliance practices. Transparency, fairness, disclosure and accountability have been central to the working of the company, its management and its Board of Directors.

BPCL has various committees to ensure corporate oversight and governance. At the apex level we have the Audit Committee and Risk Governance Committee¹⁰. The internal audit set up conducts unit level audits to ensure compliance to laid down norms and suggests improvements.

BPCL formed a Board level Sustainability committee on 10th February 2012 which is headed by independent director with Director (Marketing) & Director (Refinery) as members entrusted with responsibility to finalize SD projects, allocate budget, review & monitor the progress to ensure completion.

BPCL has taken a significant step in its quest to enhance transparency and re-iterate its commitment towards good governance. A MOU has also been signed between BPCL and Transparency International India, on the 10th January 2010, to implement the Integrity pact. This initiative is a major step in bring in good Corporate Governance and Transparency in all spheres of contracts and dealings, those above value of INR 10 million, with business partners.

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. Code of conduct requires that our employees and contractors are honest and responsive in interactions they have with government agencies or regulators. We work with governments, non-governmental organizations and international agencies on increasing transparency of revenue flows from our sector to the host governments.

¹⁰ For further information on Governance Structure and mechanism to provide feedback please refer BPCL Annual Report 2011-12.

Economic Performance





Economic Performance

The global economic scenario and its challenges have been more or less an extension of the previous economic year. The focus of the policy makers has remained majorly on dealing with the Eurozone crisis, Per capita growth in the emerging economies and Geopolitical instability. The Total global consumption of oil products is expected to reach 89.9 million bpd for the year 2012, a rise of 0.9% over the previous year¹¹.

A combination of slower economic growth and price gains has resulted in a decrease in the growth of oil demand in the Non OECD. While India's gross domestic product (GDP) growth for FY 2011-12 has slowed down from 8.4 % to 6.5 % from the previous fiscal year; it is predicted to take off in the coming fiscals to 7.6% in 2012-13¹².

Our Performance

Our Economic performance is a result of our team effort towards our vision of being the most admired global energy company with global presence through sustained aggressive growth and high profitability.

Our code of conduct requires that our employees and contractors are honest and responsive in interactions they have with government agencies or regulators. We work with governments, non-governmental organizations and international agencies on increasing transparency of revenue flows from our sector to the host governments.

BPCL marked another pivotal year in 2011-12, in spite of the rising prices and the gradual withdrawal of the fiscal stimulus across the geographies. BPCL generated total revenue of INR 2,259.4 billion in the year 2011-12. This represents an increase of 24.9% over the previous year's revenue which was INR 1,697 billion. During the year 2011-12, Mumbai Refinery processed 13.35 MMT of crude oil as against 13.02 MMT processed in 2010-11. Similarly the Kochi Refinery achieved a crude throughput of 9.56 MMT in 2011-12 as compared to 8.76 MMT in 2010-11.

In the 2011-12 period, BPCL received Subsidy worth Rs. 19,671.39 crores from Government of India. BPCL

Economic value Generated, Distributed and Retained (in INR billion)

| | FY 2009-10 | FY 2010-11 | FY 2011-12 |
|-------------------------------------|------------|------------|------------|
| Direct economic value generated | | | |
| a) Revenues | 1,403.3 | 1,697.0 | 2,259.4 |
| Economic value distributed | | | |
| b) Operating costs | 1,199.6 | 1,476.8 | 2,048.7 |
| c) Employee wages and benefits | 22.8 | 29.7 | 24.7 |
| d) Payments to providers of capital | 16.7 | 18.2 | 26.8 |
| e) Payments to government | 133.7 | 142.4 | 127.7 |
| Economic Value Retained | 30.5 | 29.8 | 31.4 |

11 IEA, 12 April 2012

12 Reference: <http://www.indiaonline.com/Markets/News/Indias-Q4-GDP-grows-by-5.3-percent-vs-9.2-percent-YoY/5430033609>; Accessed on: 21/8/2012

availed tax relief worth INR 152.5 million, of which INR 152 million were availed under section 35 (2AB) for in-house R&D expenditure.

Employee benefits

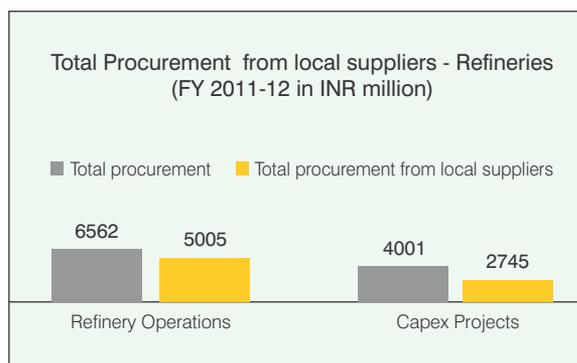
We are the Employer of Choice

Our success is driven by our employees; we strive to provide our employees with the best possible working environment and financial benefits for a secured living of our employees. We provide various types of employee benefits: housing and vehicle loans at low interest rates, scholarships for children, gratuity schemes, medical insurance coverage, and post retirement medical benefit scheme and the monthly ex-gratia scheme designed purely as a welfare measure for all our ex-employees. For the current year, we spent a total amount of INR 24.7 billion towards employee wages and benefits.

Local Procurement and Hiring

We support local business

Local Procurement plays a vital role in enhancing the access of local businesses to supply chain opportunities that arise from the presence of our projects and operations. We define local as India. We try making use of our local suppliers where ever possible to help in strengthening our local economy. We understand local needs and encourage local hiring as it benefits our local community by generating employment. Further, it helps us in significant cost savings on miscellaneous expenses involved in the hiring and migration processes. We also take note of gender diversity and the guidance given by Gol in getting the best talents in place. This helps us to maintain a healthy work environment across our facilities.



BPCL's presence in a country or location has the potential to contribute to local economic development by creating jobs and training opportunities for local people and also by generating tax revenues and opportunities for local suppliers.

BPCL's environmental and social practices for new projects provide recommendations on offering local people employment and supply or service contracts in conjunction with local or national government requirements.

Financial implication of climate change

The financial implications of risks and opportunities for the organisation's activities due to climate change have come to occupy an important place in our approach to business. Energy conservation and

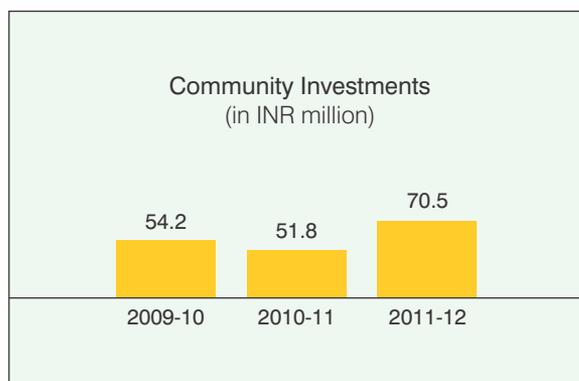
improvisations have been priority targets. We recognize that climate change is the most important environmental issue facing the planet. Its physical effects, along with regulations designed to mitigate it, will have a measurable impact on communities and businesses all over the world. We are committed to understanding and responsibly managing the regulatory and physical impacts of climate change on our business.

For the year 2011-12, we have initiated process of mapping our carbon footprint at Budge – Budge and Mumbai Refinery. In future we plan to take this initiative to all the major locations.

Community Investments

We help in building healthy communities

At BPCL we believe that it is equally important to return back to community. This is why we believe that some of our finest achievements are not those found in our balance sheets but those, in small towns and villages spread across India. We work with communities where we operate to help and enhance the quality of living of the people. The growth in the share of community investments this year in comparison to the previous year signifies our commitment and strengthens our claim.



We have developed social investment strategies, activities in the areas of Health, Education and Water and an award winning project named Project Boond which has helped the water scarce villages to harvest rain water. The total amount spent on the community investment through our Corporate Social Responsibility (CSR Cell) for the year 2011-12 is 70.5 million INR.

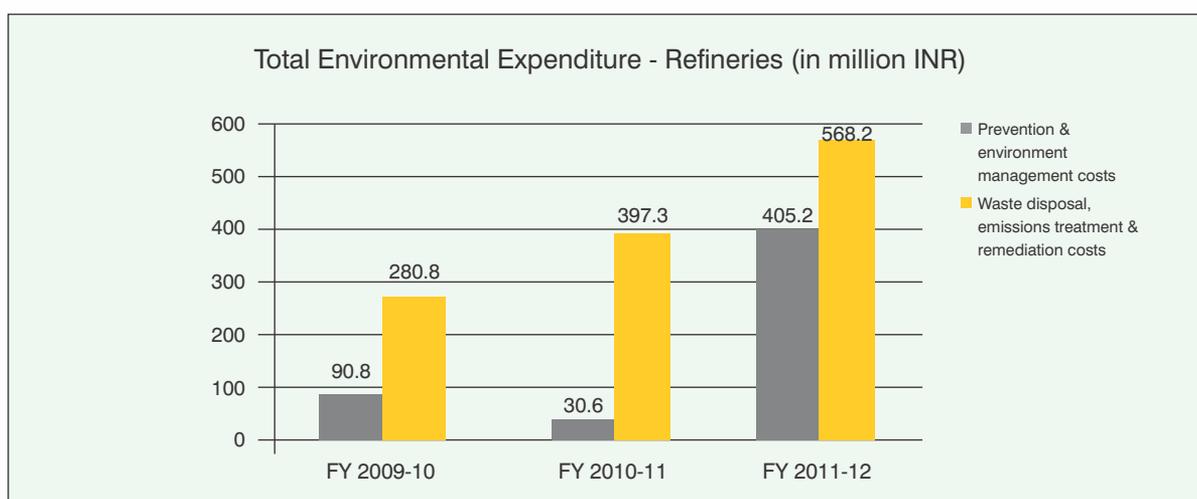
Environmental Expenditure

We manage our Environmental Impact

We continuously put our efforts to reduce the environmental impact of our operations by minimizing pollution, reducing waste, and conserving energy. We invest in technology process and waste minimizing techniques which contribute in lower emissions and greener environment. Both our refineries are certified to ISO 14001, with Mumbai refinery certified since 1998 and Kochi refinery certified under ISO 14001: 2004 in 2011. The total amount spent on the environmental activities undertaken during 2011-12 was 1007.7 million INR. The environmental expenditure was significantly higher in our refineries, with more than 10 fold increase in prevention and environment management costs undertaken at our Mumbai refinery. The total environment related expenditure undertaken in 2011-12 at our refineries was 973.4 million INR which is more than twice the costs undertaken in 2010-11, which was 427.9 million INR¹³.

¹³ Re Statement: In BPCL's 2010-11 Sustainability Report, expenditure figures corresponding to 'prevention & environmental management costs' was represented under the head 'waste disposal, emissions treatment & remediation costs' and vice versa. The same has been rectified in this report.

| Total Environmental Expenditure (in million INR) | |
|---|----------------|
| | FY 2011-12 |
| Environment management & prevention costs | 420.9 |
| Waste management, emissions treatment & remediation costs | 586.8 |
| Total Environmental Expenditure | 1,007.7 |



Customer Care through best CRM Practices

BPCL has been serving 34 million Customers with Bharatgas through 2500+ Bharatgas distributors across the country. We deliver around 25 million LPG Gas cylinders.

At BPCL, our aim is to have Customer Delight which is a Key to Business sustainability. Monitoring Service and constant improvement is crucial to Customer Delight. The endless cycle consists of 5 steps which have been listed below:

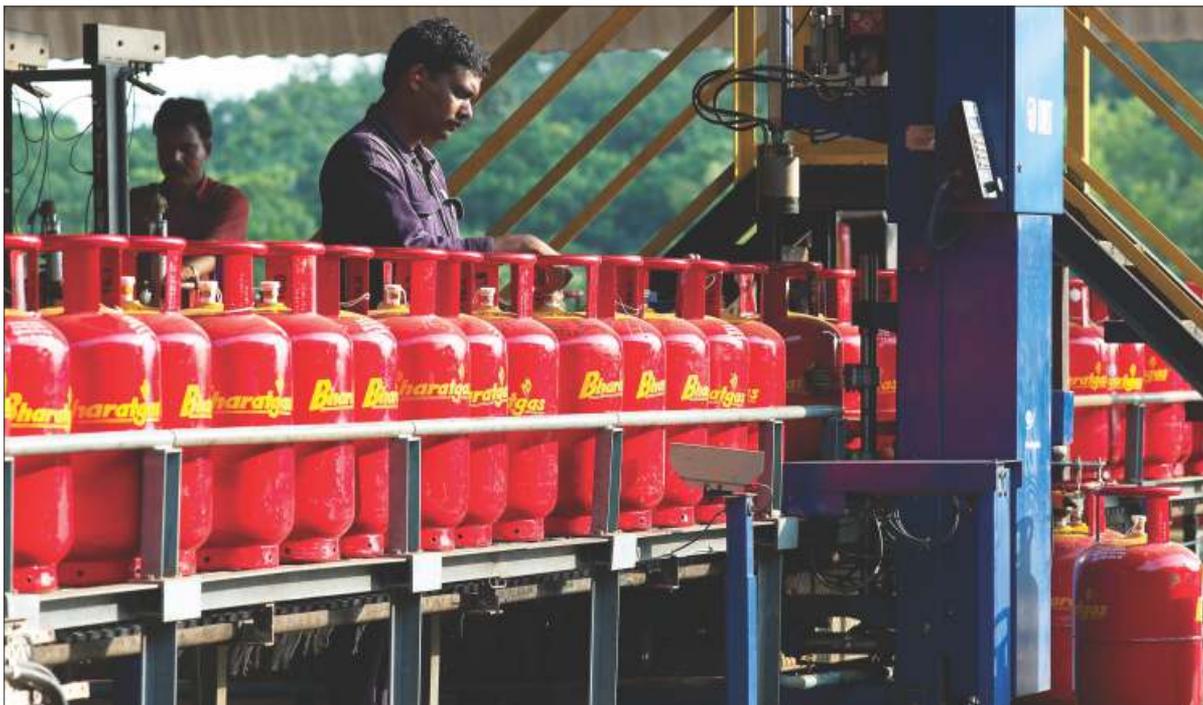
- a) Capturing of Customer complaints / suggestions at source through all possible convenient modes for the customer to access.
- b) Channelizing them to the right persons for redressal – in Real Time,
- c) Redressal in stipulated period. Escalation Matrix embedded to ensure the resolution in time.
- d) Systematic analysing of the complaints, suggestions – for repetitive nature, type of complaints, areas of complaint and markets / pockets and taking appropriate action.
- e) Identifying factors for improvement / correction. All these actions as mentioned above lead towards Customer Satisfaction as a step towards Customer Delight.

To achieve the same we had automated the process by developing the software package “Complaint Redressal System” (“CORES”) through in-house talent on a central server on intralink in on-line mode. Subsequently it has been extended to outside users Industry toll free complaints operated through outsourced agency at various cities catering to all Indian languages for customer interaction. We have also incorporated escalation matrix so as to ensure the pending complaints are monitored. With this mechanism the pending complaints (pending for more than a week) across the business is reduced to single digit and on many occasions NIL.

This is one of the best practices to understand Customer pain point area, plug out vulnerable areas of Service Link and covering broader areas of improvement in Service.

