



GAIL (India) Limited

India's **Youngest** Maharashtra

Care, Share & Grow



First
Among
Public Sector
Enterprises
of India



Sustainability Report
2013-14



*G*AIL's ethos of **Sustainability** revolves around finding innovative ways of conducting the business in a manner that is responsible and transparent to all its stakeholders. As an organization that has a strong belief in playing a bigger role in future, we believe in developing skills and policies that will not only enhance value to our stakeholders and people but also contribute towards growing together as a nation.

Our inherent motto of "**Care, Share & Grow**" signifies our initiative towards the environment and operating our business in a way that co-creates a harmony between progress and nature. The same initiative guides us to build and provide long term sustainability solutions to our stakeholders and the society at large.

As GAIL moves ahead to greater success powered with the belief of its stakeholders and people involved with us, we reiterate our trust in the power of sustainability in shaping India's inclusive development and growing together as a nation.

...Please turn to Page 4 for elaboration of the theme "Care, Share & Grow"...

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About The Report

Since its inception, GAIL has been guided by the objective to be a good corporate citizen. This philosophy to operate responsibly is derived from GAIL's vision which has sustainable development as one of its key elements. While accelerating and optimizing the use of natural gas and its fractions to benefit Indian economy, GAIL remains committed to a culture of care, share and grow by creating value for all stakeholders while taking along its stakeholders in the growth journey.

With this background, GAIL decided to reflect upon its sustainability performance in a transparent manner through sustainability report. First such report for GAIL was prepared for Financial Year (FY) 2010-11. Since then we have continued the practice of publishing the sustainability report on an annual basis and circulating it amongst the relevant stakeholders. GAIL's sustainability reports are structured with the focus on each of its stakeholders which play an important role in its operations and functions. The report covers the Company's sustainability performance for the FY 2013-14. All Corporate Sustainability Reports are publicly available on GAIL's website (www.gailonline.com).

This report is aligned to the GRI G3.1 Guidelines on Sustainability Reporting and the Oil & Gas Sector Supplement (OGSS). The disclosures presented in this section are in line with the requirements of the application level 'A+'. Based on the materiality matrix (from the materiality exercise) and other internal and

external factors, information on all relevant indicators of GRI G3.1 + OGSS (2011) have been disclosed.

In addition to GRI G3.1 & OGSS guidelines, the report is also aligned to meet the requirements of:

- » Nine principles of National Voluntary Guidelines (NVG) on Social, Environmental and Economic responsibilities of business, published by the Ministry of Corporate Affairs, Government of India
- » Oil and Gas industry guidance on voluntary sustainability reporting (2010) developed by IPIECA, the global oil and gas industry association for environmental and social issues and the American Petroleum Institute (API)
- » Principles and disclosure requirements under United Nations Global Compact (UNGC)

In order to identify key sustainability issues for our company, we conducted materiality

exercise. The details on the material issues that emerged from this exercise have been addressed in the relevant sections of the report.

Since GAIL has been reporting its performance on Sustainability parameters for the past few years, systems are already in place to compile, monitor, and report on indicators related to sustainability performance as presented in the report. Relevant information and data, for this report, has been collected periodically from the concerned departments of facilities located across India and reported to the Corporate Sustainability Team. In order to automate sustainability data management exercise, e-Sustainability module was prepared in-house for the purpose of collecting and managing sustainability related data from different units. The data presented in the report is verified by the unit heads.

While the Report captures the data for the FY 2013-14; to give a balanced perspective of our performance, the report also



elaborates some of GAIL's critical achievements, developments and on-going initiatives in the sustainability domain beyond the reporting period.

Assumptions, standard equations and calculation methodologies for estimation and quantification of data, have been used as and when required. These assumptions / disclosures have been mentioned wherever the assumptions have been made. Although the e-Sustainability module provides a robust framework for data management, we continue to improve our data management systems and as a result, we have made certain amendments to its approach followed last year, resulting in variation of some data indicators; the same has been explained wherever relevant.

At certain instances, projections have been made which relate to GAIL's strategy, operations, performance goals and targets, business plans, research & development and investments in the countries, sectors or markets where it operates. Such

projections involve a certain degree of uncertainty as the end result is dependent on future market conditions and geo-political developments, most of which are beyond GAIL's control or cannot be predicted with certainty. While we strive to achieve progress on these issues, exact outcome cannot be ensured in all cases.

For all monetary values presented across this report, an exchange rate of 1USD = INR 58.94 has been used.

Report Scope and Boundary

The report includes the following operations:-

- » Gas Processing Units (GPUs) at Gandhar, Pata, Usar, Vaghodia and Vijaipur;
- » Petrochemical unit at Pata;
- » Natural Gas compressor stations at Dibiyapur, Hazira, Jhabua, Khera, Vaghodia and Vijaipur;

- » LPG pumping / receiving stations at Abu Road, Cherlappali, G Konduru, Jamnagar, Kandla, Loni, Mansarampura, Nasirabad, Samakhiali and Vizag;
- » Regional pipeline offices at Agartala, Baroda, Mumbai, Puducherry and Rajahmundry;
- » GAIL Training Institute (GTI) at Jaipur and Noida;
- » Corporate Office at New Delhi; and
- » Info Hub at Noida.

The E&P, joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities are out of scope & Boundary

As per this reporting boundary, all aspects are reported for India region (unless otherwise mentioned).

There has been no change in the scope; boundary and certain modification in the measurement methods for this year's report have been made. Further, there has not been any significant change which would affect the comparability of the report.

Assurance

All sustainability reports of GAIL have been assured by external third party. Continuing with the practice, this year's Sustainability Report has been assured by M/s DNV GL. This is a Type 2 Moderate level assured report based on AA1000 (2008) Standard. Assurance process includes data verification at different sites of GAIL that will continue to help GAIL improve its processes and data management mechanisms.

Care, Share & Grow

Energising Tomorrow Responsibly, our third Sustainability report, focused on our commitment and orientation towards Action. With this intent, as we move ahead in our efforts to achieve the goals we set for ourselves, **our fourth Sustainability Report- Care, Share & Grow** highlights the path we aim to traverse together with our stakeholders.

With GAIL completing its three decades of growth trajectory, we aim to emerge as a global Gas major with roots in India. GAIL is the youngest PSE to be bestowed with the coveted status of Maharatna for Indian Public Sector enterprise. As rightly said, "With great power comes great responsibility", we believe that the onus lies on us to reciprocate by aiming for a leadership role and moving beyond the traditional realms of business.

GAIL cares for all its stakeholders, shares the value generated through its business, and takes along the stakeholders as we continue to broaden our horizons.

► **Care:** GAIL has always been and will continue to care for the environment and the society in which it functions. It has also taken up various initiatives during the course of the year to protect and restore the environment. This year we allocated 2% of our PAT towards various CSR initiatives. We consciously work towards improving the societal condition of the areas we operate in, as a socially and environmentally responsible corporate citizen.

► **Share:** GAIL believes in co-creating value for all stakeholders. We engage with all our stakeholders to understand and address their needs and concerns to build lasting relationship. Our focus remains on providing long term solutions to our stakeholders for mutual benefit. We truly believe in sharing the fruits of success with our stakeholders, promoting well-being and equitable development of society. This year we contributed INR 6993 Crores to the ex-chequer.

► **Grow:** GAIL abides by the principle of "inclusive growth", making stakeholders as our partners as we grow. GAIL shall continue to explore new avenues of business growth that enables cleaner energy security for the nation. We contributed INR 1900 Crores towards under recoveries claimed by Oil Marketing Companies as communicated by MoPNG. GAIL strives to provide value to their customers to achieve greater customer delight thereby enabling greater returns for the investors.

With the challenges that lie ahead in the dynamic business environment, our focus remains on responsible growth. We will continue to remain committed to our business philosophy to grow in a sustainable manner which is an integral part of ethos of how we operate.

We truly believe in caring for the stakeholders; sharing the value with them and growing together towards a sustainable future. This way forward in our sustainability journey through 'Care, Share & Grow', forms the theme for this year's sustainability report.



Message from Leadership

CMD Message

GAIL's Sustainability Report 2014, is the fourth edition in a row presenting the company's progress under 'Sustainability Aspirations 2020' and other correlated programmes. The report has been independently verified and the disclosures are in accordance with the G3.1 guidelines of the Global Reporting Initiative (GRI).

The initiatives of GAIL across various programmes under the Corporate Social responsibility have brought about positive transformation in over five million lives entrenched in disadvantaged societies during the last three years, largely in areas around the company's operations. In our journey of achieving higher

standards under sustainability practices, on the operations front too, the Administrative office block at Chainsa, NCR recently bagged the Green Building Award certified by GRIHA, a first for any building of a PSU. Further, the landmark 22 storied office building of GAIL at Noida has been constructed as per the LEED Green building norms.

It gives me great pleasure in sharing that GAIL has made significant progress in achieving self-driven targets under Sustainability Aspirations 2020 over the base year 2010-11.

underlying philosophy of these aspirations is now embedded in our organizational character. The company has also made rapid strides towards creating a portfolio of renewable businesses (solar, wind etc.) in order to increase the share of clean energy in the overall energy mix.

A significant achievement for us this year has been the successful validation and registration with UNFCCC for availing carbon credits from our Landfill Gas recovery project.

GAIL has been promoting sustainability agenda across various platforms and such involvement has gained traction post the company becoming a member of GRI Focal Point India's Sustainability and Transparency Consortium. In our pursuit of creating value around the Triple Bottom Line, during the last fiscal year, Company's performance showed an impressive growth of over 20% and returning handsome value to its shareholders.

I convey with profound grief that there has been a pipeline blow-out along GAIL's Tatipaka-Kondapalli pipeline on 27th June 2014 causing fatalities. As an abiding corporate citizen, GAIL undertook immediate measure of rescue, relief and rehabilitation operations to render service to the affected people of Nagaram Village. As a precautionary measure, a series of measures have been initiated

The GHG emissions intensity has reduced by 42% and so has the intensity of fresh water consumption declined by 47%.