In addition, inputs received through various - CUSTOMER TOUCH POINTS given below are also handled and resolved in an organized and systematic manner

1. Website – www.bharatpetroleum.com
2. Website – “ebharatgas.com”
3. Emails
4. Corporate Toll Free
5. Ministry Website



Environmental Performance



Environmental Performance



Consuming Resources Responsibly

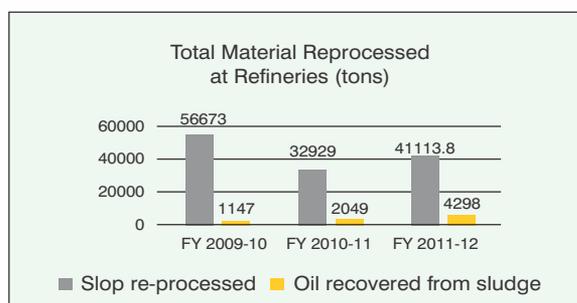
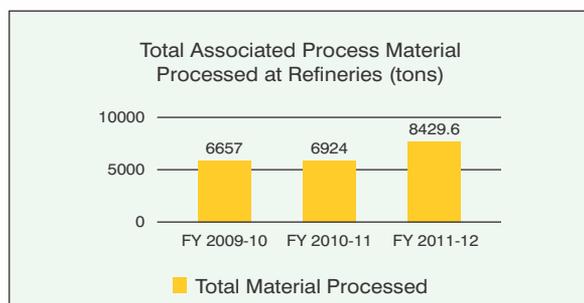
As with all other forms of industrial activity, the oil and gas industry has a very large impact on the environment due to its heavy dependence on non-renewable resources. At BPCL, we realize the importance of environment conservation and consuming the earth's resources with discretion. We perceive developing a sustainable future as a corporate strategy which ensures resource availability for both the short term and the long run. We constantly strive to reduce our resource footprint through recycling initiatives, improved operational efficiency and the use of additives and chemicals bearing minimal harmful impacts on our environment.

Material Management

The domestic crude oil processing in 2011-12 stood at 204.8 MMT representing a growth of 4.2 % over the previous year when 196.5 MMT of crude oil was processed by Indian refineries¹⁴. During the year, our two refineries at Mumbai and Kochi achieved a total crude throughput of 22.9 MMT as compared to the combined refining capacity of 21.8 MMT.

We consumed 8429.6 tons¹⁵ of significant associated materials at our refineries during the year. Besides significant associated materials, our Refineries also utilized 8967.3 tons of packaging material. Material consumption by our Marketing SBUs was 150310.5 tons^{16,17} of which 14036.5 tons constituted packaging material.

At BPCL, we promote efficient production processes. We recover oil from sludge and reprocess slop. A total of 4298.4 tons of oil was recovered from sludge at our refineries this year, which was more than twice the last year, 2048.7 tons of oil recovered in 2010-11. Further, this year, we were able to recover 523.6 tons of oil from the bituminous waste. Also, in 2011-12, we reprocessed 41113.8 tons of slop at our refineries.



Waste Management

BCPL falls under the hazardous industry category and we take extreme caution in the manner we handle our waste. In order to minimize the impact of our operations on the environment, we constantly map and assess the same. We look at reducing waste generation by bringing about a greater level of operational efficiency and stepping up innovation to recycle and reuse the generated waste in a responsible manner.

We have installed oil recovery systems at both our refineries to ensure that the amount of oil in the sludge that is being bio-remediated or the effluent being discharged is reduced. The spent catalysts generated at our refineries are also either recycled by the suppliers themselves or disposed off to secured landfill sites in accordance with the central and state regulations.

¹⁴ Reference: <http://pib.nic.in/newsite/erelease.aspx?relid=83047>; Accessed on 21/8/2012

¹⁵ Refinery significant associated materials include hydrochloric acid, caustic soda, fresh catalyst – CCU, fresh catalyst – FCCU, Di ethanol amine, rock salt, hydrogen peroxide and caustic lye.
¹⁶ Marketing SBU material consumption includes the Lubricant and Installation & Depot Facilities. Materials include base oil, additives and packaging material used at Lube facilities and Additives, Blue Dye, Ethanol, Oil and Grease used in Retail outlets. ¹⁷ Re Statement: In BPCL's 2010-11 Sustainability Report, the material consumption figure for Marketing SBUs was wrongly reported as 1361558 tons instead of 88033 tons.

| Hazardous Waste Generated - Refineries | FY 2009-10 (in MT) | FY 2010-11 (in MT) | FY 2011-12 (in MT) |
|--|-----------------------|-----------------------|-----------------------|
| Spent Catalyst (includes TK 576 BRIM Catalyst) | 488.7 | 453.3 | 52.7 |
| Spent Catalyst (recycled/reuse) | 80 | 93.8 | 0 |
| Oily Sludge (bio remediation) | 180 | 163.5 | 848 |
| Waste Bituminous Oil | 0 | 0 | 0 |
| Waste Transformer Oil | 5 | 15.7 | 14.8 |
| Spent Resin | 13.4 | 16 | 35.5 |
| FCC Catalyst Fines | 78 | 79.8 | 75 |
| Lube Additives | 13.3 | 0 | 0 |
| Spent Molecular Sieves | 56.1 | 0 | 0 |
| ETP Chemical Sludge | 0 | 0 | 12 |
| Alumina Balls | 0 | 47.7 | 0 |
| Spent Clay | 0 | 0 | 131.5 |
| Batteries | 0 | 0 | 4.9 |
| Sulfur Guard N HGU | 0 | 0 | 35.1 |
| Reformer Tube Catalyst R67 N HGU | 0 | 0 | 20.2 |
| Spent Charcoal / Coke ¹⁸ | 11 | 4.6 | 42.4 |
| Total (in MT) | 925.4 | 874.4 | 1272.1 |

At our refineries, we disposed non-hazardous waste¹⁹ amounting to 11712 tons during the year. We ensure the responsible disposal of our unusable waste through contracted vendors who are certified by the pollution control board. At our lube plants, we generated and disposed close to 47.6 tons of non-hazardous waste²⁰ this year that comprised of wood scrap, MS scrap, corrugated boxes and packaging.

The majority of hazardous wastes generated at our Marketing SBUs fall under one of the following categories including used oil, oil contaminated cotton/rags, oil barrels, oily sludge and oil filters and lead batteries, all of which is responsibly disposed off through certified vendors.

Spill Management

Oil spillage from our operations could pose risks to life and property. Also, they lead to loss of produce, and often surface as reputational risks owing to rare incidents of operational and logistical inefficiencies. To avert this, we conduct comprehensive inspection and surveillance programs of our facilities and equipment.

BPCL has also partnered with other oil and gas majors in India and port authorities to setup a Tier I Oil Spill Response facility at Mumbai harbor, since 18th February 2011, with the objective of minimizing both ecological and economic damage.

The setup of the SPM facility at Kochi has prompted us to prepare an oil spill contingency plan that comprises a tiered response concept. The Kochi Refinery has also procured 600m long air inflatable booms to localize spills at sea.

¹⁸ Spent Charcoal / Coke were earlier reported under non-hazardous waste category.

¹⁹ Refinery non-hazardous waste comprises of Wood Scrap, Ferrous and Non Ferrous Scrap, Tyres, Catalyst Bags, Brass Scrap, Drums & Tins and River Sand.

²⁰ Lube plant non-hazardous waste comprises of MS Scrap, HDPE Plastic, Polythene, Wood Scrap & Corrugated cartons

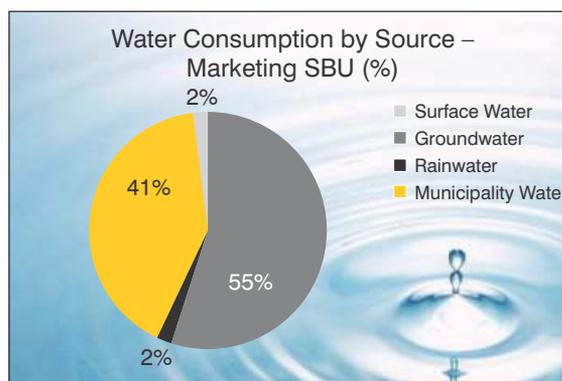
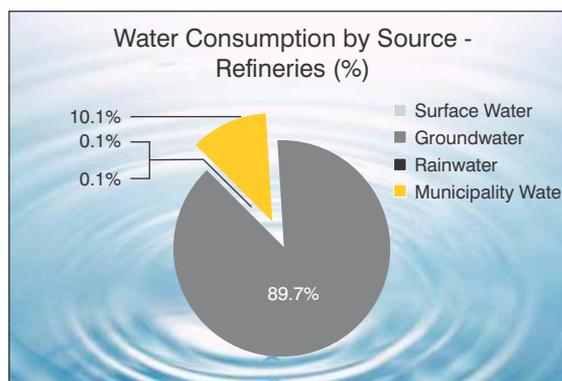
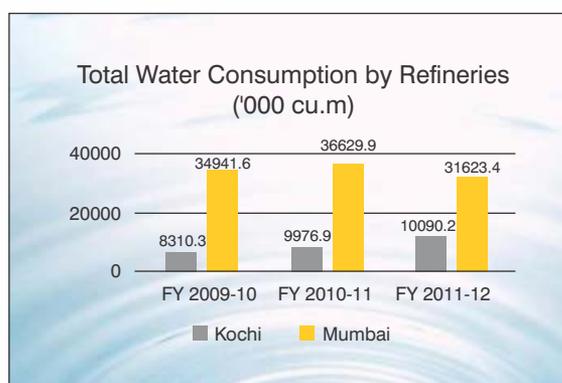
Water Management

Water is a limited resource. Less than 1 % of total fresh water available on planet can be economically extracted and used. At BPCL, we realize that water is one of the most precious resources in the world today, and is critical for a sustainable future.

Our sources of water are varied, depending largely on the availability of water at the location of the units. The water withdrawal is mainly from surface resources, municipal supplies and groundwater sources. Close to 90 % of our water requirements at refineries is met through surface water, either sea or river water. MR meets its significant process water requirement by withdrawing from the sea, whereas the Kochi refinery depends on the Periyar River. In the year 2011-12, the total water withdrawn by the refineries was 41.7 million cubic metres while our marketing units consumed 1.6 million cubic metres of water.

We also realize that in order to reduce our fresh water withdrawal, and hence, our water footprint, we need to look at innovative ways to recycle and reuse the waste water being generated from our operations. In 2011-12, we were able to recycle 7.6 % of our total water consumption at our refineries.

Additionally, we have studied the rain water harvesting potential at our key locations to facilitate its implementation. While Mumbai refinery has already implemented rooftop water harvesting systems at several locations in the refinery, Kochi refinery has constructed a rainwater harvesting pond consisting of an area of five acres with a capacity of 175000 KL on the coastal belt to minimize ingress of saline water into the water table. Other than this, rain water harvesting structures are being put up at Chennai AFS and will be put up at Calicut, Cochin and Trivandrum in the next year to recharge the ground water table.



In our LPG Plant at Bareilly, we observed that the water from overflow discharge of fire fighting reservoirs and water discharged by fire fighting equipment testing and mock drills was going to the drain along with the rain water. In this regard, we developed a natural water body to collect this water for waste reduction and horticulture purposes. This has also automatically benefited the flora and fauna of the region.

Our LPG Plant at Goa took another step towards meeting social and national objectives. A second Roof Top Rainwater Harvesting Project was inaugurated which is dedicated to the society. After implementing this project, we are channelizing the water, treating it and collecting it in the existing underground sump which is then pumped to our tanks for use and utilities. It has been estimated that about 344 cubic metres of rain water can be collected and used due to this project.



Monitoring effluent streams

Effluents from oil and gas operations, if not efficiently managed, can be a major source of pollution, damaging public health and affecting property in surrounding areas. In our endeavour to protect the environment, we have adopted advanced and comprehensive steps towards the control of pollution from all our operations. We have equipped our refineries with modern effluent treatment plants which bring down the level of pollutants in the treated water, well below the permissible limits. We have installed oil and water separators at all our relevant locations to ensure that the wastewater being discharged outside our premises does not contain any residual oil. This year, our refineries discharged 28.5 million cubic metres of treated effluent water conforming to prescribed regulatory limits of effluent water quality.

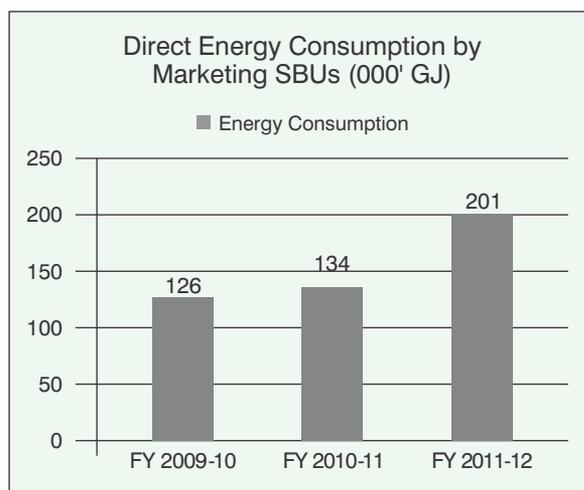
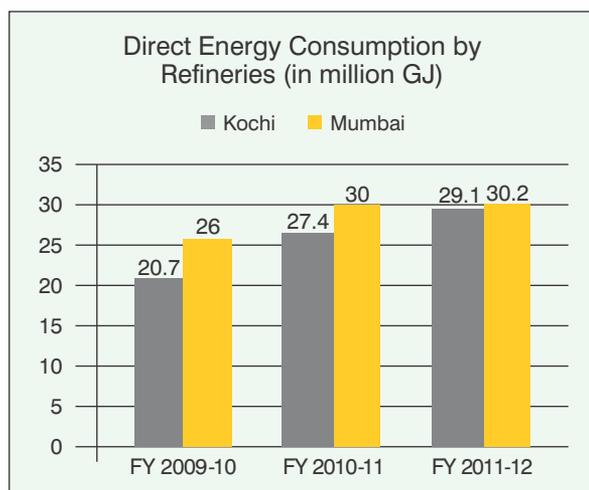
Managing Energy Efficiently

Energy drives an economy and thus propels the growth. The demand for energy is expected to rise worldwide in the years to come. This increase in demand provides the industry with opportunities but at the same time, the growing concerns of climate change project risks to businesses and society, at large. Oil constitutes over 30 % of the total primary energy requirement of India, of which more than 70% is met through imports. Thus for us, business sustainability would require us to carefully track our energy requirement in processes.