It is quite heartening that these voluntary targets have been received enthusiastically by our employees and that the



to reassess health and integrity of pipelines and other hydrocarbon assets of the Company. In order to compare and recalibrate our operational benchmarks vis-à-vis that of global majors, progress is underway to engage an International consultant of repute for the task. The HSE department has launched an internal drive to reinforce the ethos of ZERO tolerance to deviations to Standard operating procedures (SOP) and also sensitizing on safety related issues.

As the company remains committed to delivering enduring value to all its stakeholders, the organisation shall stand focused in maintaining world class standards for ensuring operational safety and efficiency of the hydrocarbon assets. Our young workforce remains our greatest strength and lends the organization energy, dynamism and professionalism. An inclusive approach to our recruitment process has resulted in a very heterogeneous work force. We hope to nurture this diversity to stand apart as a model employer amongst the public sectors.

Today, the country is in the cusp of yet another spell of an accelerated growth of GDP after having clocked sub 5% growth levels in the last two consecutive years. Energy is poised to play a key role in driving India's economic growth but also in shaping social progress and improving the Human Development

index of the country in the years to come. For fulfilling these aspirations, India will need to strive for securing uninterrupted flow of clean and affordable energy supply.

GAIL took the pioneering step to promote and accelerate the growth of natural gas in the Country and has tied up affordable LNG/Natural gas through various International sources during the recent past on long-term basis aggregating to about 70 mmscmd in addition to serving the country's gas requirement through short-term deals.

Amidst the spurt in demand for the primary energy, GAIL also recognizes the urgent need for adopting and promoting technologies along the gas value chain to significantly cut back on carbon footprint for ensuring a healthier environment

Our philosophy of creating value beyond business and keeping sustainable development at the heart of business is embodied in this report aptly titled "Care, Share & Grow" and reasserts our resolve to create a sustainable future for our stakeholders.

I hope this report serves to be an interesting read and also providing a glimpse of GAIL's efforts towards shaping a sustainable future.



B C Tripathi
Chairman & Managing Director



Mainstreaming Sustainability at GAIL

GAIL acknowledges the fact that it cannot pursue sustainable growth without performing well on the economic, environmental and social parameters. At GAIL, we believe that by integrating these parameters into our overall performance, we would be able to respond to the rising expectations of the society, customers, employees, investors and other stakeholders. With this view, our leadership guides us in integrating and mainstreaming sustainability in our business activities.

GAIL has formed the Sustainable Development Committee at the Board level which has received active participation from different functions including projects, marketing, business development, finance and human resource. Additionally, operations, finance and accounts, human resource, law, training, corporate communication, corporate social responsibility, Company Secretariat marketing, and corporate planning. HSE teams participate in the Sustainable Development Steering Committee

to further strengthen the integration of sustainability in our business. GAIL is also continuously working towards increasing awareness about sustainability amongst employees and has a target to achieve 100% awareness about sustainability and related issues by 2020. These initiatives have enabled us to create a better understanding and sensitization of employees enabling us to achieve greater sustainability across our operations.



Executive Seminar by TERI BCSD team at GAIL Office

Prabhat Singh Director - Marketing



As India's leading Natural Gas Major, it has been instrumental in the development of the Natural Gas market in the country. GAIL holds around 67% market share in India's gas marketing.

We at GAIL believe that India's growing population and sustained economic growth will continue to drive the demand for energy. Gas transmission infrastructure plays crucial role in the gas industry for efficient delivery of gas to end consumers. GAIL has adopted a Gas Management System to handle multiple sources of supply and delivery of gas in a co-mingled form and provide a seamless interface. Along with this, we also have focused approach towards executing spur lines connectivity to the last mile consumer. This year we extended last mile connectivity to 66 members of consumers supplying around 5.55 MMSCMD of Natural gas. It is noteworthy that these consumers are in medium and small manufacturing enterprise category, who were earlier dependent on costlier and more polluting liquid fuels. These enterprises are also major job creators for the economy. Switching over to natural gas shall increase their competitiveness.

The major focus of our Company is to maintain its dominant position in the gas business. We believe that this can be achieved by maintaining the cordial relationship with existing as well as by adding new customers. At GAIL we conduct 'Customer Interactive Meets' at regular intervals to exchange

and update the product / market developments in Retail Business, for mutual benefit. This augurs well with our Company's commitment to serve our customers in the best way possible. This year our customer satisfaction index stood at 92.03%.

GAIL's responsibility is to ensure supply of energy in a safe and environmental friendly manner. The report of the Working Group on Petroleum and Natural Gas sector for the 12th Five-Year Plan (2012-17) envisages import of 264 MMSCMD of Natural gas in 2016-17 to meet the overall demand of Natural gas in India. Our focus thus remains on ensuring energy security for the Nation. We have contracted gas supplies of around 86 MMSCMD from Qatar, Australia, USA, Russia and Turkmenistan through multiple LNG and transnational pipeline deals. Further, GAIL has commissioned Dabhol LNG terminal on the western coast of the country and signed a 25 year tolling agreement to provide a firm commercial footing for its imports of long term volumes. Cleaner LNG from Dabhol terminal shall be serving customers in Western and Southern India through GAIL pipelines. Its GAIL's endeavour to augment India's supply options. In addition, we are also focusing on making upstream investments in gas assets, liquefaction facilities and LNG shipping to have presence in entire LNG value chain.

To showcase India's prominence and desire for global partnerships in energy sector, GAIL had recently

concluded the 8th chapter of its Biennial mega event Asia Gas Partnership Summit. Suppliers, Customers and Service providers in the energy sector have gathered to discuss extending support to each other for a rewarding and sustainable relationship.

In its bid to diversify its energy portfolio efficiently, GAIL has signed a long term Gas supply & Tolling agreement with renowned firms in North America for a total of 5.8 MMTPA of LNG. Biggest benefit of imports from USA is booming shale gas production and indexing with Henry Hub prices, which GAIL believes would benefit customers in India.

As a young and effervescent corporate, technology has been a unique forte of GAIL. We at GAIL realized that it is important to create a platform where one way communication with stakeholders can give way to a two-way dialogue and this communication to happen on a real time basis. Taking cognizance of this, we launched the official blog site GAILVoice.com that will be the first among any energy company in India. GAILVoice.com along with our other social media pages is aimed to create that platform where our customers, our beneficiaries, employees, people at large can come share their views, share our content and make an all-out attempt to help us create a better tomorrow together.

Partnering with our stakeholders, we care, share and grow together.



S. Venkatraman

Director - Business Development

Moving ahead in our Sustainability journey, our fourth edition of the sustainability report "Care, Share and Grow" FY-13-14 focuses our effort and commitments to our stakeholders. Sustainability reporting has been a tool to step ahead from measuring to managing through actions. Our fourth sustainability report analyses our actions and take a step in this direction, to tread the path of sustainable growth along with our stakeholders.

With India's real economic growth averaging around 8 per cent in the past decade, energy demand is expected to continue to rise. To meet the growing energy demand over the next few years, India will have to enhance its energy security, guaranteeing three factors – availability, accessibility and affordability of energy resources. While the country has surplus refining capacity and is an exporter of petroleum products, major investments will have to be made in the domestic upstream industry and to acquire hydrocarbon reserves abroad. Becoming a Maharatna has given GAIL greater flexibility to pursue M&A opportunities. Making progress in sourcing of LNG and pursuing LNG trading business, we are focusing on constantly expanding our global footprint across the natural gas value chain. This year the gas produced from two offshore blocks in Myanmar was supplied to China enabling us to achieve a major milestone of becoming a gas producer as well as a supplier outside India. Expanding our petrochemical business, we entered into elastomer business for setting Poly Butadiene Rubber (PBR) Plant with participation of ONGC and GAIL playing lead role in execution of the project, helping reduce India's dependency on PBR imports.

Being an energy company we have taken strategic steps to improve our

technological capabilities through our R&D projects. Our pilot project for Landfill Gas recovery has been completed and successfully validated and registered with UNFCCC for availing carbon credits. As part of the activities of Sectoral Innovation Council by MoPNG, GAIL has been nominated as the coordinator for mid-stream sector of Oil & Gas industries and aims to promote industry-wide innovation in the sector.

As we broad based our Sustainable Development Committee to include all Functional directors, our efforts have been focused towards mainstreaming sustainability and taking initiatives across various dimensions of GAIL. This year we engaged with various organisations in the sustainability domain. We became the founding member of the GRI Focal Point India's Sustainability and Transparency Consortium which gave us an opportunity to represent GAIL at various forums, nationally and internationally. We also engaged with TERI, FICCI, India GHG Program and other forums to take forward the sustainability agenda. Further, to strengthen our sustainability data management, the e-sustainability module was developed that enabled accountability and transparency in data management. We also plan on revising our Sustainability Aspirations 2020 targets in the coming year.

Ensuring health and safety of workforce and the communities near our operations is treated at priority. Taking a systematic approach to promoting behaviour supportive of injury prevention, we initiated Behaviour Based Safety (BBS) across GAIL. In addition, to promote awareness and transparency to the stakeholders, a Corporate Film on "HSE Management System" was released. This year, our company has achieved HSE Index of 99.64 %.

In spite of GAIL complying to all regulations and taking reasonable safety

precautions, during the year, some unfortunate fatal accidents occurred at GAIL Project Construction Sites involving workmen of contractors engaged by GAIL. The matter has been reviewed in details by the HSE Committee of Board and appropriate actions have been taken to enhance overall safety management and strictly comply to safety norms.

I would like to inform our esteemed stakeholders that there was a fire and burst in one of GAIL's pipelines in Andhra Pradesh, Southern India on early morning of 27.6.14 (which is beyond the reporting period). GAIL's Crisis Management System was invoked immediately with isolation of the affected pipeline section. Fire was brought under control within 1½ hours with the help of fire tenders from GAIL and other agencies. The matter is being investigated by a high level committee. Subsequent to this incident, GAIL has taken various actions like benchmarking standard operating process with respect to global pipeline operators, preventing ingress of off-spec constituents in pipelines, improving pipeline's cleaning and monitoring. GAIL Board has recently approved replacement of all old pipelines in a phased manner.

At GAIL alongside our endeavours in ensuring sound value creation through our business we will focus our efforts to look beyond our business through interventions in various aspects on environment and social impacts on the community will make sensible decisions that will deliver outcomes that are beneficial for everyone.

Partnering with our stakeholders, we care, share and grow together.

P.K. Jain Director - Finance



Energy plays an important role in overall development of nation. The uncertainties in the energy supply can hamper the overall functioning of the economy especially in the developing countries. Achieving adequate availability of energy is of fundamental importance not only to India's economic growth but also for the human development objectives.

In spite of pressing economic condition globally, we have witnessed a steady growth with our turnover increasing by 21% to INR 57,245 crores and PAT increasing by 9% to INR 4,375 crores. For FY 13-14, we committed over INR 90 crores for variety of CSR projects and initiatives in and around major work centres. This year we contributed over INR 6,993 crores to the ex-chequer. While we aim for a sustainable growth, we have been conscious to share the fruits of success with our stakeholders.

We believe in developing long-term relationship with our investors and analysts through fair and transparent disclosure and various investor relations activities such as Investor Conferences, Analyst meets etc. GAIL has been reaffirmed credit rating of AAA from ICRA, CARE and CRISIL indicating highest credit quality and lowest credit risk. Major positives identified by ICRA include regulated and stable return of transmission segment, profitability of Petrochemical segment among others. For our expansion activities,

we have been able to get loans at the most competitive rates amongst our peers. While growing in a profitable manner, we have embarked upon an uphill journey to improve process and operational efficiencies to improve Revenue and Margins and reduce cost.

Natural gas is expected to contribute significantly to our energy growth. Natural gas sourcing through increased domestic production and imports; adequate and timely gas infrastructure, development and progressive policy reforms across the value chain are underway for ensuring accelerated development of gas market in the country. We are developing supporting infrastructure to accelerate LNG market development in India. Continued investment and enhanced collaboration in the entire value chain among various participants is required to address India's energy security needs in a more sustainable and environment friendly manner.

GAIL has been contributing towards the under recoveries since 2003-04 on petroleum products in order to make sensitive petroleum products affordable to domestic consumers. During this year, we contributed INR 1900 Crores on account of sharing under-recovery of Oil Marketing Companies. Growing in a transparent manner, we this year targeted a 4% reduction in tax cases that we successfully

achieved. As we progress further it becomes essential for GAIL to develop strategies that work towards a sustainable economy without compromising on the environment and society.

Partnering with our stakeholders, we care, share and grow together.



M. Ravindran

Director - Human Resources

At GAIL we firmly believe that our greatest asset is our human resource and we are committed towards ensuring that its potential is harnessed to the fullest towards the growth of the organization. Employee's Welfare is one of the key foundation stone of GAIL's human resource philosophy. There is a deep rooted concept present in the company's value system that corporate growth is a dimension of employee's growth and development. In other words, an organization's growth, prosperity and intellectual competence is reflection of the value it has added to its employees.

For our continual efforts to improve the Human resource management we have been awarded the 'Global HR Excellence award for Talent Management 2014' and 'Best Employer 2013-14 for Best HR strategy in line with the business' by World HRD Congress.

Taking cognizance of the changing need of the industry from merely acquiring the latest state of the art technologies and equipment to engaging qualified personnel suitably equipped with knowledge, skills, attitude and a practical exposure to the highly specialized jobs; GAIL Training Institutes (GTIs) have been organising various training programs focusing on building operational and managerial capabilities working towards development of Human Capital of the Organization.

Premised on our philosophy, GAIL

has evolved and implemented various HR Policies which are meant for employee's welfare and thereby improving aspects like safety, Quality of Life and Work-Life Balance. This year new policies such as Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and Complaint Handling Policy were introduced with a view to create more safe and secure workplace women and ensure better Corporate Governance in the company. This year we initiated the process of implementation of SA8000 standard in phased-manner for decent work to adopted policies and procedures that protect the basic human rights of workers.

As a corporate citizen we carry greater responsibilities and have even greater opportunities to make a real difference. We believe caring, sharing and responding to the needs of people, benefitting communities, and protecting the environment that will ultimately determine the sustainability of our continued progress. Our flagship project 'Anhad Gram' aimed at providing livelihood opportunities to thousands of villagers residing in tribal villages of Jhabua, Madhya Pradesh received the Greentech Gold Award and Best Rural Outreach Programme at World CSR Congress. In addition, Project Padho and Badho received the Best Community Action Programme at the World CSR Congress. This year we also took up long term

Integrated Watershed Development and Management Project- Jaldhar, endeavouring to address the social and environmental needs to address water requirements of 40 villages of the drought prone region of Jhabua over next 5 years.

GAIL is committed to invest on employee oriented initiatives and society with a view to tap potential of employees while synergizing individual development and organizational growth this will be the bedrock for the sustenance and growth of our Company's business.

During the unfortunate accident in a GAIL's pipeline in June 2014, 22 persons lost their lives in Nagaram village. We immediately rushed to the site and mobilized all resources for rendering relief and rehabilitation to affected persons in consultation with State and Central Govt. authorities. Approx. INR 8 Cr. has been committed / disbursed towards ex-gratia, relief, medical treatment of affected people and rehabilitation measures & compensation for damages to the affected families. Regular updates were provided on GAIL's website to brief stakeholders about the actions being taken by GAIL. Going forward, we propose to engage with the local community to take up the developmental and welfare centric measures in the affected village of Nagaram.

Partnering with our stakeholders, we care, share and grow together.

Ashutosh Karnatak Director - Projects



We have come a long way from starting as a Natural Gas transmission company during the late eighties to an integrated Natural Gas Company and last year becoming the youngest Public Sector Enterprise to be accorded the Maharatna status. GAIL is committed to supplying clean energy in a safe, secure and environmentally responsible manner while being committed to our stakeholders.

With pipeline network of around 11,000 Km, the operation and maintenance forms the backbone of the company with majority of manpower contributing towards better utilization of resources. We consistently endeavour to enhance energy efficiency through several initiatives taken across different locations of our operation. As a first step to integrate energy management into our overall efforts, one of our Gas Processing Unit at Gandhar became the first unit to be certified for ISO 50001 Energy Management System, to improve quality and environmental management.

This year we have completed GAIL's iconic new office building GAIL Jubilee Tower which conforms to LEED Green Building norms. We also received 4 Star GRIHA rating for green building for Administrative building at Chhainsa Compressor Station.

The Dabhol-Bangalore Pipeline was dedicated to the Nation by

Hon'ble Prime Minister of India and awarded Platts Global Award for excellence in Project Management in 2013. Further, GAIL with the aim to strengthen nation's clean energy portfolio, is one of the nominee of MoP&NG for implementing renewable energy projects. Currently, our total wind capacity stands at about 118MW and 5MW Solar Plant was commissioned last year.

In the downstream segment, GAIL aspires to be amongst the top petrochemical players in the country by expanding existing capacities, setting up new plants and acquiring equity stakes in upcoming projects. We are in process of doubling our petrochemical production capacity to 900,000 TPA and green field petrochemical projects promoted by GAIL through BCPL and OPaL are in advanced stage of completion and commissioning.

Focusing on managing security of information, this year we also started activities pertaining to implementation of ISO 27001:2013 based ISMS (Information Security Management System) & Crisis Management Plan (CMP).

We sincerely thank our suppliers for the support and determination they have shown, which has ensured in meeting project deadlines while maintaining high quality standards. GAIL has implemented "Public Procurement Policy" for Micro and Small Enterprises (MSEs) extending

benefits to MSEs which are generally local & small producers from the surrounding communities near the place of work.

As we tread our path towards growth, we look forward to continually towards sharing value with our stakeholders while adhering to highest standards of environmental, social and economic performance.

Partnering with our stakeholders, we care, share and grow together.

About GAIL





COLOUR CODE OF PIPE LINES

- NATURAL GAS
- DIESEL OIL
- PLANT OIL
- FIRE WATER
- RAW WATER

GAIL aspires to emerge as integrated Hydrocarbon Major with significant upstream & downstream presence

Visible across the entire Gas Value Chain

Natural Gas



- Over 11,000 kms of network
- Expanding to 15,000 kms
- Average Gas transmission during FY 13-14 was 96.22 MMSCMD and gas sold was 79 MMSCMD.
- Sophisticated Gas management System
- Pursuing for expansion of markets

Exploration & Production

- A part of vertical integration
- Participation in 20 blocks (Operator – 3 blocks)
- Presence in Myanmar & US



City Gas Distribution



CNG **PNG**

- Serving over 10 lakh vehicles & 10 lakh households through Subsidiary & Joint Ventures
- GAIL Gas Limited, 100% subsidiary, has setup CGD Network in Dewas, Sonepat, Kota, Meerut, Agra, Firozabad, Vadodara & Panvel

Petrochemical

G-Lex **G-Lene**

- Domestic market share – 20%
- Petrochemical Plant in Pata (UP) with capacity of 0.41 MMTPA
- Doubling the capacity by FY 2014
- Participation in BCPL & OPaL



Liquid Hydrocarbons



PROPANE **PENTANE**

- 7 Gas Processing units producing LPG, Propane, Pentane & Naphtha etc.
- LPG Transport Capacity 3.8 MMTPA (2038 Kms.)
- In 2013-14, the total LHC production was 1307 TMT, which included 1030 TMT of LPG, 135 TMT of Propane, 22 TMT of Pentane & 120 TMT of Naphtha.