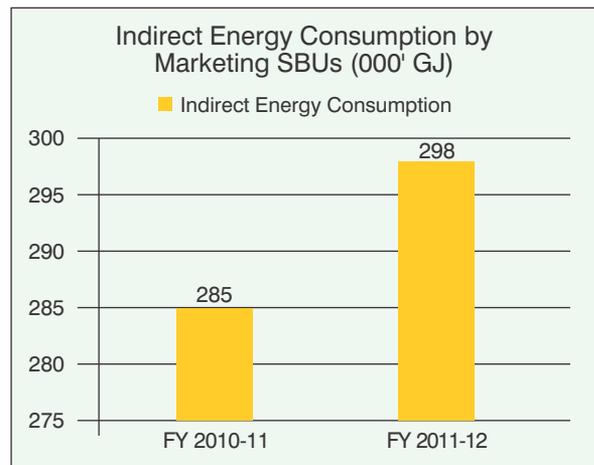
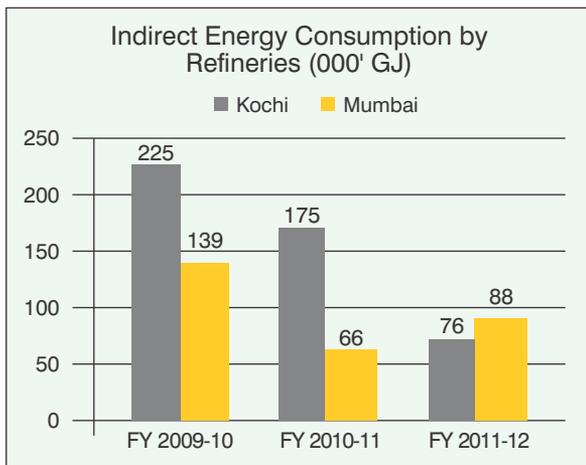
Energy Management

Though we are in the business of selling energy, we are also a major user of the same, consuming 59.3 million GJ of primary energy in our refining processes in 2011-12 period. Diesel, Light Diesel Oil (LDO) and Furnace Oil (FO) are the key primary energy types consumed by our refineries and other SBUs. Our other SBUs, including Lubes, Installations & Depots, Aviation, LPG and Regional Offices, together consumed 201 thousand GJ of direct energy.

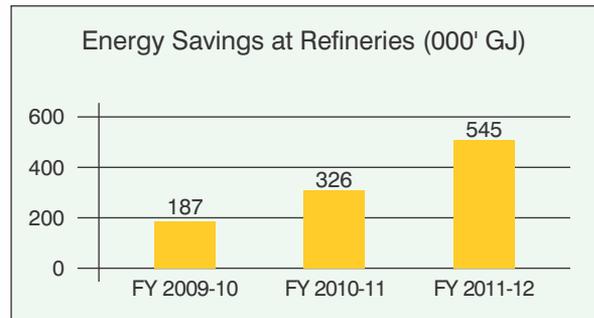
Total indirect energy consumption at our refineries, including MMBPL, and at various locations of our marketing SBUs was 507 GJ²¹ and 298 thousand GJ respectively.



²¹ Re Statement: In BPCL Sustainability Report 2010-11, MMBPL electricity consumption data was represented as part of Marketing SBUs. However, MMBPL is reporting directly to Refinery Division. Hence, in the present reporting cycle MMBPL electricity consumption data is represented together with Refinery indirect energy data. As a result 2010-11 Marketing SBU indirect energy consumption data has changed.



Energy efficiency and conservation are particularly critical issues for a company like ours that markets energy in various forms. Our strategy to achieve energy efficiency is to foster innovation and increase our renewable energy mix. Our constant efforts have been towards reducing our energy consumption both from primary fuels and intermediate energy. In 2011-12, our refineries implemented multiple energy conservation techniques that resulted in an annual savings of 545444 GJ.



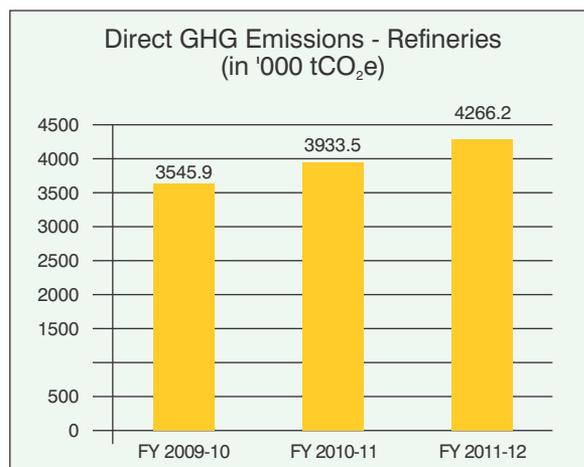
BPCL being in the business of supplying energy to the nation is very conscious of its energy conservation activities. As it is well known, energy conservation has a direct impact on environmental emissions. Despite increase in the complexity of operations, Mumbai Refinery has achieved significant reduction in fuel and loss in the last few years by incorporation of various energy conservation measures, constant monitoring / tighter control of plant operations & good housekeeping. Continuous monitoring of fuel consumption and hydrocarbon loss is undertaken using sophisticated instruments and data acquisition system.

The following energy conservation and loss control measures have been implemented which has resulted in significant fuel savings.

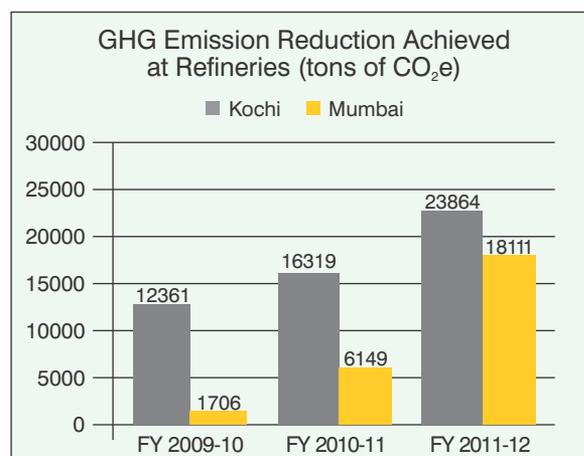
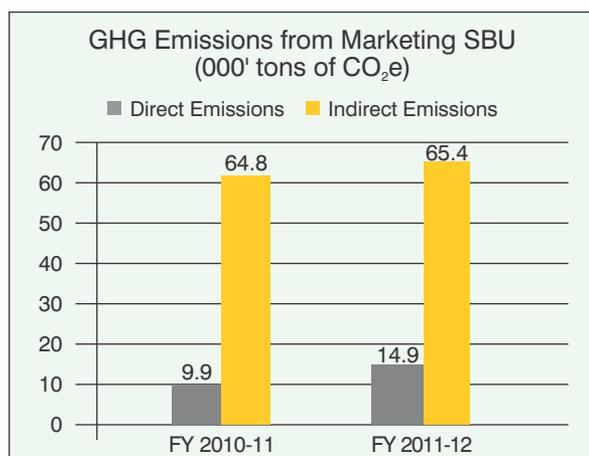
- Maximisation of crude throughput in modern highly energy efficient integrated Crude & Vacuum Unit.
- Anti-foulant chemical injection in all Crude & Vacuum units.
- Application of High Emissivity Ceramic Coatings on Tubes & refractory of CRU Inter 1 & 2 heaters resulting in 3% fuel saving.
- Injection of fire side chemical additive in HVU / CRU heaters.
- Reduction of Hydrogen loss to flare from MUG compressor section of Hydrocracker Unit.
- Water washing & cleaning of Air Pre Heaters.
- A comprehensive "Steam Generation and Distribution Study" was carried out

Emissions Management

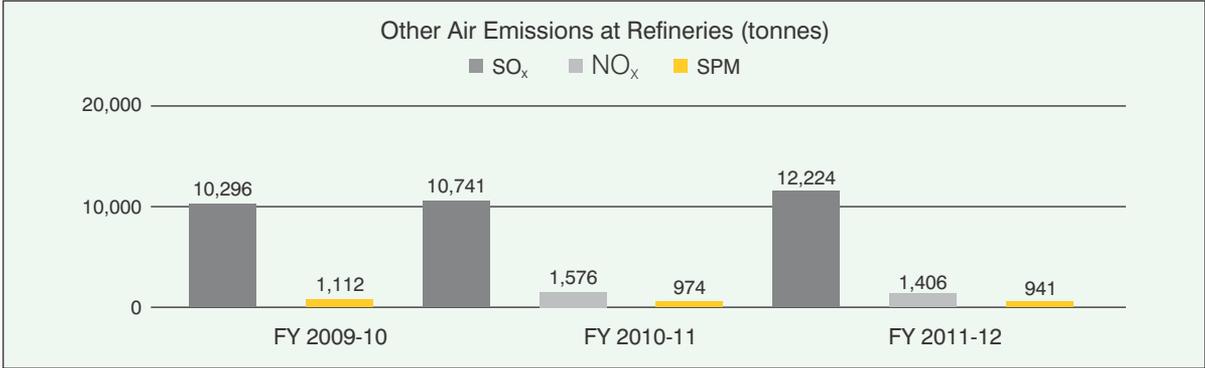
As the threat of climate change hovers, it is upon industries and businesses to drive transformation towards operations that are more sustainable. Green House Gas (GHG) emissions from our processes are due to both direct and indirect energy consumption. We, at BPCL, endeavour to reduce the footprint of our operations on the atmosphere. Total GHG emission from our refineries was 4376160.8 tons CO₂ equivalent, of which 2.5 % contribution, or 109959 tons CO₂ equivalent, was from indirect energy consumption, this includes the electricity consumption by MMBPL. Total GHG emissions from our various marketing SBUs, including Lubes, Installations & Depots, LPG, Aviation and Regional Office, was 80398.5 tons CO₂ equivalent with a majority of it contributed from purchased electricity consumed.



At both our refineries, three continuous air monitoring stations for monitoring the ambient air quality have been set up. The parameters measured are sulphur dioxide (SO₂), oxides of nitrogen (NO_x), carbon monoxide (CO), hydrogen sulphides (H₂S), respirable particulate matter (RPM10) and meteorological data. Ultrasonic flow measurement devices with alarms for measuring the flare gas quantity at all individual process units are in place. At the refineries, the total SO_x, NO_x and particulate matter loading for 2011-12 were 12224 tons, 1406 tons and 941 tons respectively. We are well on track in the process of phasing out ozone depleting substances (ODS) across our SBUs honouring the Govt's milestones set as per Montreal protocol. This year, our refineries consumed a total of 21741 kg of R22 gas resulting in ODS emissions of 1196 CFC- 11 kg equivalent.



'2010-11 Marketing SBUs Indirect emissions data has been revised to remove MMBPL data from the same as the unit reports to the Refinery SBU'.



Kochi Refinery has installed Sulphur Recovery units to minimize the SO₂ emissions from the refinery. It has also installed three fully automatic, online and computerised Ambient Air Quality Monitoring Stations. The Kochi Refinery produces auto fuels (MS & HSD) conforming to Bharat Stage – II norms. The Diesel Hydro-Desulphurisation unit (DHDS) enables to reduce the Sulphur content in diesel to 0.05 wt.%, thereby minimising the sulphur emissions from vehicle exhausts. Presently a refinery modernisation project is underway to make auto-fuels conforming to Euro-III specifications.

Biodiversity Management

BPCL is committed to the management of ecosystems and biodiversity. Our objective is to improve our operational approach to resource management as well as to contribute to the societies where we have a presence²².

Renewable energy

BPCL has taken steps to develop non conventional / renewable resources of energy and has undertaken various initiatives in tapping non-conventional energy sources like bio-diesel, wind energy, solar energy and fuel cells in order to develop such alternate sources of energy.

BPCL have started adopting new technologies and has taken initiative in the following areas:-

1. Bio-diesel

BPCL has been exploring the possibility of promoting green fuels with a view to protecting the environment by reducing pollution and dependence on imported fuels. Aiming for sustainable development, huge tracts of unproductive, barren and non-cultivable land are proposed to be used for the growth of Jatropha and Karanje plants. The plantation would contribute towards environment protection, prevention of soil erosion and feedstock for manufacturing Bio-diesel while promoting sustainable development.

In Uttar Pradesh, BPCL has launched “Project Triple One” since 2008 - the Bio-diesel value chain which envisages cultivating 1 million acres of wasteland, creating 1 million jobs and producing 1 MMT of Bio-diesel from plantation to replace diesel. A joint venture company, M/s. Bharat Renewable Energy Ltd has been incorporated for this project and progress is under way in this regard.



²² Statement made in the previous year reports, 'None of our operations are in or nearby to any notified bio-diversity hotspots of the country', was incorrect. We have identified some sites that are near notified biodiversity hotspots; however are yet to identify all such locations. This is due to large number of BPCL facilities spread across the country. We plan to report on the same by 2013-14.

2. Windmills

BPCL has been one of the first oil companies to successfully utilize non conventional energy sources by generating 5 MW power through windmills (four of 1.25 MW each) in the hilly range of Kappatguda in Karnataka. Work on the project, was completed in July 2007 and the windmills are currently in operation.

In addition, Kochi refinery's shore tank farm located in the coastal area of Puthuvypeen Special economic zone has been identified to harness wind energy potential. BPCL has approached Centre for Wind Energy Technology, Chennai to carry out a feasibility study.



3. Solar cum Wind Power

A 5 KVA solar cum wind power generator has been commissioned at one of our COCO Retail Outlet near Kolkata. Also one 5 KVA Solar power generator has been installed at our COCO Retail Outlet at Bangalore. The performance of these systems is closely monitored and a decision to provide such a facility elsewhere will be taken in due course.

A 10 KWH wind and solar hybrid project has been set up at our Pune LPG bottling plant. The load is connected to the admin block with a change over switch resulting in meeting the power demand of the admin bloc and time office.

4. Hydrogen Fuel cell

A prototype for studying Hydrogen fuel cell technology was developed at Bangalore LPG Plant. The project involves production of Hydrogen by electrolysis of water with potassium hydroxide as catalyst.



Social Performance



Social Performance



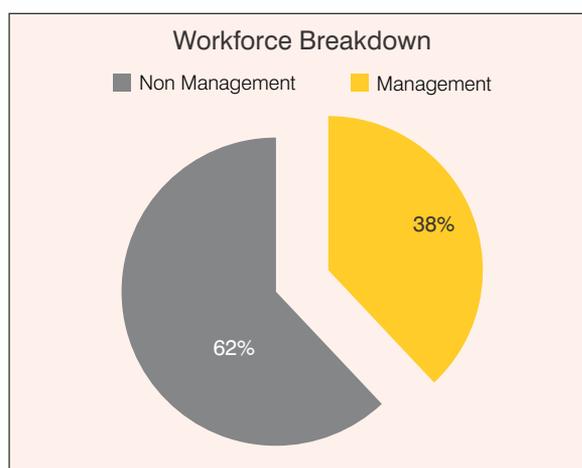
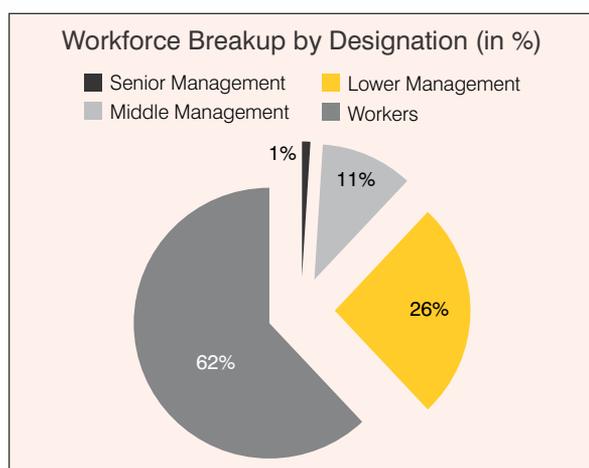
Employment Practices

Employees play a critical role in the growth of any organization. At BPCL, our employees at different levels and roles contribute to the various initiatives at the company.

| Designation | | 2009-10 | 2010-11 | 2011-12 |
|-------------------|-----|---------|---------|---------|
| Senior Management | Nos | 173 | 174 | 172 |
| Middle Management | Nos | 1365 | 1427 | 1516 |
| Lower Management | Nos | 3318 | 3356 | 3411 |
| Workers | Nos | 9059 | 8880 | 8267 |
| TOTAL EMPLOYEES | | 13915 | 13837 | 13366 |

Gender wise categorization

| Workforce Categorization | | Male | Female |
|--------------------------|-----|-------|--------|
| Senior Management | Nos | 164 | 8 |
| Middle Management | Nos | 1421 | 95 |
| Lower Management | Nos | 3055 | 356 |
| Workers | Nos | 7557 | 710 |
| Total Employees | | 12197 | 1169 |

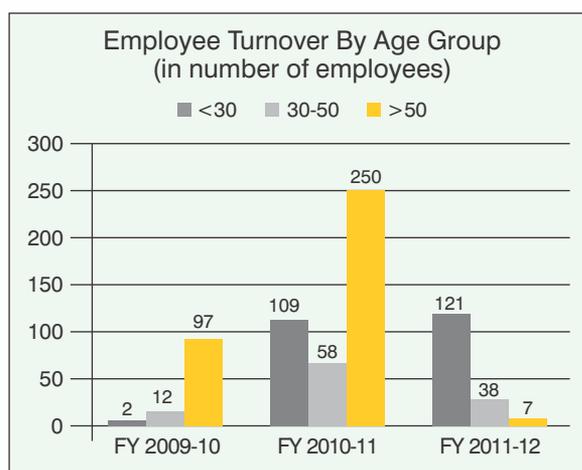
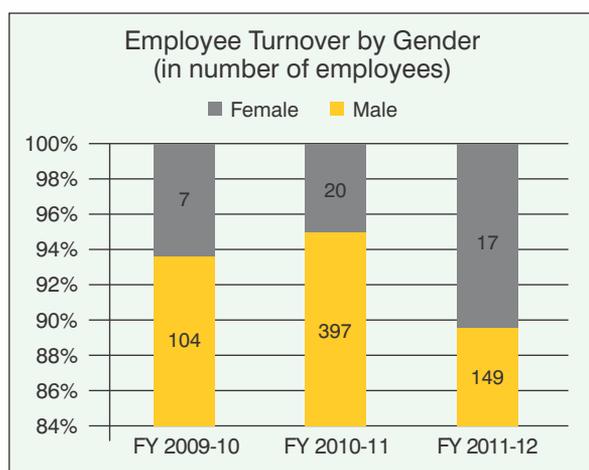


Our company engages contractual labor to complement the effort put in by the employees. Across the Mumbai and Kochi refineries as many as 7962520 man hours of contract labor was employed in FY 2011-12.

Employee Turnover

Recessionary trend continued in the past financial year. Many organizations decided to wind up or become lean. However, BPCL continued to provide job security which is well appreciated by the employees of the organization.

Employee turnover decreased by 60% over the previous financial year, reducing from 417 employees in FY 2010-11 to 166 in FY 2011-12. The highest turnover was seen for the less than 30 age group with the younger workforce going for newer job opportunities and higher studies. The attrition was also skewed towards male employees with them constituting about 90% of total turnover.



Daksh Manch

“Daksh Manch” is a platform by HRS North to recognize and award outstanding Non-Management Staff in North Region. The “super seven” awardees are identified through a nomination-cum-selection process. Five jury members (DGMs from various SBUs) undertake the final evaluation based on the following criteria for selection:

- Boundarylessness
- Outstanding performance
- Problem solving ability
- Discipline
- Team player

During the year, 4 employees availed the Parental leave, Maternity leave, during the 2011-12 period, of which 2 have already rejoined the service.

16 of our employees, who joined BPCL during the reporting period 2011-12, resigned during the same period. This included 3 female and 13 male employees

Employee Learning and Development

Learning and development is recognized as a critical element for employee satisfaction and retention by the HR team. BPCL provides its professionals with tremendous learning and career development opportunities in both technical and soft skills.



S. P. Gathoo

BPCL has an in-house Training Centre Bharat Petroleum Learning Centre (BPLC), with a rich legacy/culture as the seat for Leadership Development. The training calendar includes cross-functional skill sets, managerial/business acumen competencies, behavioural and personal development tools, making BPLC the catalyst of Change Management, across the organization.

Besides Training & Development, it serves as a Business Incubator to the organization, where programs are designed to ideate/brain-storm, in order to accelerate, develop and implement marketing initiatives that would clearly differentiate us from competition. It was at erstwhile BPLC where the seeds of organizational restructuring and business transformation were sown and successfully reaped through Project CUSECS-which enabled the organization to reorient itself to a highly customer focused organization.

BPLC is now a powerful engine of change engaged in discovering and exciting talent to move up the steep learning curve through multiple integrated developmental experiences and the exchange of ideas to position it as Centre of Excellence for Corporate Learning.

Our training programs comprise of a mix of programs on communication, marketing tools, leadership and interpersonal skills as well as technical skills related to safety and security, among others. Employees have a say in determining training focus at the time of performance appraisals, where, in addition to feedback, employees are mentored by their appraisers on career development and training requirements.

In the FY 2011-12, as many as 663303 man hours of training was provided at the refineries. These trainings were not limited to the permanent employees but also extended to the contract employees at the refineries.

Contract labor at refineries (Mumbai and Kochi) was trained for a total of 165656 man hours. Apart from this, the contract employees (including PCVO crew) at Retail, LPG, AFS and Lubes divisions were also trained to a combined total of 489653 man hours.

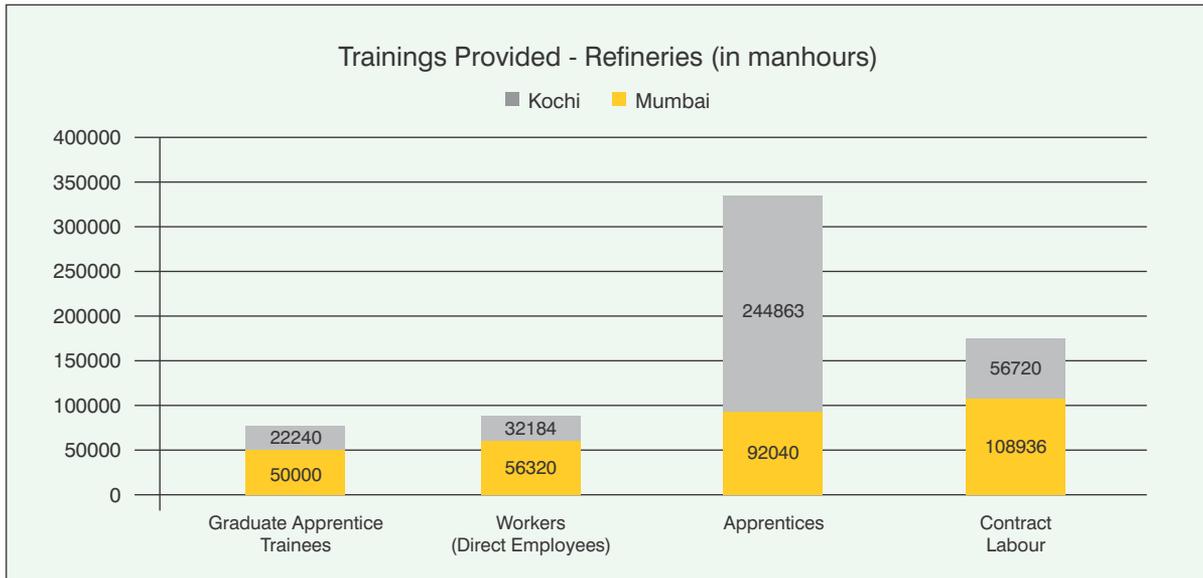
Graduate Apprentice Trainees at Mumbai received 50000 man hours of training while the corresponding figure for Kochi stood at 22240 man hours.

Director Human Resource

Talent Management is our highest priority with 40% of mgmt of staff retiring in 5-7 years. Second priority is energising and engaging the workforce - both mgmt and support staff and make best use of capabilities of these people. Our third priority is looking at functional skills –which are very critical in the specific space that professionals work in.

For HSSE, we believe in zero tolerance for accidents since in external environment tolerance for even a small slippage is very low or zero. From health perspective: we are organizing wellness workshops, focused camps for diabetes, back pain, etc.

Regarding CSR space, we have spent INR 70.75 million during 2011-12. It is important to have a process for selecting the right project, partners, process for engagement and a clear strategy for entry, delivery and exit. Power of a good idea and good people to work with are both very important. The key focus areas are Education and Health as both these focus areas are transformational in nature. Some key initiatives include computer assisted learning in and around Uran, helping people in the whole district of Nandurbar which is one of the most backward district in Maharashtra. BPCL's CSR efforts have been recognized externally.



New Initiative: ASCEND

In 2012, BPCL launched a new initiative “ASCEND”, an Integrated Talent Management Framework to enable spot and develop talent in a fair and consistent manner. The tool will be extremely powerful to help leaders demonstrate BPCL’s core value of “Development of People”.

The platform will provide people with greater opportunity in influencing decisions that shape their career.

Performance Management System:

BPCL fosters effective value based HR processes for development of people and their organizational capabilities with a view to provide them with a competitive edge and also to realize their personal vision in tandem with the corporate vision.

Management staff of the organization has an effective Balanced Score Card based on the Corporate business plan and the differentiation in performance ratings is brought in through a bell curve worked out for each business at job group level.

Child labour free operations

BPCL has established systems in place to uphold our aim of child labour free operations. Security personnel at our sites are particularly vigilant of young people entering the premises.

The contractors need to provide documentation pertaining to age proof for labour employed by them at any time during the execution of the contract. Any violation of agreement clauses is dealt with appropriate actions.

We also strongly oppose forced or compulsory labour. None of our operations, under our direct control, are at risk of incidents of child, forced and bonded labour. In the reporting period, there were no reported cases or instances regarding the use of child, forced or compulsory labour.

Freedom of Association and Collective Bargaining

BPCL has always supported the freedom of association of its employees. We do not dissociate any eligible employee from exercising his/her right to associate and collectively bargain. All our non-management employees, barring a few exceptions, are represented in collective bargaining associations.

The management and union representatives meet regularly to discuss various employee and other related issues. Significant changes in routine that affect unionised employees are effected after due consultations with the associated Unions.

We at BPCL believe in upholding the dignity of labour. We believe in fair and equitable treatment of our people - employees, workers, transporters. The Gol has embedded aspects of human rights in various laws.

We follow, in letter and spirit, all laws and regulations applicable to our operations. All our agreements, including those related to investments, include clauses regarding our statutory obligations whereby human rights issues are addressed. The issues addressed through the various laws include timely wage payment, working conditions, work place safety, dispute settlements, etc. The nature of our business operations necessitates the use of contractors and sub-contractors.

BPCL is an equal opportunity employer. We discourage unfair treatment and discrimination based on sex, age, religion, race, colour, political affiliation, etc. Employees are encouraged to report any instance of unfair treatment or discrimination to the designated authority/person in the Organization. Issues raised are investigated through appropriate channels. There were no confirmed cases or instances of discrimination of an employee in 2011-12.

BPCL has women executives holding senior level positions in the Corporate as well as Businesses. As part of the diversity in the workforce we have encouraged dealers to employ women at retail outlets and give them an inclusive atmosphere to work in. With sincere efforts currently approx 5% of workforce providing forecourt services at the retail outlets comprises of women employees.

The Employee Satisfaction Enhancement (ESE) cell, at BPCL is a unique and innovative initiative taken by the company in its endeavour to provide a conducive work environment. The ESE Cell seeks to provide a framework for prompt redressal of genuine grievances by reaching out to the maximum number of employees in a proactive manner, to listen to them, to understand their issues and concerns and seek to resolve them. The ESE team undertakes visits to upcountry locations to personally interact with the staff posted there and get a first hand idea of the issues and concerns. Efforts are made to redress the grievances at the earliest and where required, the same are escalated to the higher authorities for resolution.

BPCL being a PSU organization espouses the directives of the Gol in providing employment opportunities to individuals with disabilities and those belonging to Scheduled Caste (SC), Scheduled Tribe (ST) and Other Backward Categories (OBC). As on 31st March 2012, SC, ST and OBC employees represented 32% of our employee strength whereas 216 people with disabilities added diversity and character to the BPCL employee family.

Occupational Health & Safety

Safety remains a top priority and a core value of everyone at BPCL. We strive to achieve our goal of zero harm, and manage our activities to eliminate incidents, minimise risk and enable excellence in our operations' performance.

Oil refining being one of the key energy sector, has set its standards and norms world over. BPCL has adopted all the industry standards and norms including national standards and has been actively participating in formulation and revision of these standards, thus enriching the same with its vast experience. These standards and systems include a sound Health, Safety and Environment Management System, Emergency Handling System, Disaster Control Plan, Civil Defense Plan and Mutual Aid Scheme with neighbouring industries.

With a view to promote workplace Health & Hygiene at operating locations, we have continued with our unique programme known as "Train the Trainer for Workplace Health & Hygiene" covering all four regions; this year the batch of 61 officers have been trained under the programme, which is undertaken with the help of experts in this field. All the participants are trained as a "Trainer" to share and practicing good Health & Hygiene experiences to internal as well as external stakeholders to improve the work-life balance not only at operating location but at individual level also.

"Safety, Fire protection & Security" is an important area of concern for the company's strategically located units. We continued with our efforts to sensitize role holders on importance of security preparedness plan, crisis management plan, adoption of standard operating practices and adhering to preventing maintenance facilities. Awareness was promoted by conducting 3 workshops on "Workplace Safety & Fire protection" & 2 workshops on "Preparedness of Security at Workplace" covering total 248 officers pan-



India. Also, we have conducted RBI inspections as per the check list prepared based on OISD parameters for 17 nos of the strategically located important locations. Further, Oil Sector Infrastructure Protection Plan (OSIPP) is developed in order to access Security for the locations. Also, the book titled "Emergency Evacuation Plan (EEP) was released by Director (Marketing) highlighting how to cope up with the emergency situations arising out of Security threats or Red alert messages received by the locations.

The year has been very challenging for BPCL as despite of our continuous efforts to make our operations safe, our employees' experienced reportable injuries at both our refineries and other locations leading to 180 lost days. At the same time we observed increased awareness amongst employees which can be seen from the increased number of near miss reporting incidents for the year 2011-12

Contractor safety management has always been a challenge for most companies owing to the nature of a workforce which is always changing. Contract workers are deployed in large numbers and to maintain the safety performance of the organization contractors' training plays a vital role. This is of particular relevance to our business.

In the reporting period besides conducting defensive driving programs for our personnel in offices; several initiatives were taken by businesses at different locations to promote safe driving.

In continuation to all the above initiatives BPCL Retail business took the lead in the installation of Vehicle Tracking System (VTS), with 95.5% of Public Carrier Vehicle Operator (PCVO) tank Lorries already covered under this initiative..

| BPCL Employees | Units | FY 2011-12 | |
|--------------------------|----------|------------|----------------|
| | | Refineries | Non-refineries |
| Near misses | Nos | 170 | 180 |
| Reportable injuries | Nos | 2 | 5 |
| Lost days | Nos | 146 | 200 |
| Fatalities | Nos | 0 | 0 |
| Minor injuries/First Aid | Nos | 18 | 4 |
| Manhours worked | Manhours | 26788608 | |
| Contract labour | Units | FY 2011-12 | |
| | | Refineries | |
| Near misses | Nos | 0 | |
| Reportable injuries | Nos | 5 | |
| Lost days | Nos | 294 | |
| Fatalities | Nos | 0 | |
| Minor injuries/First Aid | Nos | 9 | |

Sustainability Awareness Workshop for Business Associates

In the developing economies, companies irrespective of the Business need to operate within the norms of co-existence & co-operation more than operating in isolation. Further, it is important to ensure that the operational activities are not detrimental to the Society or the environment. Stakeholder engagement is thus a vital process to leverage the Brand value, customer retention, and supply chain efficiency.