Power & Renewables



- Commissioned 118 MW Wind Power Plant & 5 MW Solar Power Plant
- Participation in RGPP (Capacity 1967 MW)

Group Strength

Subsidiaries



GAIL Gas Limited



Brahmaputra Cracker
and Polymer Limited



GAIL Global (Singapore)
Pte. Limited



GAIL Global (USA) Inc.



GAIL Global (USA) LNG LLC
(subsidiary of GAIL Global (USA) Inc.)

Joint Ventures

- Aavantika Gas Limited
- Bhagyanagar Gas Limited
- Central U.P. Gas Limited
- GAIL China Gas Global Energy Holdings Ltd.
- Green Gas Limited
- Indraprastha Gas Limited
- Mahanagar Gas Limited
- Maharashtra Natural Gas Limited
- ONGC Petro-additions Limited
- Petronet LNG Limited
- Ratnagiri Gas and Power Private Limited
- Tripura Natural Gas Corporation Limited

11 Zonal Marketing Offices at Delhi, Kolkata (W.B),
Chennai (T.N), Bangalore (Karnataka), Bhopal (M.P),
Chandigarh (Haryana), Jaipur (Rajasthan),
Hyderabad (A.P), Lucknow (U.P), Mumbai
(Maharashtra), Ahmedabad (Gujarat).

Associates: Gujarat State Energy Generation Ltd
(5.96%), Fayum Gas (19%), China Gas Holdings Ltd
(3%), Natural Gas Company "NATGAS" (15%)

GAIL is a part of a consortium in two offshore E&P
blocks in Myanmar and also holds participating
interest in South East Asia Gas Pipeline Company
Limited incorporated for transportation of gas to
be produced from two blocks in Myanmar to China.

Vision for the Future

Upstream

- Thrust on global sourcing & acquisitions
- LNG from traditional sources & equity linked LNG
- Sourcing through transnational pipelines
- Domestic tie-ups with operators of NELP-blocks

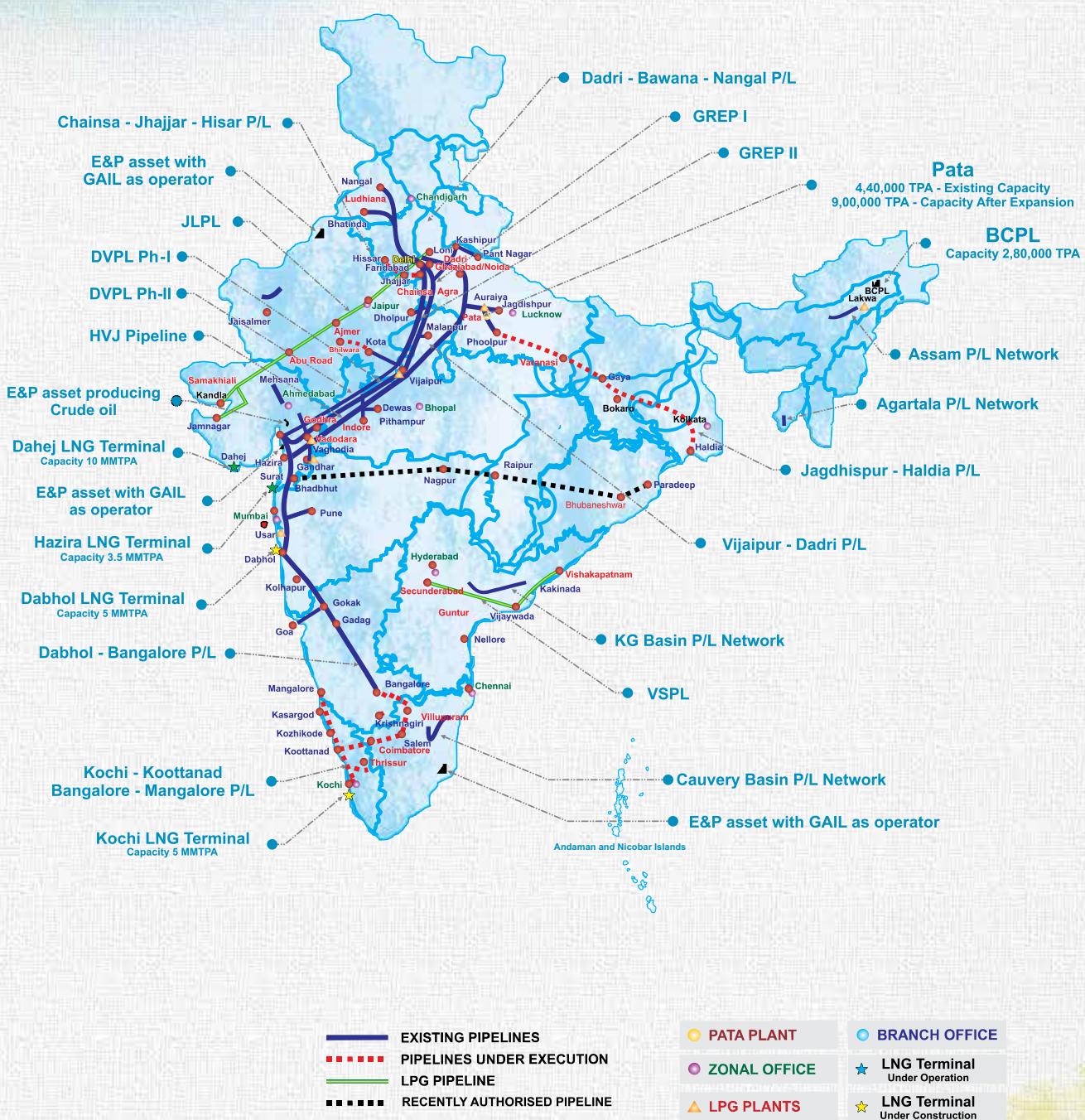
Midstream

- Maintain leadership position in midstream sector
- Continue pipeline expansion
- Set up LNG regasification terminals & book regasification capacities
- Unlock demand across customer segments

Downstream

- Become diversified hydrocarbon major
- Continue expansion of petrochemical capacities
- Support JVs / subsidiaries for CGD expansion to 40-60 cities
- Reduce carbon footprint - Create renewable portfolio

GAIL's Pan-India Presence



Map not to scale



Accolades and Recognition

GAIL was conferred the Maharatna Status last year. We have been awarded the MoU Excellence Awards along with several other prestigious awards which bear testimony to our excellence in quality, health and safety standards, environment management and operations. Key awards received by us include :

- » GAIL declared the top Indian company in the 'Gas-Processing, Distribution and Marketing' Sector for the Dun & Bradstreet Corporate Awards 2014
- » Dabhol-Bengaluru Pipeline Project awarded as Premier Project in large construction category at Platts Global Energy Awards 2013
- » C&MD GAIL, Shri B C Tripathi, conferred the prestigious 'Best LNG Executive Global Award' for 2013 at CWC's 14th World LNG Summit being held at Paris
- » GAIL was conferred with the Sustainability Performance award by Indian Chamber of Commerce (ICC)
- » GAIL was awarded Parivartan Sustainability Leadership Awards 2013 in the category of 'Sustainability Disclosure Award 2013' for the most consistent disclosure by PSUs (Public Sector Undertakings) on Sustainability parameters over the 4 year period between 2010 and 2013.
- » GAIL conferred with 4 Star GRIHA rating for green building for Administrative building at Chhainsa Compressor Station.
- » World CSR Award for Best Rural Outreach Programme for Project Anhad Gram and Best community Action Award for Project Padho Aur Badho.
- » International Safety Award 2014, by British Safety Council, UK, for achieving highest standards in safety management system in the year 2013





Corporate Governance



गैल (इंडिया) फि

Inauguration of **Vigilance Awareness**

28 अक्टूबर 2013



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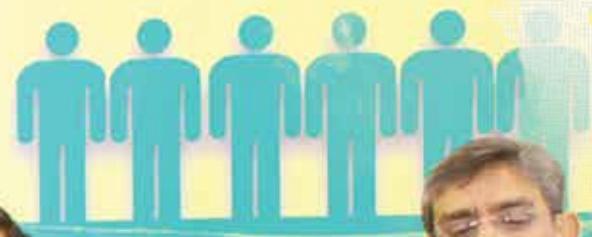
ss Week 2013

गवर्नेंट दिल्ली

R. D. GOYAL

P. K. JAIN

RAJESH RANJAN



Vigilance

The Catalyst for Good

GAIL is guided by its vision, mission, and core values which ensure that the Company operates in an accountable, transparent and fair manner, meeting the expectations and aspirations of the stakeholders. GAIL works towards creating and implementing highest governance standards for ethical and responsible conduct of the business to create value for the stakeholders.

In order to bring sound governance into practice, GAIL's Board and the Committees are continuously updated to enable effective discharge of fiduciary duties. Being a Public Sector Enterprise, GAIL also ensures that all the applicable rules, regulations, laws and bye-laws of the land are adhered to. Code of Conduct for Board Members and Senior Management Personnel has also been framed for the Board Members and Senior Management Personnel to ensure ethical business conduct. Over the years, we have also been successful in developing and implementing systems and processes for internal controls throughout our organizational structure.

Being a Central Public Sector Enterprise, appointment/nomination of all the Directors is done by the President of India, through the Ministry of Petroleum & Natural Gas (MoPNG). As on 31st March 2014, there were 10 Directors on the Board comprising of 6 whole time directors including the Chairman and Managing Director, 2 part time Directors (Government Nominees) and 2 Independent Directors.

GAIL complies with Clause 49 of the equity listing agreement with stock exchanges and the DPE guidelines on corporate governance that are applicable except number of independent Directors which are appointed by Govt. of India. GAIL has constituted a number of sub-committees under the Board of Directors to oversee implementation of the vision, strategy and business plans, take corrective measures whenever required, protect the interest of its stakeholders, to facilitate the smooth and efficient flow of decision making process. Some of committees have been merged keeping in view of provisions of Companies Act 2013. Some of

these include Audit Committee, Business Development and Marketing Committee, Corporate Social Responsibility Committee, Empowered C&P Committee, Empowered Committee (Natural Gas, LNG and Polymers) for import of Natural Gas / LNG/ Polymers, HR Committee, Project Appraisal Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Stakeholders' Grievance Redressal Committee and Sustainable Development Committee.

Risk Management at GAIL

GAIL acknowledges the fact that environmental and social issues are no longer mere obligations on business but are now core business imperatives which pose risks to its operations. At GAIL, such risks have been incorporated in the Integrated Risk Management Framework that aims to protect and add value to the organization and the stakeholders while ensuring sustainable business growth. The Board along with the Audit Committee oversees the effectiveness and performance of risk management across our operations. The risks are evaluated, quantified, prioritized and mitigation plans that are prepared, reviewed and monitored at various stages.

After the identification and assessment of environmental and social issues relevant and significant to our operations, the outcome is then scrutinized by a site Level committee on site and then by a Steering Committee at the corporate office consisting of key officials. The recommendations of these committees are then

forwarded to the Board of Directors through the Audit Committee for necessary actions. To further strengthen the mechanism for assessing social and environmental aspects of sustainability, risks related to new business plans, capital projects, mergers & acquisitions, are pre-identified and are approved along with detailed feasibility reports.

Ethics, Transparency and Accountability

At GAIL, we believe in adhering to all applicable statutes in letter and spirit and endeavour to adopt best practices to go beyond adherence of statutory frameworks and bring transparency, accountability and equity in all facets of its operations. GAIL has adopted several initiatives in furtherance of goals for ethics, transparency and accountability like e-Business, Bill Watch System, File Movement System, Customer Relation Management, Customer Grievance Redressal System, Online Recruitment, e-Performance Management System (e-PMS), Online Vigilance Complaint Registration System and e-Budgeting System. Our management information systems are in place for efficient and effective decision making including generation of exception reports, which are monitored by the top management. We have also put in place various initiatives like e-Receiveables, e-Invoicing and e-Ledger to enable electronic transaction. Various policies and manuals like Contracts & Procurement Manual, HR Manual, Internal Audit Manual, Liquid Hydro Carbon Products Pricing Policy and Polymer Pricing Policy

enables transparent and uniform decision making. With the objective of ensuring proper conduct and discipline, besides a code for our employees, GAIL has framed a Code of Conduct for Board members and Senior Management. All the Board Members and Senior Management Personnel annually affirm compliance with this Code of Conduct. We have also framed the GAIL Employees' (Conduct, Discipline and Appeal) Rules, 1986 for its employees to ensure conduct and discipline at workplace and beyond. These include rules on Gift, Sexual Harassment and Misconduct, amongst others.

Anti-Corruption & Bribery

The Code of Conduct, CDA Rules and Whistle Blower Policy are applicable to all concerned employees whether they are working in GAIL or in any subsidiary or Joint Venture Company. Further, 'Integrity Pact' and "Fraud Prevention Policy" extend to Suppliers, contractors etc. We took certain new initiatives in order to reduce incidents of corruption within the organization. These initiatives are discussed below:-

► **Renewal of ISO Certification of Corporate Vigilance Department:**

In continuation of improvement efforts on standards of Vigilance Procedures and documentation, ISO 9001:2008, stage-II external audit of the Corporate Vigilance setup was conducted on September 12, 2013. Auditor recommended for ISO certificates to GAIL Corporate Vigilance Department. ISO Certificate received from accreditation body on October 08, 2013 which is valid up to October 07, 2016.

► **Integrity Pact:** GAIL has signed MOU with Transparency International. As a part of this MOU, Integrity Pact is incorporated in the tender with value Rs1 Cr. & above. As a matter of transparency and to give wider publicity, the copy of MoU and Integrity Pact Program has been on GAIL's website which is available in public domain. As a part of Integrity Pact Program, GAIL has appointed Independent External Monitors who are responsible to oversee the implementation of Integrity Pact Program and address the grievances of vendors/ contractors.

► **Anti-corruption awareness for employees:** All Employees at the time of joining are sensitized for policies and mechanisms related to Anti-Corruption. Every year all major locations observe Vigilance Awareness Week in which employees participate in different activities which renews GAIL's commitment to Anti-Corruption. To encourage all employees, additional mechanism of awards and prize money is awarded for contract employees to participate in various programs during Vigilance Awareness week.

Training Programs on Anti-Corruption Policies & Procedures of the Organization were conducted at GTI Noida. Two of such programs were organized during 2013-14. Employees were nominated in such programs organized by external agencies within India and abroad. Apart from this employees are updated on Anti-Corruption Policies & Procedures of the Organization through Lecture Series by eminent speakers, online quizzes, Essay Competitions etc. every year during Vigilance Awareness Week.

All the business units are analysed for business related risks as per the CVC guidelines by conducting investigations against complaints, surprise inspections, periodic inspections, Major Work's inspection and CTE-Type Inspections.

Anti-Competitive Behaviour

GAIL is India's largest natural gas company and understands the responsibility to function in a responsible manner. Following which, GAIL aims to work strictly according to the laws and regulations including those involving anti-competitive and ethical behaviour. GAIL works under the purview of Competition Commission of India and with high ethical and moral standards without indulging in any form of practices which restrain any competition in the market.

There have been six cases which have been filed against GAIL regarding unfair trade practices, anti-competitive behaviour and violations of anti-trust and monopoly legislation. Two cases were judged in favour of GAIL and four cases are pending. There have been no cases where administrative or judicial sanctions have been levied against the organization for failure to comply with laws or regulations, including: international declarations / conventions / treaties, and national, sub-national, regional, and local regulations and cases brought against the organization through the use of international dispute mechanisms or national dispute mechanisms supervised by government authorities.

Sustainability Governance

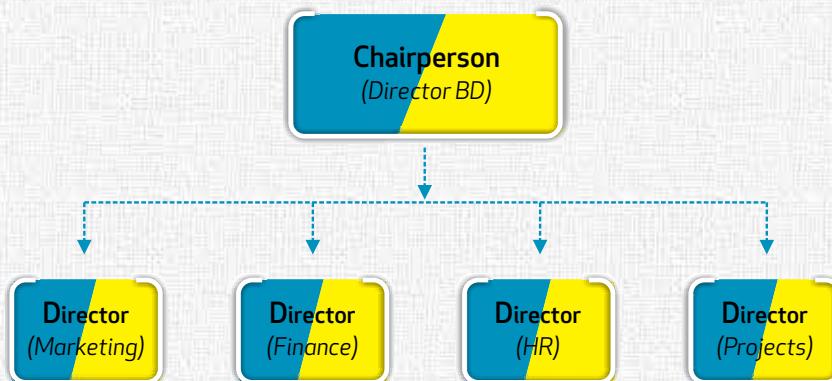
In order to give direction, implement, and monitor progress on sustainability parameters, GAIL has developed a robust sustainability governance framework which operates at different levels. At Board level, Sustainable Development Board Committee is chaired by Director (Business Development) and all other functional directors are

members to the committee. This committee has been instrumental in driving sustainability across GAIL's operations. During the reporting year, the Committee met two times and took some key decisions which are presented below:-

- » Revisit Sustainability Aspirations 2020 and inclusion of additional targets
- » Phased implementation of SA 8000 at GAIL from the year 2014

- » Upgradation of e-Sustainability module to improve data capturing and introducing new indicators and new features
- » Improve stakeholder communication on sustainability performance through a dedicated online domain reflecting GAIL's performance on various sustainability parameters

Sustainable Development Committee



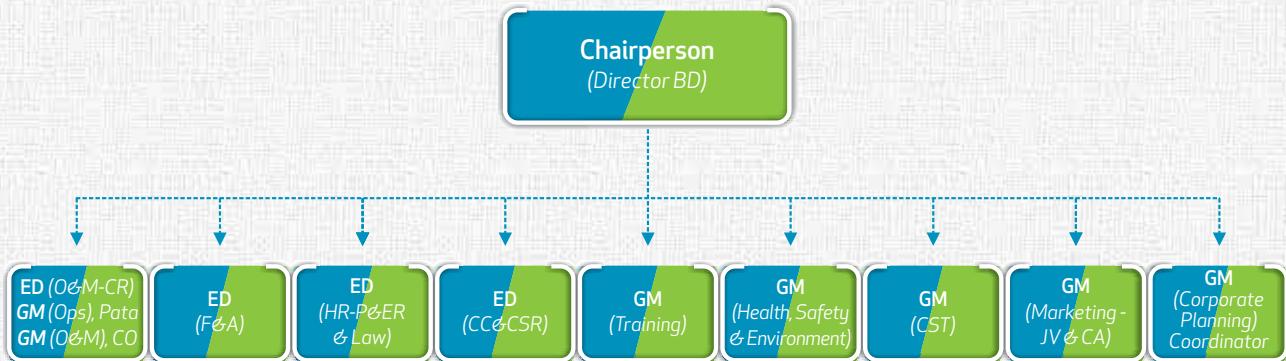
Apart from the Board level committee, GAIL also has a Sustainable Development Steering Committee, which is chaired by the Director (Business Development) and includes all aspect owners at HoD level.

GAIL also has multi-disciplinary

committee at sites which are headed by Officer In-Charges, aspect owners, and site coordinators. These site specific coordinators and the aspect owners receive trainings in their respective set of specialized areas. With the purpose of integrating sustainability with the corporate

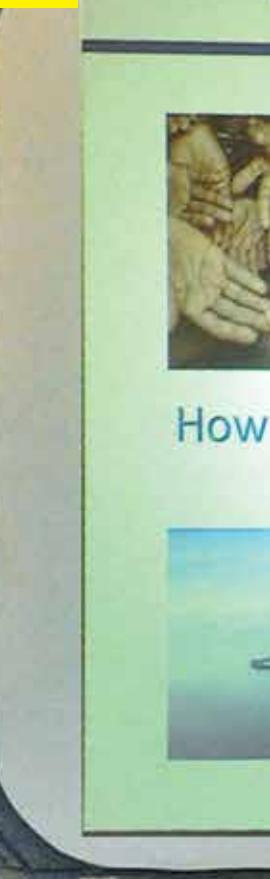
strategy Sustainability Core Team (which is a part of the Corporate Planning Department) works from the Corporate Office. In FY 13-14 to further strengthen the reliability and data authenticity Internal committees were formed at GAIL sites to crosscheck / verify Sustainability data captured.