Corporate HSSE in line with theme of "Building a Sustainable Future" try to enable business associates for inclusiveness towards various business initiatives undertaken by BPCL during year 2011-12. Corporate HSSE organized various Sustainability Awareness half day workshops in ER, NR & SR locations, covering business associates like Dealers, Distributors, Transporters, Contractors and Employees.

All workshops were highly appreciated by business associates, wherein various initiatives undertaken by organization and business associates were shared to help them to reduce carbon emissions by energy efficiency measures, water conservation & waste management.

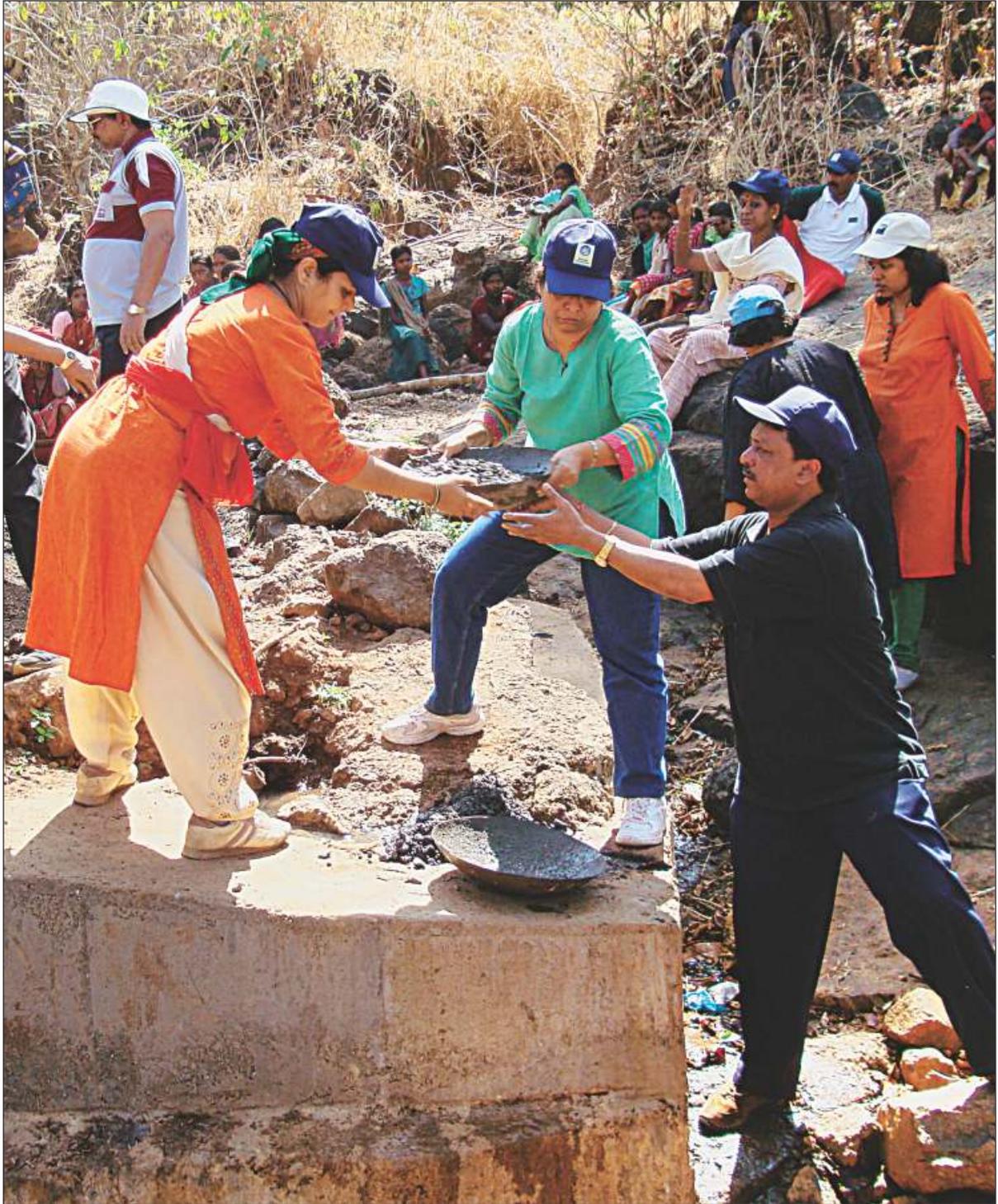
Community Initiatives and Development

BPCL has been engaged with various CSR programmes for more than two decades. The projects were mainly executed in distant remote tribal and rural areas. Various philanthropic activities like village adoption for community development, educational support through scholarships, health programmes, medical camps, infrastructure development like construction of roads, buildings, and community centers were constructed as part of social initiatives of BPCL along with the Refineries.

However, at present CSR is more strategic and has a focused approach laid down by BPCL's CSR Policy and Guidelines. The three tier system of identifying projects is

1. Being undertaken mainly to enhance business- Enlightened Business interest
2. Being undertaken in and around business and creating value for stake holder.
3. Part of Nation building- being undertaken for the poorest of poor, rural/ tribal areas.





Sharing Wider Responsibility

At BPCL, we believe that it is equally important to return back to society. Our involvement in sharing this wider responsibility dates way back to 1984, when in pursuance with our philosophy “to give back to the society/community our best”, we aimed to help the people enrich their lives, be it our employees or their families also extending the scope of definition of families to those that we saw beyond our glass cabins in these rustic surroundings. Today, we term them as our extended family i.e. our stakeholders from rural areas.

We are of the opinion that CSR underlines the objective of making a difference and adding value in people's lives. Our initiatives have emanated from the belief that it is only through unified efforts that we can bring about a change in society and improve lives. These initiatives have been implemented across our operations and are done in collaboration procedures. We have a 'five E' concept for execution of our projects – Enter, Engage, Empower, Ensure and Exit. We ensure complete stakeholder ownership so that the project sustains itself and benefits are reaped throughout.

BPCL has made substantial investments, towards its adopted villages, for nearly a decade and half to make them fully self-reliant. However, BPCL also firmly believes that the only vehicle for raising the villagers from their present state is by educating the young and the old, a focus on providing grants for opening schools and opening adult literacy camps as well.

We also encourage our employees to volunteer with our CSR projects and in doing so have achieved 3,700 employee volunteering hours. We invest in communities through a range of initiatives in our thrust areas, namely, education, water conservation, health, environment protection and economic empowerment. Kochi Refinery supports government hospitals and extends support to the municipality for assistance in various social areas like street lighting, water supply, education, etc. For these, KR was awarded the Rotary Binani Zinc Award for CSR Excellence in 2011²³.

Imparting Education

Education is the foundation of a strong nation and undoubtedly the biggest equaliser in today's world. At BPCL, we truly understand the role of education in transforming lives and have designed our educational initiatives in order to bring about this transformation. Our activities range from development of infrastructure to providing developmental leadership talks.

We realized that bridging the digital divide is imperative to the progress of rural India and initiated to Computer Assisted Learning (CAL) Program at Zilla Parishad schools near our businesses in Maharashtra and UP, in collaboration with NGO Pratham. Today, we have touched over 15,000 children from unprivileged backgrounds, and this is just the beginning. We also recently initiated the Digital Literacy and Life Skills (DLLS) program to reach out to 25,000 children across 40 schools in



23 <http://rotarycsrawards.com/home/winners>

Mumbai. Apart from this, our Project Utkarsh is an initiative to provide academically borderline students from low income schools in and around our Mumbai Refinery with extra coaching by conducting classes before and after school hours. Our refinery at Kochi also supports the Ekal Vidyalaya Program in a big way for first generation learners in remote tribal villages in the Iddukki and Wayanad districts.

BPCL Scholarships aim at promoting excellence and access to education for students across the country. Over the years, our scholarships have enabled more than 2000 students to pursue education and participate in shaping the nation. We also try and equip underprivileged children with life skills and provide exposure visits to help them with all-round development with the Capability Exploration and Enhancement Program (CEEP). Additionally, we regularly support art and culture festivals across India.

Science on Wheels

BPCL has partnered with 'Agastya International Foundation' to stimulate and build a scientific temperament within rural children through the 'Science on Wheels' Program in and around Solur LPG Plant, Karnataka. The rural district science hub, which includes a science centre and mobile science lab, provides hands-on learning and training to teachers in about 70 schools. Demonstrations of the scientific models and experiments are conducted for children to gain hands-on experience and develop an interest in the subject. The experiments are simple and use indigenous material. The program is undertaken in collaboration with government schools and the aim is to cater to about 10,000 students through this project.

Providing Healthcare

Creating awareness and providing healthcare services is one of our social responsibility thrust areas. Maintaining a healthy environment is vital for development of sustainable communities. Various initiatives such as conducting medical camps, extending universal health insurance, providing monetary aid for treatments and development of health care infrastructure for community have benefited many communities around our operations. Through our SPCV initiative, we have been able to provide healthcare facilities to truckers across the country. We have also created awareness of HIV/AIDS among employees, contract workmen and truckers. Our Mumbai refinery, on every 1st of December (World AIDS Day), ensures that it reaches out to varied stakeholders reinforcing and creating awareness of HIV/AIDS.

Jagdalpur, situated in interior Chattisgarh, is predominantly a tribal belt. We are supporting a para healthworker program through Ramkrishna Sharada Sevashram (RKSS) and the gram panchayat. Around 45 trained para health workers are now taking charge of their respective villages to detect illnesses in the preliminary stage and refer patients afflicted with these for appropriate treatment. On an average, 100 villagers get treatment free of cost through our mobile medical van. Through this pilot project, we are impacting the lives of 5,000 villagers in and around Jagdalpur.

As a caring corporate, we are also doing our bit for small children suffering from eye cancer. Through colouring, picture and story books, we support the entertainment of toddlers who are undergoing treatment for eye cancer at LV Prasad Eye Institute, Hyderabad. We also regularly support cataract camps and bring light into people's lives.



Enabling People

BPCL realizes the power of enabling people and actively engages in helping people raise their incomes and standard of living. We do so by addressing the skill gap through training and empowerment. We implement economic empowerment programs for the youth as well as women across the country.

When women earn, they do so for the family as well as for themselves. Chikankari, an art that is typical of Lucknow, has transformed the lives of more than 600 women. The smiles on their faces when they earn money for a piece of their work, speak volumes of their newly acquired confidence and desire to change their lives. We harness the local skills of women, train them in Chikankari and Zardosi work, thereby encouraging them to augment their overall family income. It also allows them to become self-employed and renders them the freedom to work flexibly at their own convenience. The project has been implemented in a manner such that the middlemen are eliminated but also to ensure that the trained women are provided backward and forward market linkages so as to make them independent upon completion of the program. Another unique women empowerment program is assisting SC/ST women set up small entrepreneurial projects, of which one is 'Project Kudumbashree'. This project is a flour mill run by a SHG in Chottanikkara Gram Panchayat of Ernakulam district with assistance from the Kochi Refinery.

BPCL is also supporting visually challenged youth in handloom weaving/acupressure/massage therapy as an income generation activity in collaboration with Grameen Shramik Pratishthan at Latur. We have also joined hands with Dr. Reddy's Foundation and Pratham to enhance livelihood opportunities to unemployed youth residing near our business units and locations. In light of all these efforts in community and livelihood development, BPCL was lauded with the inaugural Aaj Tak Care Award for Livelihood in June 2012²⁴.

²⁴ <http://indiatoday.intoday.in/story/aaj-tak-care-awards-india-inc-csr-role-pranab-mukherjee/1/199449.html>

Conserving Water

Continuing for the sixth year, Project Boond has been instrumental in developing and providing access to water sources in many villages. The project included cordoning of natural springs, roof top harvesting, desilting of ponds, stone pitching, repair of wells, excavation of new wells and construction of KT bund walls with vents. A total of 90 villages have been impacted until now, and a total of 500 million litres of water have been saved.

The objective was to turn these villages from water scarce to water positive. The work also involved constructing gabions, cordoning of springs and pond repair. All the activities undertaken to draught-free the villages were performed with complete participation from the villagers. This imparted a sense of belonging and responsibility towards their village. Not just that, while working they learnt additional skills like masonry, welding etc. which they later used as an additional source of income for themselves. This helped check the rampant levels of migration as well.

In Southern India, the traditional tank cascades that facilitated higher irrigation efficiency became redundant due to the negligence of traditional systems and knowledge. Through sustained efforts, they have now been revived through the following procedures –

- a. Effective and efficient rainwater harvesting achieved in the chain of tank systems due to the rehabilitation taken up in all the tanks.



- b. Improved ground water recharge around the tank cascade area
- c. The Cascade Vayalagam is strengthened resulting in the negotiating power of member farmers, thus enabling them to get adequate funds from institutions for the future maintenance
- d. Credit facilities with lesser interest made available to farmers

For the next five years, BPCL is on a mission to having created a positive impact around all communities where we operate. By then, we aim to have transformed around 150 villages from water scarce to water positive under the Project Boond. A resource of an 'expert panel' will be formed on issues pertaining to our thrust areas. Our goal is to enable the education of more than 10 lakh children under our initiatives. We would also like to develop employee volunteering as part of our corporate culture by having a minimum of 10 % of our employees helping out in the next five years. We would have created core competent volunteers in thrust areas like energy audits, environment awareness, pipeline security and disaster management, thus enabling a responsible business.

Project Utkarsh

Education has always been a focus area for BPCL. With Project Utkarsh we wanted to reach out to the students at the risk of academic failure due to socio economic problems.

As part of this initiative, BPCL has partnered with M/s. Pratham Infotech NGO to provide coaching conducted before and after school hours in the subjects of Maths, Science and English which would help the students in continuing their studies upto SSC level.

The project faced initial challenges like space constraint in school, low attendance due to family problems etc. However, due to the proactive action by the project team alternate arrangements could be made in computer labs and library. Likewise visits by fellow teachers to student's homes convinced the parents about the benefits of the program and improved attendance in class.

Today, the initiative is touching the lives of 150 students helping them to complete their SSC. It is expected that further vocational training will make them employable as well. This initiative is completely funded as part of BPCL's CSR budget and has huge potential of scaling up to more number of schools as well.

Launching Solar Light amongst LPG users in Rural Areas

We have always strived to provide value added nonfuel services to our LPG customers using our India wide exhaustive distribution channel of LPG Distributors.

Traditionally wood is the most prevalent fuel for cooking in the rural and tribal areas however LPG also serves as a secondary fuel in most regions. Hence, Bharatgas has an established distributor network in these regions. Power deficit in the rural areas is a recurring problem and our company decided to do its bit for solving this issue.

Bharatgas has launched the "Beyond LPG" initiative, under which solar handsets and lanterns are sold through its 2600 LPG Distributors. Although there is no Government support or funding involved in this initiative, BPCL has managed to solicit the support of Solar Equipment manufacturers and Bharatgas Distributors within a sustainable revenue sharing model.

Apart from that, capacity building was also undertaken by the dedicated and environment friendly officers of BPCL for the staff of Bharatgas Distributors to educate them about the benefits of the solar lights and how to motivate customers to buy them. As a result the program was very well received in the rural areas.

In some areas, Bharat Gas Distributors have also sponsored some of the mobile solar lights as their contribution towards social and community development programs.