Sustainable Development Steering Committee



Sustainability Strategy

...



The sustainability challenge



can business be profitable and contribute to solutions at the same time?



Energy plays a vital role in the socio-economic development and healthy functioning of an economy. This makes energy security essential not only to India's economic growth but also for the human development objectives that aim at alleviation of poverty, unemployment and meeting the Millennium Development Goals (MDGs).

'Sustainable energy is the golden thread that connects economic growth, social equity, a stable climate and a healthy environment' – UN Secretary General, Ban Ki-moon

GAIL is committed to play a key role in building sustainable energy future for the country. Our core business of natural gas transmission and trading brings in more responsibility than other energy companies in terms of making cleaner fuel accessible to consumers. While in line with our mission statement we continue to accelerate and optimize effective, economic and efficient use of natural gas to the benefit of nation, our future plans are built on the key planks of sustainable business model, care for environment and communities at large.

On these lines, we have already identified our aspirations and strategic priorities for taking the company to the next level of growth. GAIL has developed strategy for the period 2011-2020 which is currently under implementation and the Company is closely monitoring progress on various strategic initiatives as well as analyzing the dynamic environment to assess its impact.

Our current strategy puts major thrust on expansion of infrastructure for making cleaner and affordable energy source, accessible to our consumers directly and indirectly. Balancing economic growth, social development and environment protection, we aspire to expand our retail presence to large number of cities and towns for replacing polluting fuels with CNG and

bringing PNG to the doorsteps of domestic and commercial consumers.

We strive towards reducing our carbon footprint in a phased manner and contribute towards low carbon economy. For this, GAIL has set strategic initiatives for strengthening its portfolio of renewable businesses. GAIL plans to set up 500 MW wind power capacity in the coming years and against this, about 118 MW capacity has already been set up. Further, a 5 MW solar project has also been set up in Rajasthan and additional capacities will be set up in the near future.

To promote Development of Renewable Energy we collaborated with other PSUs. This year Memorandum of Understanding (MOU) is signed on the 25.02.2014 between the Ministry of New & Renewable Energy and Ministry of Petroleum & Natural Gas, GoI for setting up a Special Purpose Vehicle for implementing Off-Grid Solar, Wind and other Renewable energy power projects.

We became part of Special Purpose Vehicle with Oil and Natural Gas Corporation Limited, Oil India Limited, Engineers India Limited Solar Energy Corporation of India, Indian Renewable Energy Development Agency Limited and other PSUs in the JVC.

As India's youngest Maharatna public enterprise, GAIL is committed to increase cleaner energy share in the overall energy mix. Our endeavour is also to maximize resource value through state-of-the-art technologies, strive for energy efficiency at each level of operation and consistently deliver best-in-class performance. Our perseverance to safe and efficient operations is what guides our strategic direction and we have a long history of controlling

and continuously improving our sustainability performance.

In order to achieve all the strategic goals efficiently, significant thrust has been given to strengthen and develop the human resource capital. Accordingly, recruitment, training and development policies are being suitably aligned with strategic objectives to achieve its strategic goals by 2020. GAIL has been acknowledged as a major stakeholder for implementation of Sectoral Innovation Council recommendation for the mid-stream sector in the country to drive innovation in this sector.

Risk management

The underlying principle of enterprise risk management encompasses every entity of the organisation to provide value for its stakeholders. All entities face uncertainty and the challenge for management is to determine how much uncertainty to accept as it strives to grow stakeholder value. GAIL's Enterprise Risk Management enables management to effectively deal with uncertainty and associated risk and opportunity.

During the exercise of formulation, GAIL's Enterprise Risk Management, all aspects covering various risks and their severity and risk mitigations with GAIL were mapped across the organisation. Social & environmental risk arising at plants /construction sites have also been mapped and rated as severe, moderate and low based on the risk perception envisaged by the risk owner along with the Risks mitigation measures. Any new risk/updating/deletion of risk is an on-going process and is deliberated first in site level steering committees and further taken up in corporate quarterly

Steering committee meetings if found inevitable.

Unit level risks including Social & environmental risks are mapped at respective units and monitored quarterly through site level steering committee headed by unit head and are rated as high, medium and low. Mitigation measures are also suggested by respective units.

The critical risks identified for GAIL are "NG Sourcing Risk, Demand risk, E&P Business risk, Project Execution risks, Overseas Venture risk, Regulatory Compliance & reporting, New Pipeline bidding risks, Human capital deficit risks, financial Risks, Change in Govt. Policy risks.

GAIL has a system in place of appraising the risks & Mitigation measures bi annually to audit committee & annually to board of directors. During the FY-2013-14, following risks were identified and deliberated in steering committee and other corporate level meeting in line with the Risk Frame work policy of GAIL

- » Risk associated with profitability of our business in view of change in Govt. Policy.
- » Risk associated with Marketing of Gas & Petrochemical Products.
- » Risk associated with development of Downstream Market, pipeline infrastructure Supply Chain mechanism, Regasification facilities in sync with SPA commitments.
- » Risk associated with delayed critical activities
- » Risk associated with ageing of pipelines & ensuring Mechanical integrity of pipelines.

Mitigation measures are ongoing process and are being developed/ implemented by the asset owners /risk owners namely Marketing, Business development, Project Department & O&M based on risk perception envisaged by them.

and opportunities lie ahead in addressing climate change risks. These would include taking actions to reduce GHG emissions and exploring new and unconventional sources of energy. These efforts would need to be undertaken while continuing to serve India's energy demand.

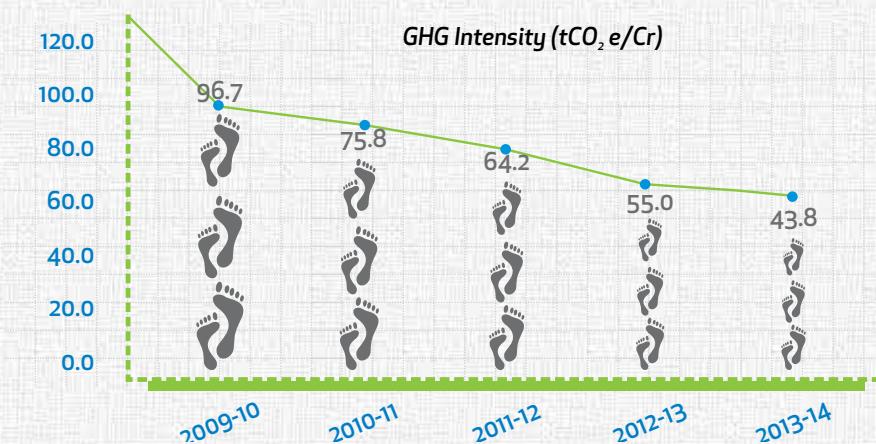
Sustainability Aspirations 2020

Oil and gas sector, being a primary energy provider, has a significant role in the national and global economic development. However at the same time since it primarily relies on fossil fuels which make it one of the largest emitters of Green House Gases, the sector has a huge responsibility towards environmental sustainability. GAIL realizes that major challenges

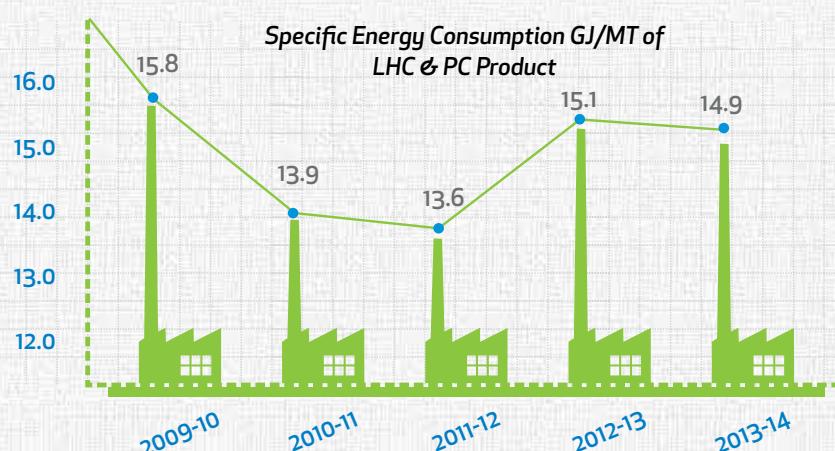
In an attempt to set greater sustainability standards in the industry, GAIL has gone a step ahead by adopting voluntary sustainability targets in the form of Sustainability Aspirations 2020. These key targets include reduction in GHG emission intensity, reduction in Specific Energy consumption, reduction in Water Consumption intensity, increase in Wastewater Recycling, and greater awareness on sustainability amongst the employees.