The initiative has led to the villagers saving recurring expenditure on Kerosene and fire wood as well as improvement in the living condition of rural folks, as solar light is clean and non hazardous.

Product Responsibility

BPCL pioneered the transformation of petroleum retailing in India through path breaking initiatives which have provided a clear differentiation to a market which is predominantly a commodity market. Product quality and safety is intricately embedded in our operations and we adhere to all applicable statutes regarding product labeling and transportation.

In BPCL's continuous quest for excellence in products, services across its portfolio of brands that have together contributed substantial value to the Brand BPCL which continues to be amongst top 10 brands in terms of brand valuation.

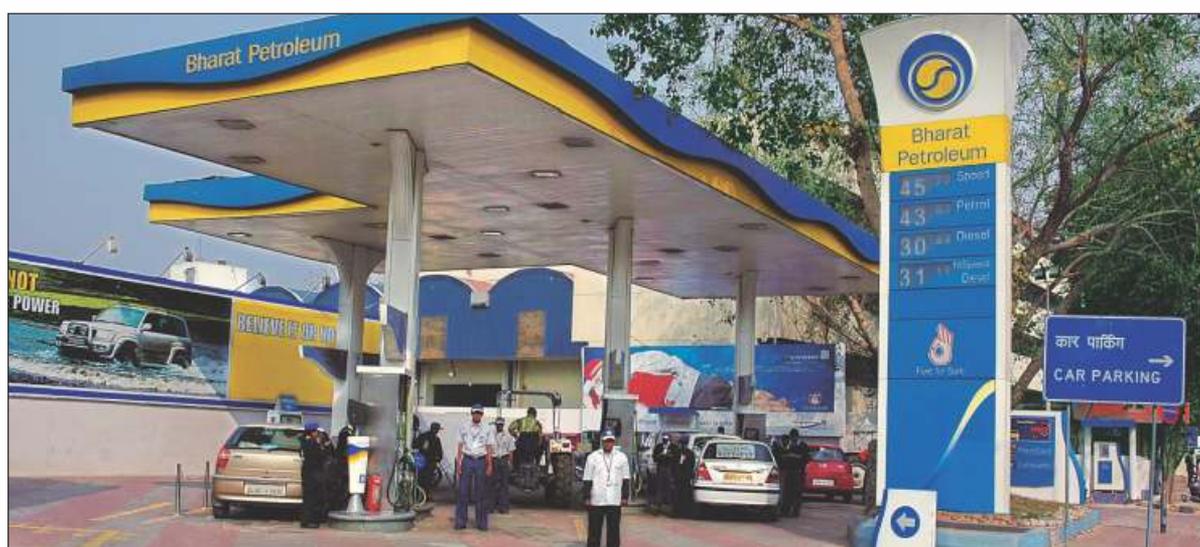
Brands are key assets of any organization and enhancement in their equity only adds to the asset value. It is in this context that BPCL for the first time introduced the Brand Marks initiative, to recognize the excellence in implementation of brand and customer service standards at field level.

The initiative aims to evaluate and recognize implementation of RVI standards / customer service standards at the field level at multiple levels like Sales Officer, Territory, AMM, Regional and SBU. The Retail Outlets are evaluated on various parameters of housekeeping, branding and customer standards, and the outlet scoring highest points at all India level will be rewarded. Similarly the territory scoring maximum points at the Regional as well as national level will also be recognized and rewarded.

We hope to grow this initiative into a major exercise in enhancing brand standards & achieve excellence in our communication and interaction with customers at all touch points. The evaluation scores recorded in the first edition will be used to set bench marks for future evaluations, thereby raising the bar for evaluations.

While we have not yet analysed health and safety impacts of our products along the entire value chain through formal assessments, our priority remains to produce energy products in a way that preserves and protects human health, safety and environment.

We have robust quality assessment cycle for ensuring the quality of our products. To ensure that our products are used in a safe manner, we have communicated proper product management to all our customers



Management Approach Overview



Management Approach Overview



Environment:

We take a holistic approach to environmental sustainability by considering the environmental impacts associated with our business operations and then incorporating those considerations into our sustainability strategy and decision making processes.

Health, safety and environmental issues have risen on the oil and gas industry's agenda, reflecting both increased public pressure and more complex operational challenges. We, at BPCL, firmly believe in inclusive growth and expend considerable efforts towards social responsibility in all areas of our operations. We have taken several steps to develop non-conventional/ renewable sources of energy and has undertaken various initiatives in tapping non-conventional energy sources like bio-diesel, bio-ethanol, wind energy, solar energy and fuel cells.

Our approach allows us to evaluate, monitor and continually improve the environmental aspects of our direct operations. This helps us achieve our goal of reducing resource use and pushing efficiencies into our supply chain. Improved products and services helps our customers to become more sustainable by improving safety and minimising energy.

Labour practices:

Safety continues to be a top priority for the company's strategically located units. Our long-term safety goal remains zero harm and we strive to manage our activities to eliminate incidents, minimise risk and enable excellence in our operations' performance.

BPCL ensures health and safety of all its employs. To better manage fatigue at the workplace, it is ensured that personnel involved in safety sensitive areas have limited working hours and do not stress much. Operating units are required to implement a Fatigue Management Plan to identify fatigue among staff and eliminate fatigue in the workplace.

BPCL also tries to have functions, especially considered as HSE critical, assessed on their requirements on physical and mental health attributes to reduce or avoid a mismatch as well as to conduct timely interventions where necessary.

We have implemented lot of initiatives to ensure sensitization of role holders on the importance of safety, emergency preparedness plan, crisis management plan, adoption of standard operating practices and adhering to preventive maintenance of facilities.

We aim to create an inclusive work environment with equal opportunities. We do not differentiate amongst employees on the basis of gender, race, caste and age.

Human rights:

Our business principles require our employees and contractors to respect the human rights of other employees and the communities where we work. We are conscious that as we expand our operations globally, it will be increasingly important to retain a strong focus on human rights issues. We have incorporated elements of human rights in our agreements and closely monitor their performance to ensure that there are no violations.

We follow, in letter and spirit, all laws and regulations applicable to our operations. We are conscious that as we expand our operations globally, it will be increasingly important to retain a strong focus on human rights issues. All our agreements, including those related to investments, include clauses regarding our statutory obligations whereby human rights issues are addressed

While we do not have a formal policy in place, lot of initiatives related to workplace safety and security have been taken up and implemented corporate wide during the year. We continued to reinforce site security through enhanced training and upgrae of facilities as and where required. The Company prefers contracting the highly trained and vigilant Central Industrial Security Force (CISF) or former defence professionals for providing site security.

Violations of human rights and labour welfare clauses by a contractor are dealt with on a case-by-case basis; the punishment meted out ranges from the issuance of a warning to termination of the contract.

Society:

At BPCL, Corporate Vigilance, BPCL has made great strides in enhancing the ethical standards of the organisation by encouraging sound business practices and good corporate governance through an effective balance of proactive and preventive measures.



We operate as per the guidelines of the Central Vigilance Commission (CVC) of the Government of India to manage risks due to corruption. The concept of "Vigilance for Corporate Excellence" is at the centre of all the departmental operations and a "Proactive Vigilance" approach is adopted.

In case of any allegations of corruption against a business partner or contractor company reported to us relating to a contract we have with that partner or contractor company, we will investigate and where appropriate take action. In 2011, as far as we are aware there were no incidents of business partners or contractor companies against whom we have taken such action.

As a part of preventive vigilance, periodic / surprise inspections of refineries, depots and installations, retail outlets, LPG plants and distributorships are carried out throughout the year. In addition, a Whistleblower Policy that contains details about formal channels of reporting incidents of corruption has been formulated.

BPCL also strongly believes that CSR has emerged from the belief that it is only through collective effort that change can be brought about in society. BPCL's CSR initiatives are pan India in reach and involve collaboration with a number of Non-Government Organisations (NGOs) who are committed to the cause of social development and people empowerment. BPCL has successfully completed various projects in the fields of education, water conservation, health, environment conservation and economic empowerment, where the communities have achieved sustainability.

Product responsibility:

Customer satisfaction is very important for a marketing company like us. Due to the large variety of our products, we have a broad spectrum of customers; therefore each of our SBUs has devised multi-dimensional channels of gauging customer satisfaction of our products and services.

Product quality and safety is intricately embedded in our operations and we adhere to all applicable statutes regarding product labeling and transportation.

Economic performance:

We continue to be responsible to our shareholders and have deployed strategies to face the challenges posed by the industry. We are poised to meet the challenges of future through the evolution of our Business. We strengthen our commitment to procure goods locally, if equivalent products and services are available. One of our core focus areas is to embed the principle of responsible development into our business processes and each of our Business Units has laid out plans to contribute to this corporate philosophy.

We continue our commitment to employee welfare as we firmly believe that the provision of adequate social security to employees is vital to the stability of an organization. We have renewed our commitment of contributing to the social and economic upliftment of the regions we operate in, by careful evaluation of our ongoing development activities including hiring from the local communities we operate in.

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| G3.1 Content Index | | | | | | |
|--|--|----------|-----------------------------------|---|---------------------|---|
| | Application Level | | | | Assured by | |
| STANDARD DISCLOSURES PART I: Profile Disclosures | | | | | | |
| 1. Strategy and Analysis | | | | | | |
| Profile Disclosure | Description | Reported | Cross-reference/ Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation |
| 1.1 | Statement from the most senior decision-maker of the organization. | Full | Page 3 | | | |
| 1.2 | Description of key impacts, risks, and opportunities. | Full | Page 14-16 | | | |
| 2. Organizational Profile | | | | | | |
| Profile Disclosure | Description | Reported | Cross-reference/ Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation |
| 2.1 | Name of the organization. | Full | Cover page | | | |
| 2.2 | Primary brands, products, and/or services. | Full | Page 11 | | | |
| 2.3 | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures. | Full | Page 10 | | | |
| 2.4 | Location of organization's headquarters. | Full | Back cover | | | |
| 2.5 | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | Full | Page 10 | | | |
| 2.6 | Nature of ownership and legal form. | Full | Page 10 | | | |
| 2.7 | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries) | Full | Page 8 | | | |
| 2.8 | Scale of the reporting organization. | Full | Page 10 | | | Further information can be accessed through our corporate web: www.bharatpetroleum.in |
| 2.9 | Significant changes during the reporting period regarding size, structure, or ownership. | Full | GRI/API/IPIECA/OGP Index | | | No significant changes occurred during the reporting period |
| 2.10 | Awards received in the reporting period. | Full | Page 78-79 | | | |

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| 3. Report Parameters | | | | | | |
|----------------------|---|----------|-----------------------------------|---|---------------------|--|
| Profile Disclosure | Description | Reported | Cross-reference/ Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation |
| 3.1 | Reporting period (e.g., fiscal/calendar year) for information provided | Full | Page 2 | | | |
| 3.2 | Date of most recent previous report (if any). | Full | GRI/API/ IPIECA/ OGP Index | | | BPCL publishes its Sustainability Report on a yearly basis. SR can be accessed through our website www.bharatpetroleum.in . For the current report, data for the last year's performance has been provided for comparability |
| 3.3 | Reporting cycle (annual, biennial, etc.) | Full | Page 2 | | | |
| 3.4 | Contact point for questions regarding the report or its contents. | Full | Page 86 | | | |
| 3.5 | Process for defining report content. | Full | Page 22-23 | | | |
| 3.6 | Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See API / IPIECA / OGP Boundary Protocol for further guidance. | Full | Page 2 | | | |
| 3.7 | State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope). | Full | GRI/API/ IPIECA/ OGP Index | | | Specific limitations (if any) have been reported in the relevant sections of this report |
| 3.8 | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations. | Full | Page 2 | | | |
| 3.9 | Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols. | Full | GRI/API/ IPIECA/ OGP Index | | | Relevant explanation have been provided in the individual section where necessary |
| 3.10 | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods). | Full | GRI/API/ IPIECA/ OGP Index | | | Restatement of information (if any) has been explained in the relevant section of this report |

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| 3.11 | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report. | Full | GRI/API/ IPIECA/ OGP Index | | | No major change occurred during the reporting period |
|---|---|----------|-----------------------------------|---|---------------------|---|
| 3.12 | Table identifying the location of the Standard Disclosures in the report. | Full | GRI/API/ IPIECA/ OGP Index | | | |
| 3.13 | Policy and current practice with regard to seeking external assurance for the report. | Full | Page 2 | | | |
| 4. Governance, Commitments, and Engagement | | | | | | |
| Profile Disclosure | Description | Reported | Cross-reference/ Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation |
| 4.1 | Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. | Full | Page 26 | | | |
| 4.2 | Indicate whether the Chair of the highest governance body is also an executive officer. | Full | Page 26 | | | |
| 4.3 | For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members. | Full | Page 26 | | | |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | Full | Page 23 & 26 | | | |
| 4.5 | Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance). | Full | Page 26 | | | |
| 4.6 | Processes in place for the highest governance body to ensure conflicts of interest are avoided. | Full | Page 26 | | | |
| 4.7 | Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity. | | GRI/API/ IPIECA/ OGP Index | | | Details on Company's Governance and Composition of the Company's Board of Directors and other Governing bodies is available on our web: http://www.bharatpetroleum.com/ |

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| Profile Disclosure | Description | Reported | Cross-reference/ Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation |
|--------------------|---|----------|---|---|---------------------|--|
| 4.8 | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. | Full | Page 14 | | | |
| 4.9 | Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. | Full | Page 26 | | | |
| 4.10 | Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance. | Full | Page 26 | | | |
| 4.11 | Explanation of whether and how the precautionary approach or principle is addressed by the organization. | | GRI/API/ IPIECA/ OGP Index | | | "BPCL's enterprise risk management framework duly addresses the environmental risks related to operations and products." |
| 4.12 | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses. | Full | Page 26 | | | |
| 4.13 | Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: *Has positions in governance bodies; * Participates in projects or committees; *Provides substantive funding beyond routine membership dues; or *Views membership as strategic. | Full | Page 21 | | | |
| 4.14 | List of stakeholder groups engaged by the organization. | Full | Page 23-24 API/IPIECA/ OGP: Se1, SE16 | | | |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage. | Full | Page 23 API/IPIECA/ OGP: Se1, SE16 | | | |
| 4.16 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. | Full | Page 23-24 API/IPIECA/ OGP: SE1, SE16 | | | |
| 4.17 | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. | Full | Page 23-24 API/IPIECA/ OGP: SE1, SE16 | | | |