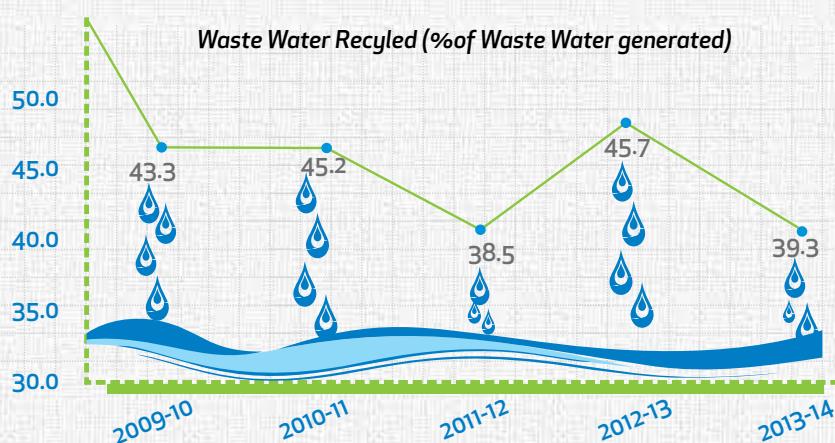
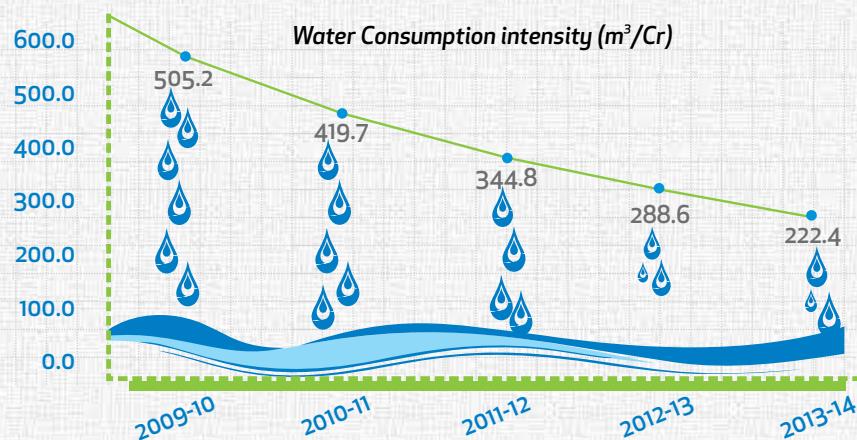
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| Reduction in GHG emissions intensity (Scope1 and Scope2) | 33% reduction in GHG emission intensity (Total GHG emission/Gross sale) in comparison to the baseline year (FY 2010-11) Target: 50.8 tCO ₂ e/Cr |
| Action Plan | <ul style="list-style-type: none"> » Promotion of renewable energy source like solar and wind power » Process optimization to reduce emissions through operations and venting » Promotion of R&D for innovative solutions to reduce GHG emissions |



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|--------------------------|---|
| Energy efficiency | 5% reduction in specific energy consumption in comparison to the baseline year (FY 2010-11). Target: 13.5 GJ/ MT |
| Action Plan | <ul style="list-style-type: none"> » Achieve greater energy efficiency » Focussed energy audits at sites and leveraging Integrated Management Systems to achieve optimization |



| | |
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| Fresh water consumption and Waste Water Recycling | <ul style="list-style-type: none"> 45% reduction in water consumption intensity (Total water consumption/ Gross sales) in comparison to the baseline year (FY 2010-11). Target: 230.9 m³/Cr 5% increase in waste water recycling from current levels of 45% in the baseline year (FY 2010-11). Target: 50.2 % |
| Action Plan | <ul style="list-style-type: none"> Promotion of rain water harvesting at sites Utilization of unutilized effluents with the unit premises Reduce water losses and leakages |



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| Awareness on sustainability | <p>100% of our employees will have awareness on sustainability Till FY 13-14 over 37% employees were covered under ambit of Sustainability Awareness target</p> |
| Action Plan | <ul style="list-style-type: none"> Introduction of sustainability and related concepts during induction training to all new employee Training on SD is made a part of the annual training calendar for Employees. Awareness quiz during Hindi pakhwara and other such events |

Stakeholder Engagement & Materiality



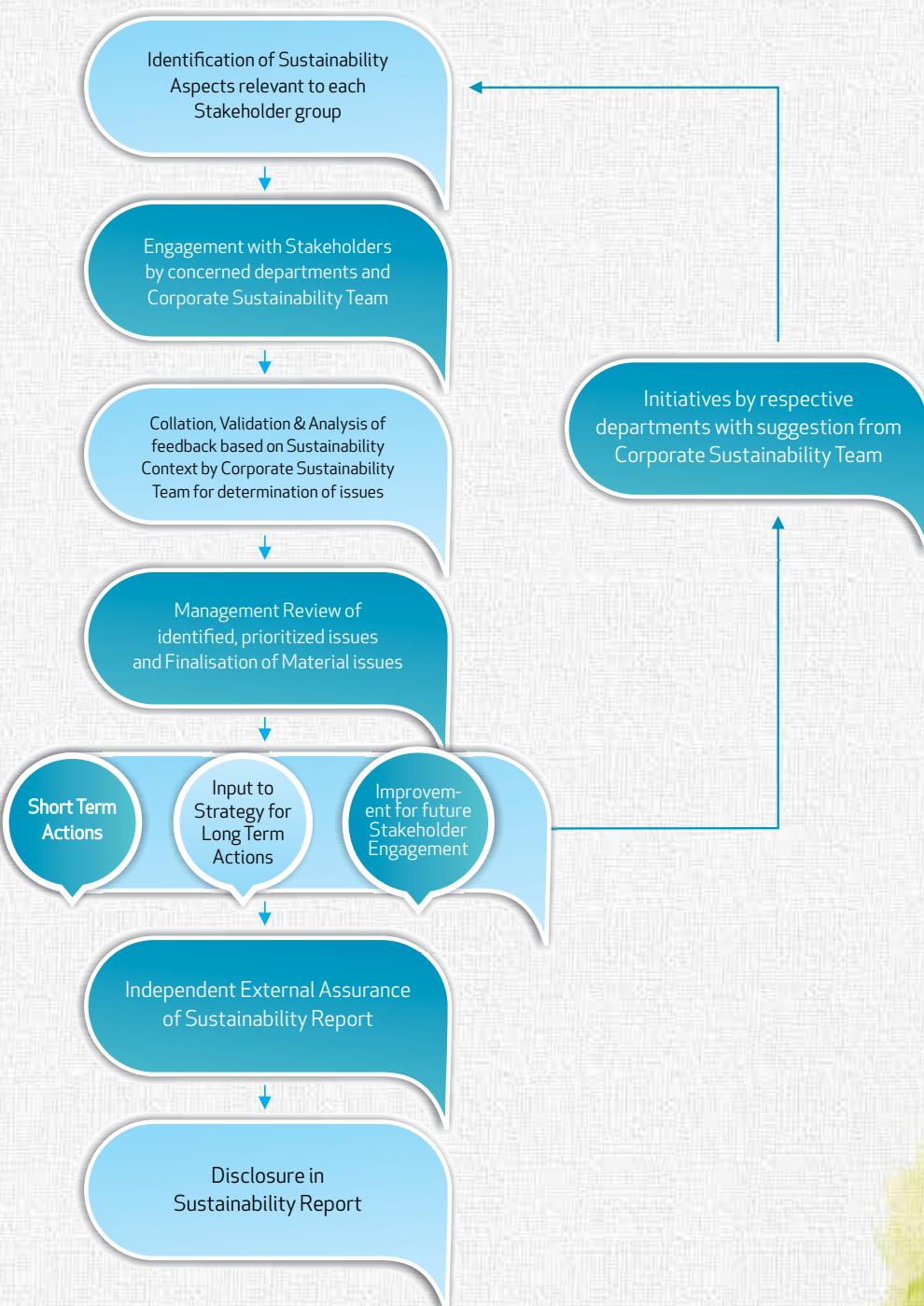


With the changing business dynamics, the performance of a company, apart from tradition financials, is also measured through how they manage on the economic, social, environmental and ethical aspects to create a long-term value for its stakeholders. At GAIL, we remain committed to our stakeholders with the aim to grow in a transparent and accountable manner. Engaging with our key stakeholders and materiality process helps us in deciding on issues to focus on in order to mainstream sustainability into our decision making.

Stakeholder Engagement

Over the years, GAIL's stakeholder engagement process has evolved from being merely a responsible Company to, now, having a collaboration based model to co-create value for its stakeholders. This has led to development of a robust stakeholder engagement mechanism. Some of these mechanisms (function on periodic, intermittent, and continuous) are stakeholder specific while others remain general in nature.

Stakeholder Engagement and Materiality Identification in GAIL



During the reporting period, stakeholder interactions were conducted with employees, suppliers, customers, Non-Government Organizations (NGOs), communities, investors, media, industry bodies, and government / regulatory agencies.

Employees

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|---|---|
| Importance of the stakeholder group | We regard our employees as our greatest asset and engage with them continuously for superior results |
| Engagement Teams | Human Resource Department, Corporate Operation & Maintenance, Health Safety & Environment Department, Sustainability Team |
| Frequency of Engagement | Annual, Quarterly, Monthly, Daily |
| Mode of Engagement | Satisfaction surveys, Grievance Redressal, Suggestion schemes, CMD open house, Sustainability Survey, Various committees, Emails, Journals, Meetings with employee associations and unions; Various Events including GAIL Day celebration, Sports Meet, Health Campaign etc. |
| Key initiatives taken to address concerns, perceptions, advice & suggestions | <ul style="list-style-type: none"> » Communication on GAIL's business goals, values and principles » Action planning on major projects » Implementation of best practices » Facilitating learning and developing » Track key performance indicators and action plans » Understand and address concerns » Idea generation, sharing and learning |

Suppliers

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|---|---|
| Importance of the stakeholder group | GAIL's primary business is of gas transmission which makes it very important for the Company to engage with the suppliers on a continual basis. Transparent relationship with supplier helps the Company to reduce risks and discover new opportunities. Also, this helps us to improve our supply chain and planning |
| Engagement Teams | Contracts & Procurement Department, Projects Department |
| Frequency of Engagement | Annual, Quarterly, Monthly, Daily |
| Mode of Engagement | Supplier meet, Emails, meetings |
| Key initiatives taken to address concerns, perceptions, advice & suggestions | <ul style="list-style-type: none"> » Reverse auction » Bill watch system » File Movement System » E-tendering |