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| STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs) | | | | | | |
|---|--|--------------------|-----------------------------------|---|---------------------|-------------|
| G3.1 DMAs | Description | Reported | Cross-reference/ Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation |
| DMA EC | Disclosure on Management Approach EC | | | | | |
| Aspects | Economic performance | Full | Page 28, 64 | | | |
| | Market presence | Full | Page 28, 64 | | | |
| | Indirect economic impacts | Full | Page 64 | | | |
| DMA EN | Disclosure on Management Approach EN | | | | | |
| Aspects | Materials | Full | Page 62, 34 | | | |
| | Energy | Full | Page 38, 62 | | | |
| | Water | Full | Page 36, 62 | | | |
| | Biodiversity | Full | Page 42, 62 | | | |
| | Emissions, effluents & waste | Full | Page 40, 62 | | | |
| | Products and services | Full | Page 62 | | | |
| | ComplianceTransport | Full | Page 62 | | | |
| | Overall | Full | Page 62 | | | |
| DMA LA | Disclosure on Management Approach LA | | | | | |
| Aspects | Employment | Full | Page 62, 46 | | | |
| | Labor/management relations | Full | Page 62, 46 | | | |
| | Occupational health and safety | Full | Page 62, 51 | | | |
| | Training and education | Full | Page 62, 47 | | | |
| | Diversity and equal opportunity | Full | Page 62 | | | |
| | Equal remuneration for women and men | Partial | Page 62, 50 | | | |
| DMA HR | Disclosure on Management Approach HR | | | | | |
| Aspects | Investment and procurement practices | Full | Page 62, 29 | | | |
| | Non-discrimination | Full | Page 62, 50 | | | |
| | Freedom of association and collective bargaining | Full | Page 62, 49 | | | |
| | Child labor | Full | Page 62, 49 | | | |
| | Prevention of forced and compulsory labor | Full | Page 62, 49 | | | |
| | Security practices | Full | Page 62 | | | |
| | Indigenous rights | Full | Page 62 | | | |
| | Assessment Remediation | Partial Partial | Page 62 | | | |
| DMA SO | Disclosure on Management Approach SO | | | | | |
| Aspects | Local communities | Full | Page 61, 51 | | | |
| | Corruption | Full | Page 61 | | | |
| | Public policy | Full | Page 61, 20 | | | |
| | Anti-competitive behavior | Full | Page 61, 20 | | | |
| | Compliance | Full | Page 61 | | | |
| DMA SO | Disclosure on Management Approach PR | | | | | |
| Aspects | Customer health and safety | Full | Page 64 | | | |
| | Product and service labeling | Full | Page 64 | | | |
| | Marketing communications | Full | Page 64 | | | |
| | Customer privacy | Full | Page 64 | | | |
| | Compliance | Full | Page 64 | | | |

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| STANDARD DISCLOSURES PART III: Performance Indicators | | | | | | |
|---|---|----------|---|---|---------------------|--|
| Performance Indicator | Description | Reported | Cross-reference/ Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation |
| Economic performance | | | | | | |
| Ec1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | Full | Page 28 API/IPIECA/ OGP SE13 | | | |
| Ec2 | Financial implications and other risks and opportunities for the organization's activities due to climate change. | Partial | Page 29, 30 API/IPIECA/ OGP SE13 | | | |
| Ec3 | Coverage of the organization's defined benefit plan obligations. | Full | GRI/API/IPIECA/ OGP Index API/IPIECA/ OGP SE13 | | | Please refer BPCL Annual Report 2011-12 (Page 126) |
| Se13 | Describe policies, initiatives or advocacy programmes for the promotion of revenue transparency. | Partial | Page 26 | | | |
| Ec4 | Significant financial assistance received from government. | Full | Page 29 | | | |
| Market presence | | | | | | |
| Ec6 | Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation. | Full | Page 29 API/IPIECA/ OGP : SE7 | | | |
| Ec7 | Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. | Full | Page 50 API/IPIECA/ OGP : SE6 | | | |
| Indirect economic impacts | | | | | | |
| Ec8 | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. | Full | Page 30, 55-56 API/IPIECA/ OGP : SE4 | | | |
| Environmental | | | | | | |
| Materials | | | | | | |
| En1 | Materials used by weight or volume. | Full | Page 34 | | | |
| En2 | Percentage of materials used that are recycled input materials. | Full | Page 34 | | | |
| Energy | | | | | | |
| En3 | Direct energy consumption by primary energy source. | Full | Page 38 API/IPIECA/ OGP: E2, E3 | | | |
| En4 | Indirect energy consumption by primary source. | Full | Page 39 | | | |

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| Performance Indicator | Description | Reported | Cross-reference/ Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation |
|---------------------------------------|---|----------|--|---|---------------------|-------------|
| Energy | | | | | | |
| En5 | Energy saved due to conservation and efficiency improvements. | Full | Page 39 | | | |
| En6 | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. | Full | Page 42-43 | | | |
| En7 | Initiatives to reduce indirect energy consumption and reductions achieved. | Full | Page 39 | | | |
| Water | | | | | | |
| En8 | Total water withdrawal by source. | Full | Page 36 API/IPIECA/OGP:E6 | | | |
| En9 | Water sources significantly affected by withdrawal of water. | Full | Page 36 | | | |
| En10 | Percentage and total volume of water recycled and reused. | Full | Page 36 | | | |
| Biodiversity | | | | | | |
| En11 | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. | Partial | Page 42 API/IPIECA/ OGP : E5 | | | |
| En12 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. | Partial | Page 42 API/IPIECA/ OGP : E5 | | | |
| Emissions, effluents and waste | | | | | | |
| En16 | Total direct and indirect greenhouse gas emissions by weight. | Full | Page 38-39 API/IPIECA OGP : E1 | | | |
| En17 | Other relevant indirect greenhouse gas emissions by weight. | Full | Page 40 | | | |
| En18 | Initiatives to reduce greenhouse gas emissions and reductions achieved. | Full | Page 40 | | | |
| En19 | Emissions of ozone-depleting substances by weight. | Full | Page 40 Addresses: E7 (API/IPIECA) | | | |
| En20 | Nox, SOx, and other significant air emissions by type and weight. | Full | Page 41 API/IPIECA/OGP:E7 | | | |
| En21 | Total water discharge by quality and destination. | Full | Page 36 API/IPIECA/OGP:E9 | | | |
| En22 | Total weight of waste by type and disposal method. | Full | Page 35 API/IPIECA/OGP:E10 | | | |

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| Performance Indicator | Description | Reported | Cross-reference/ Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation |
|--|--|----------|--------------------------------------|---|---------------------|---|
| Emissions, effluents and waste | | | | | | |
| En23 | Total number and volume of significant spills. | Full | Page 35 API/IPIECA/ OGP : E8 | | | |
| E4 | Volume of flared and vented hydrocarbon | Full | GRI/API/ IPIECA/ OGP Index | | | We have included flaring emissions within our greenhouse gas emission reporting. Total volumes of flared gas in 2011-12 was 14506MT |
| Products and services | | | | | | |
| En26 | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. | Partial | Page 35-41 | | | |
| En27 | Percentage of products sold and their packaging materials that are reclaimed by category. | Partial | GRI/API/ IPIECA/ OGP Index | | | Our LPG and Lubes businesses are packaging intensive. LPG cylinders are reused multiple times; however, we do not currently have systems to reclaim packaging materials of the products sold by us. |
| Compliance | | | | | | |
| En28 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. | Full | GRI/API/ IPIECA/ OGP Index | | | There were no fines during the reporting period |
| Transport - Overall | | | | | | |
| En30 | Total environmental protection expenditures and investments by type. | Full | Page 31 | | | |
| Social: Labor Practices and Decent Work | | | | | | |
| Employment | | | | | | |
| La1 | Total workforce by employment type, employment contract, and region, broken down by gender. | Full | Page 46 API/IPIECA/ OGP : SE15 | | | |

GRI / API / IPIECA / OGP Content Index

| Performance Indicator | Description | Reported | Cross-reference/ Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation |
|---------------------------------------|---|----------|--|---|---------------------|---|
| Employment | | | | | | |
| La2 | Total number and rate of new employee hires and employee turnover by age group, gender, and region. | Partial | Page 46 | | | We are in the process of streamlining our HR data compilation process to align it with G3.1 requirements. For the current reporting period, we have provided data specific to western region for the new hires and percentage of those left in the same period. |
| La15 | Return to work and retention rates after parental leave, by gender. | Full | GRI/API/ IPIECA/ OGP Index | | | We are in the process of streamlining our HR data compilation process to align it with G3.1 requirements. For the current reporting period, we have provided data specific to western region. |
| Labor/management relations | | | | | | |
| La4 | Percentage of employees covered by collective bargaining agreements. | Full | Page 50 | | | |
| La5 | Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. | Full | Page 50 | | | |
| Hs1 | Describe joint management, and workforce health and safety programmes and processes, to facilitate participation of the workforce at all levels in health and safety dialogues. | Partial | GRI/API/ IPIECA/ OGP Index | | | BPCL operated facility has a formal health and safety committee, operating at the facility level and representing the workforce at that facility. |
| Hs2 | Programmes and processes for identifying and addressing significant workforce health issues, especially at the community and country level. | Full | Page 62 | | | |
| Occupational health and safety | | | | | | |
| La7 | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender. | Full | Page 52 API/IPIECA/ OGP : HS3 | | | |
| La8 | Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. | Full | GRI/API/ IPIECA/ OGP Index API/IPIECA/ OGP : HS8 | | | All BPCL locations have local medical support services in place and have access to health advisers. All staff travelling overseas are provided specialist advice, vaccinations and preventative measures appropriate to the risks in the location |

GRI / API / IPIECA / OGP Content Index

| Performance Indicator | Description | Reported | Cross-reference/ Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation |
|---|---|----------|--|---|---------------------|--|
| Training and education | | | | | | |
| La10 | Average hours of training per year per employee by gender, and by employee category. | Partial | Page 47-49 API/IPIECA/ OGP : SE17 | | | |
| La13 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity. | Full | Page 46 | | | |
| Equal remuneration for women and men | | | | | | |
| La14 | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation. | Partial | Page 50 | | | |
| Social: Human Rights | | | | | | |
| Investment and procurement practices | | | | | | |
| Hr1 | Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening. | Full | Page 50 API/IPIECA/ OGP : SE8 | | | |
| Hr2 | Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken. | Full | Page 64 API/IPIECA/ OGP : SE9 | | | BPCL ensures that all its business associates follows the basic human rights and respect the contractors working on their site |
| Hr3 | Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. | partial | GRI/API/ IPIECA/ OGP Index API/IPIECA/ OGP : SE8 | | | As a part of our induction programme, all new joiners are required to take this training as part of their induction. |
| Non-discrimination | | | | | | |
| Hr4 | Total number of incidents of discrimination and corrective actions taken. | Full | GRI/API/IPIECA/ OGP Index API/IPIECA/ OGP : Se8; SE18 | | | There were no incidents of discrimination during the reporting period |
| Se18 | Describe non-retaliation policy and confidential workforce grievance system. | partial | Page 50 | | | |

GRI / API / IPIECA / OGP Content Index

| Performance Indicator | Description | Reported | Cross-reference/ Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation |
|---|--|----------|--|---|---------------------|---|
| Freedom of association and collective bargaining | | | | | | |
| Hr5 | Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights. | Full | Page 50 | | | |
| Child labor | | | | | | |
| Hr6 | Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor. | Full | Page 49 | | | |
| Prevention of forced and compulsory labor | | | | | | |
| Hr7 | Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor. | Full | Page 49 | | | |
| Se2 | Indigenous peoples | Full | GRI/API/ IPIECA/ OGP Index | | | We do not have our operations close to indigenous community |
| Se10 | Security and human rights | Partial | Page 63 | | | |
| Security practices - Assessment | | | | | | |
| Hr10 | Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments. | Partial | GRI/API/ IPIECA/ OGP Index | | | Presently none of our operations have undergone formal human rights review and impact assessments. In the coming years, we propose to have stringent systems in place to access human rights impact and plan to report on this indicator by 2014-15 |
| Remediation | | | | | | |
| Hr11 | Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms. | Full | GRI/API/ IPIECA/ OGP Index | | | There were no grievances reported during the year 2011-12 |
| Social: Society | | | | | | |
| Local communities | | | | | | |
| So1 | Percentage of operations with implemented local community engagement, impact assessments, and development programs. | Full | Page 53-59 API/API/IPIECA/ OGP/OGP: SE1, ES4 | | | |
| So9 | Operations with significant potential or actual negative impacts on local communities. | Partial | Page 53-59 | | | |

GRI / API / IPIECA / OGP Content Index

| Performance Indicator | Description | Reported | Cross-reference/ Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation |
|--------------------------|--|----------|---|---|---------------------|--|
| Local communities | | | | | | |
| So10 | Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities. | Partial | Page 53-59 | | | |
| Corruption | | | | | | |
| So2 | Percentage and total number of business units analyzed for risks related to corruption. | Partial | Page 63 API/IPIECA/ OGP : SE11, SE12 | | | For further information please refer Vigilance Section on Page 23 of BPCL's Annual Report 2011-12 |
| So3 | Percentage of employees trained in organization's anti-corruption policies and procedures. | Full | GRI/API/ IPIECA/ OGP Index API/IPIECA/ OGP : SE11 | | | As a part of our code of conduct Policy and induction process all our employees receive training on anti-corruption policies and procedures. |
| So4 | Actions taken in response to incidents of corruption. | Full | Page 63 API/IPIECA OGP : SE11 | | | |
| Public policy | | | | | | |
| So5 | Public policy positions and participation in public policy development and lobbying. | Full | Page 20 API/IPIECA/ OGP : SE14 | | | |
| Compliance | | | | | | |
| So8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. | Full | GRI/API/ IPIECA/ OGP Index | | | There were no significant fines in the reporting period |
| Hs5 | Process Safety | Full | GRI/API/ IPIECA/ OGP Index | | | We are currently reviewing internally at how we continue to refine the reporting of these indicators in order to ensure robust and consistent quality of data. We shall report on this indicator from 2013-14. |
| Se3 | Involuntary resettlement | Full | GRI/API/ IPIECA/ OGP Index | | | We follow all applicable provisions laid down under the National Policy of Rehabilitation and Resettlement for our projects in India which might impact communities. |

GRI / API / IPIECA / OGP Content Index

| Performance Indicator | Description | Reported | Cross-reference/ Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation |
|---------------------------------------|--|----------|-------------------------------------|---|---------------------|---|
| Social: Product Responsibility | | | | | | |
| Customer health and safety | | | | | | |
| Pr1 | Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. | Partial | Page 64 API/IPIECA/ OGP : HS4 | | | BPCL works closely with industry partners, government agencies and the scientific community to advance scientific knowledge about the safe use of our products. We work with regulators to develop and enhance product health and safety standards. |
| Pr2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. | Full | GRI/API/ IPIECA/ OGP Index | | | There were no incidents of non compliance |
| Customer health and safety | | | | | | |
| Pr3 | Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. | Full | GRI/API/ IPIECA/ OGP Index | | | All our marketing communication related to our products and services adhere to ASCI voluntary standards on marketing and communication |
| Pr4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes. | Full | GRI/API/ IPIECA/ OGP Index | | | There were no incidents of non compliance |
| Marketing communications | | | | | | |
| Pr6 | Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. | Full | GRI/API/ IPIECA/ OGP Index | | | All our marketing communication related to our products and services adhere to ASCI voluntary standards on marketing and communication |
| Pr7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes. | Full | GRI/API/ IPIECA/ OGP Index | | | There were no incidents of non compliance in the reporting period |
| Compliance | | | | | | |
| Pr9 | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. | Full | GRI/API/ IPIECA/ OGP Index | | | There were no significant fines in the reporting period |

Awards and Accolades 2011-12



- ▶ BPCL attained an all time high ranking of 225 in the Fortune Global 500 ranking for 2011-12 which was a significant improvement over the ranking of 272 in 2010-11. This puts BPCL in the third place amongst Indian companies in the list. BPCL also occupies the 69th position amongst Asian companies.
- ▶ BPCL moved up a notch to the third place in the prestigious Economic Times 500 India's Biggest Companies 2011 rankings. The companies were ranked on the basis of their total income (or revenues) in the last financial year.
- ▶ BPCL cemented its status as one of India's most respected Corporate Houses when it was placed 17th among India's 50 Most Admired Companies. This definitive Report Card on Corporate Reputations was put together as a collaborative effort of the internationally reputed Fortune Magazine and Hay Group, the HR consulting firm.
- ▶ Mumbai refinery won the Performance Excellence Award of Ramakrishna Bajaj National Quality Award 2010 under the Large Manufacturing category for the fourth consecutive time.
- ▶ BPCL received the prestigious NDTV Profit, Business Excellence Award in the CSR category in recognition of its performance as a good corporate citizen.
- ▶ BPCL features amongst the four Indian Companies in the top category of "BRICS Carbon Ranking" amongst BRICS nations comprising companies from Brazil, Russia, India, China and South Africa.

- ▶ BPCL bagged the 'CIDC Vishwakarma Award' for the second time in a row for Corporate Social Responsibility.
- ▶ BPCL Mumbai Refinery was declared as the winner of the "Nasscom IT User Awards 2012" under the "Energy – Oil & Gas Sector" category for implementation of the "Business Performance Management and Intelligence" system.
- ▶ BPCL won the SAP Ace Awards 2011 in the 'Best Run – Supply Chain' category.
- ▶ BPCL has been awarded the 'Aqua Excellence Award 2011' for 'Outstanding Contribution towards the cause of water – Public Sector' at the V World Aqua Congress.
- ▶ BPCL was awarded a Commendation Certificate by CII-EXIM Bank for their 'Strong Commitment to Excel on the Journey Towards Business Excellence.'
- ▶ BPCL's Loyalty Programs, PetroBonus and SmartFleet, were rated the best amongst the loyalty programmes in the Oil and Gas sector at the Loyalty Summit hosted by AIMIA, LoyaltyOne and PAYBACK, major international loyalty marketing companies.
- ▶ BPCL walked away with two prestigious Communication Awards at the Annual Association of Business Communicators of India Awards, lifting the Bronze Awards for the In house Publication - Journeys and the Corporate Brochure.



Abbreviations

| | |
|----------|--|
| AIDS | Acquired Immunodeficiency Syndrome |
| ASCI | Advertising Standards Council of India |
| AAQMS | Ambient Air Quality Monitoring System |
| AMM | Area Marketing Manager |
| BPCL | Bharat Petroleum Corporation Limited |
| BROMA | Bharat Petroleum Retail Outlet Maintenance Application |
| BREL | Bharat Renewable Energy Limited |
| BS | Bharat Stage |
| BAIF | Bharatiya Agro Industries Foundation |
| BCM | Billion cubic meters |
| BSC | British Safety Council |
| BIS | Bureau of Indian Standards |
| BTPN | Bogey Type Pneumatic |
| CBM | Coal Based Methane |
| CISF | Central Industrial Security Force |
| CVC | Central Vigilance Commission |
| C&MD | Chairman and Managing Director |
| CDM | Clean Development Mechanism |
| CHC | Community Health Centre |
| CNG | Compressed Natural Gas |
| CSR | Corporate Social Responsibility |
| CIOL | Cybermedia India Online Limited |
| DGM | Deputy General Manager |
| EFA | Education For All |
| EDI | EFA Development Index |
| ESE Cell | Employee Satisfaction Enhancement Cell |
| ERP | Enterprise Resource Planning |
| E&P | Exploration and Production |
| FY | Financial Year |
| GPS | Global Positioning System |
| Gol | Government of India |
| GETs | Graduate Engineer Trainees |

| | |
|--------|---|
| GHG | Greenhouse Gases |
| GDP | Gross Domestic Product |
| HSSE | Health, Safety, Security and Environment |
| HSD | Hi-Speed Diesel |
| HIV | Human Immunodeficiency Virus |
| HRS | Human Resource Services |
| HR | Human Resources |
| HRD | Human Resources Department |
| INR | Indian Rupees |
| I&C | Industrial and Commercial |
| IT | Information Technology |
| IEC | Information, Education and Communication |
| IPP | Integrity Pact Program |
| IAPQA | International Asia Pacific Quality Award |
| JVC | Joint Venture Company |
| KR | Kochi Refinery |
| KRL | Kochi Refinery Limited |
| LNG | Liquefied Natural Gas |
| LPG | Liquefied Petroleum Gas |
| LTAs | Lost-Time Accidents |
| MR | Mumbai Refinery |
| MW | Megawatt |
| MoA | Memorandum of Association |
| MoU | Memorandum of Understanding |
| MDG | Millennium Development Goals |
| MMT | Million Metric Tons |
| MoP&NG | Ministry of Petroleum and Natural Gas |
| MS | Motor Spirit |
| NABL | National Accreditation Board for Testing and Calibration Laboratories |
| NGOs | Non-government organizations |
| NRL | Numaligarh Refinery Limited |
| OHSAS | Occupational Health and Safety Assessment Series |

| | |
|--------|--|
| OGCF | Oil and Gas Conservation Fortnight |
| OISD | Oil Industry Safety Directorate |
| OIDB | Oil Industry Development Board |
| OSTS | One Stop Trucker-cum-Tourist Shop |
| OBC | Other Backward Classes |
| PCVO | Professional Commercial Vehicle Owners |
| P&L | Profit and Loss |
| PR | Public Relations |
| PSU | Public Sector Undertaking |
| PFS | Pure For Sure |
| RBI | Risk based inspections |
| RVI | Retail Visual Identity |
| R&D | Research and Development |
| Ros | Retail Outlets |
| SC | Scheduled Castes |
| ST | Scheduled Tribes |
| SEBI | Securities and Exchange Board of India |
| STIs | Sexually Transmitted Infections |
| SIA | Social Impact Assessment |
| STAPI | Sosva Training & Promotion Institute |
| SEZ | Special Economic Zone |
| SBU | Strategic Business Unit |
| SPCV | Special Purpose Commercial Vehicles |
| TERI | The Energy and Resources Institute |
| TMT | Thousand Metric Tons |
| TII | Transparency International India |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |
| UNFCCC | United Nations Framework Convention on Climate Change |
| UNAIDS | United Nations Program on HIV and AIDS |
| USD | United States Dollar |
| WHO | World Health Organization |

Assurance Statement



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Independent Assurance Statement on Bharat Petroleum Corporation Limited's 2011-12 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 2011-12.

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 2011 to 31 March 2012

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 2011 to 31 March 2012. 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 statement does not include verification of financial performance indicators that were sourced from BPCL's 2011-12 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 (Mumbai and Kochi)
 - LPG bottling plants (Hariyala, Peethampur, Cherlapally and Piyala)
 - Aviation Fuelling Station (Chennai)
 - Lubes (Wadi)
 - Retail (Bijwasan, Budge Budge, Devangunthi, Mangliya, Mathura, Sewree and Tondiarpet)
 - 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
- 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:

- 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.
- Principle of Inclusivity (AA1000AS: 2008) – BPCL has created various touch points to engage with its significant stakeholders, as elaborated in the Report, in order to assess and address their expectations and concerns. While developing its strategic response to sustainability, BPCL has considered inputs only from its internal stakeholders.
- Principle of Materiality (AA1000AS: 2008) – BPCL has addressed material issues related to its sustainability performance
- Principle of Responsiveness (AA1000AS: 2008) – BPCL has developed a sustainability policy and created a Board level Committee headed by an Independent Director to exclusively manage and propagate sustainability across its operations and also be accountable to its stakeholders. The Report addresses major concerns and expectations raised by BPCL's significant stakeholders like employees, Department of Public Enterprise, Government of India and local communities.
- The Report meets the requirements of 'A+' application level as per the GRI G3.1 Guidelines

What were the other key observations?

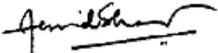
Without prejudice to all our conclusions mentioned above and KPMG's management letter submitted to BPCL's senior management, under the prevailing scope of assurance, following are some of our other key observations:

- BPCL's business strategy – the Dream Plan focuses on renewable energy as an important component of its business growth.
- The Report contents have been linked to the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting by API/IPIECA, 2010 Edition.
- There is an opportunity for improvement with respect to strengthening of compliance requirements related to hazardous waste, water and renewal of consent to operate across BPCL's locations.

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.


Arvind Sharma - Director
KPMG, India.
18th September 2012



Feedback Form



We value your feedback. It helps us to improve what we do and how we communicate. Please help us by taking a few minutes to complete this feedback form.

1. Were you able to find the information you needed? YES / NO
2. Do you think the report covered all of the important issues relating to sustainability? YES / NO
Are there any specific issue(s) you would like to see covered in our Sustainability Report.
Please specify. _____
3. Which sections of our Sustainability Report were you most interested in? (Please tick all that apply)
 - Our Strategy
 - Economic Performance
 - Environment Performance
 - Social Performance
 - Any other, please specify
4. Which of the following best describes you?
 - Employee
 - Customer
 - Supplier
 - Shareholder
 - Industry
 - Student
 - NGO / Charity Other (please specify) _____
5. Would you like to tell us anything else about sustainability at BPCL?
Your comment: _____

Please provide your e-mail address below

Name: _____

Email address: _____

Thank you.

Please send your feedback to: bhatiajs@bharatpetroleum.in

Epilogue



Today's global business environment is showing a rapid transition from mere financial performance to an integrated growth in business inclusive of environmental and social issues. We in BPCL have been always 'Change Ready' and have developed the capability of a sustainable development in an integrated manner as a part of our business strategy.

It is interesting to note that despite the global economic issues and the constraints in the oil industry we continuously focus on cost savings through conservation of resources and efficiency improvement.



"Safety, Fire Protection & Security" aspects of locations have been top of the agenda throughout the year particularly at strategic locations like Refineries and Installations. Process and systems are in place to sensitize role holders on workplace-security preparedness apart from crisis management plans, disaster control plans and response drills as part of standard operating practices. Also, an initiative survives and prospers only when the stakeholders (internal/external) are enrolled and drive the chain. It is heartening that with the requisite training programmes in sharing of the best practices and experiences have yielded encouraging results to improve 'Safety & Security' awareness at workplaces.

It is a matter of pride in mentioning that BPCL has been one of the few Indian companies to publish an annual "Sustainable Development Report" which documents the Company's responsible approach towards the environment and its efforts to achieve inclusive growth at workplaces across India.

During the year under review, the reporting process on Sustainability was enhanced by way of putting in place the Sustainable Development (SD) Policy and instituting a Board level sub-committee headed by an independent Director. This is in line with the DPE guidelines applicable to all Central Public sector undertakings. BPCL continue to publish the Sustainability Development Report as per the world's best accepted Global Reporting Initiative (GRI)-G3 Framework & as per GRI-G3.1 for the reporting period, and as per assurance guidelines in conformity with standards AA1000AS (2008) and ISAE 3000.

It is heartening to note the consistent contribution towards Sustainable Development Reporting by all HSSE Role holders and stake holders both internal & external.

With best regards,

Arun K Gupta
Head-HSSE



Our Environment set up team at Corporate HSSE thanks everyone involved in the preparation of this SDR for the Financial Year 2011-12 and their contribution towards sustainability. On behalf of BPCL, In the spirit of transparency, we are open to dialogue and would welcome feedback on the work that has been done. Our vision is long term and we work closely with colleagues, business partners, host governments and communities to improve the way in which we operate. We look forward to sharing our progress on this journey with you.

Environment Team Members:

ML Kute, DGM (Safety & Security)

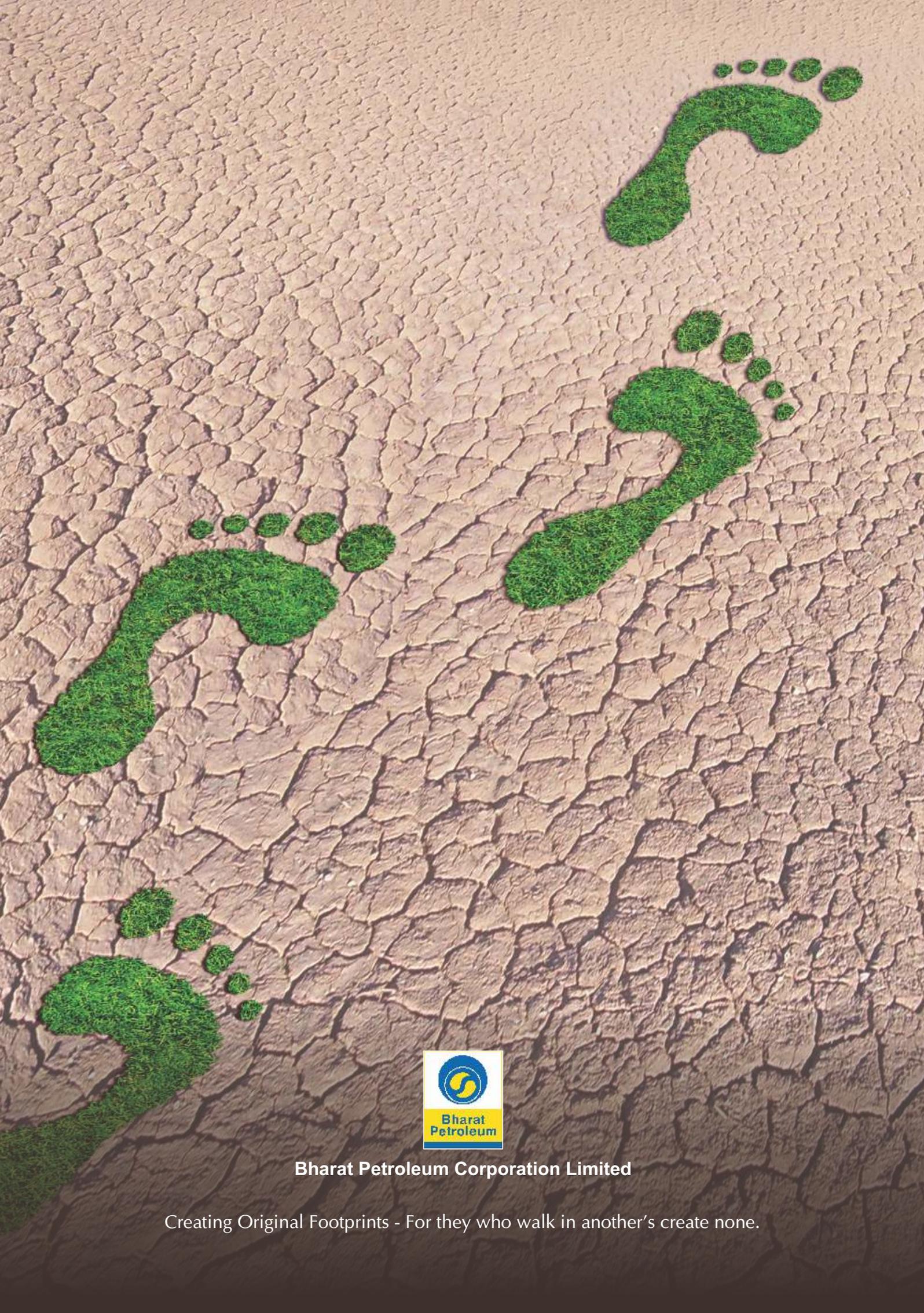
JS Bhatia, Sr. Manager (Workplace Health & SDR)

A K Sakalker, Sr. Manager (Environment Projects)

Prashant Kharge, Dy. Manager (Workplace Health & Safety)

Corporate Office
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Bharat Bhavan -1
4 & 6 Currimbhoy Road
Ballard Estate
Mumbai - 400 001





Bharat Petroleum Corporation Limited

Creating Original Footprints - For they who walk in another's create none.