Customers

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| Importance of the stakeholder group | GAIL regards its customers as partners in growth and works with them to improve the quality of services and products. The Company has also developed an online customer suggestion system to effectively address customer concerns |
| Engagement Teams | Marketing Department, Total Quality Management Department |
| Frequency of Engagement | Annual, Quarterly |
| Mode of Engagement | Customer Interactive Meets, Customer feedback |
| Key initiatives taken to address concerns, perceptions, advice & suggestions | <ul style="list-style-type: none"> » Customer Suggestion Box: To understand customer requirements, address operational concerns & to get feedback on new product development. » Customer Satisfaction Index: To understand their satisfaction levels » Customer Ledger: For transparent transactions |

Communities

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| Importance of the stakeholder group | Community is an important stakeholder for us as these communities provide us the social license to operate. We have also developed a CSR policy for effective development of the community |
| Engagement Teams | Corporate Social Responsibility Department |
| Frequency of Engagement | Annual, Quarterly, Monthly, Daily, Need-based |
| Mode of Engagement | Community Meetings, Project Meetings, Annual Reviews |
| Key initiatives taken to address concerns, perceptions, advice & suggestions | <ul style="list-style-type: none"> » Executing social responsibility initiatives /projects. » Understanding and addressing their concerns on critical incidents |

Investors

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|---|---|
| Importance of the stakeholder group | Investors play primary role in a company by funding the operations of the company and thus receiving "part ownership". By this virtue they become one of the most important stakeholders. GAIL respects the rights of the investors and keeps them informed through various channels. One such channel is the Company website which has an exclusive section dedicated to the investors |
| Engagement Teams | For Institutional Investors & Analysts: Finance & Accounts For Retail Investors: Company Secretariat |
| Frequency of Engagement | Annual/ Quarterly/ as and when necessary |
| Mode of Engagement | Annual General Meeting, Investor Meets, Investor Conferences, Conference Calls, Website hosting of financial information |
| Key initiatives taken to address concerns, perceptions, advice & suggestions | <ul style="list-style-type: none"> » Clearly communicating the company's values, business plan, strategy, risks, growth prospects, etc. » Highlight the company's performance vis-à-vis previous periods » Communicate to the investing community, what makes the company unique for the investor to invest their money » Address the concerns of investors with respect to the future challenges |



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| Importance of the stakeholder group | In today's well connected world, media plays the role of an opinion maker in the society. Apart from this, media also helps businesses in communicating with other stakeholders through various channels |
| Engagement Teams | Corporate Communication Department |
| Frequency of Engagement | Need-based |
| Mode of Engagement | Press Meets, Interviews |
| Key initiatives taken to address concerns, perceptions, advice & suggestions | <ul style="list-style-type: none"> » Relationship building » Appraising on performance highlights and lowlights » Point-of-view on major sectoral developments |
| Importance of the stakeholder group | Industry associations provide an opportunity to businesses to voice their concerns, present best practices, share knowledge and collaborate with each other. GAIL has been a member of key industry associations like CII, FICCI, PHD Chamber of Commerce, GRI Focal Point India, TERI-BCSD etc |
| Engagement Teams | Various Departments such as Corporate Planning, Marketing, Business Development |
| Frequency of Engagement | Need-based |
| Mode of Engagement | Seminars, Conferences, Industry Expo, Interviews |
| Key initiatives taken to address concerns, perceptions, advice & suggestions | <ul style="list-style-type: none"> » Share performance data » Inform on key decisions and projects » Participate in conferences and seminars » Engage in public policy advocacy |
| Importance of the stakeholder group | Government and other regulatory agencies play a very important role in influencing how businesses operate throughout the world. This is in form of taxes, regulatory and other policies, creating a level playing field for businesses, providing access to capital and other related functions. GAIL regards compliance to all laws and regulations as a high priority |
| Engagement Teams | Regulatory Affairs Department, Law Department, Corporate Planning Department, Liaison & Parliamentary Affairs Department, Company Secretariat |
| Frequency of Engagement | Annual, Quarterly |
| Mode of Engagement | MOUs, QPR, Open-House sessions, Hearings and other Meetings, written views/comments to PNGRB on various regulatory matters, as required by PNGRB |
| Key initiatives taken to address concerns, perceptions, advice & suggestions | <ul style="list-style-type: none"> » Relationship building » Performance appraisal through MOUs » Submission of progress reports » Discussions on major investment plans |

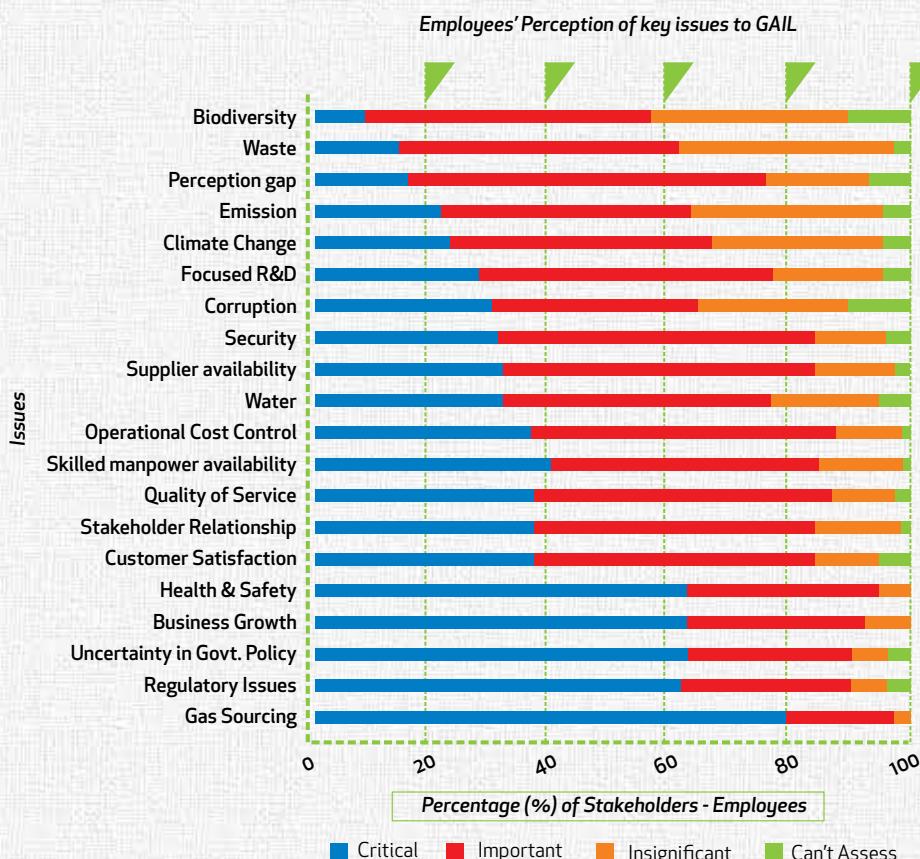
Stakeholder Engagement and Results – FY 2013-14

GAIL engages with stakeholders in order to understand their expectations, concerns and their views on various sustainability aspects significant to the company. In this regard, for each important

stakeholder group viz Employees, Communities/NGOs, Customers and Suppliers, the key sustainability issues were identified based on risk & opportunities, peer review, future challenges in the sector, laws & regulation, issues of strategic significance to the organisation, operational management etc. The importance of these identified

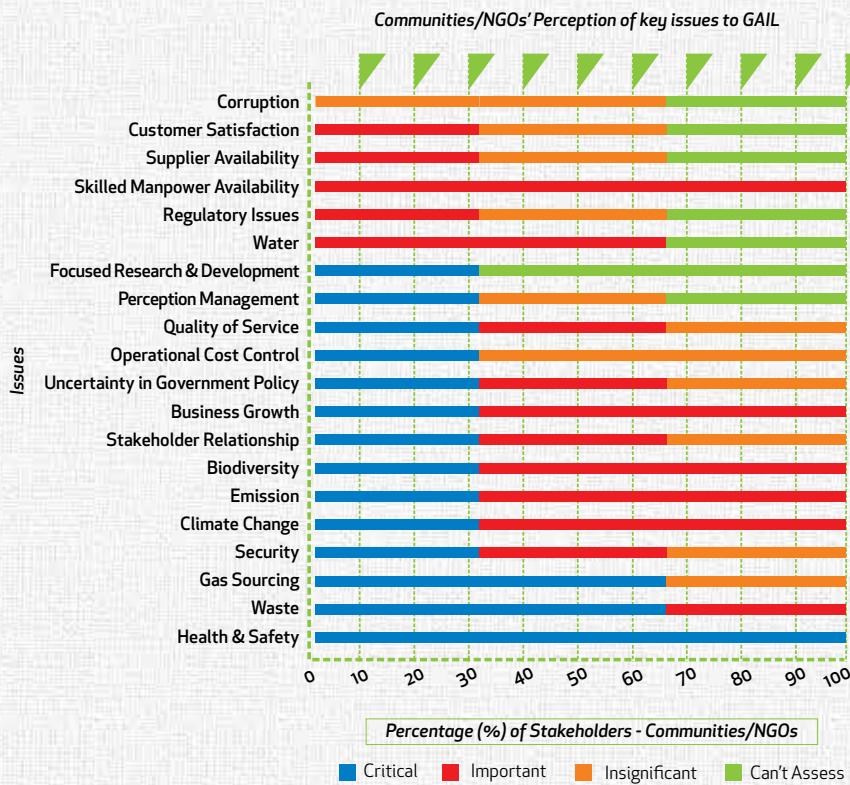
sustainability issues as applicable for GAIL have been collected through above mentioned modes of engagement to collate perception of the various stakeholder groups. The following graphs having the percentage of stakeholders in each group along X axis and identified issues along the Y axis to depict the importance of key issues to GAIL.

Importance of key issues to GAIL - Ranked by Employees (n=1485)



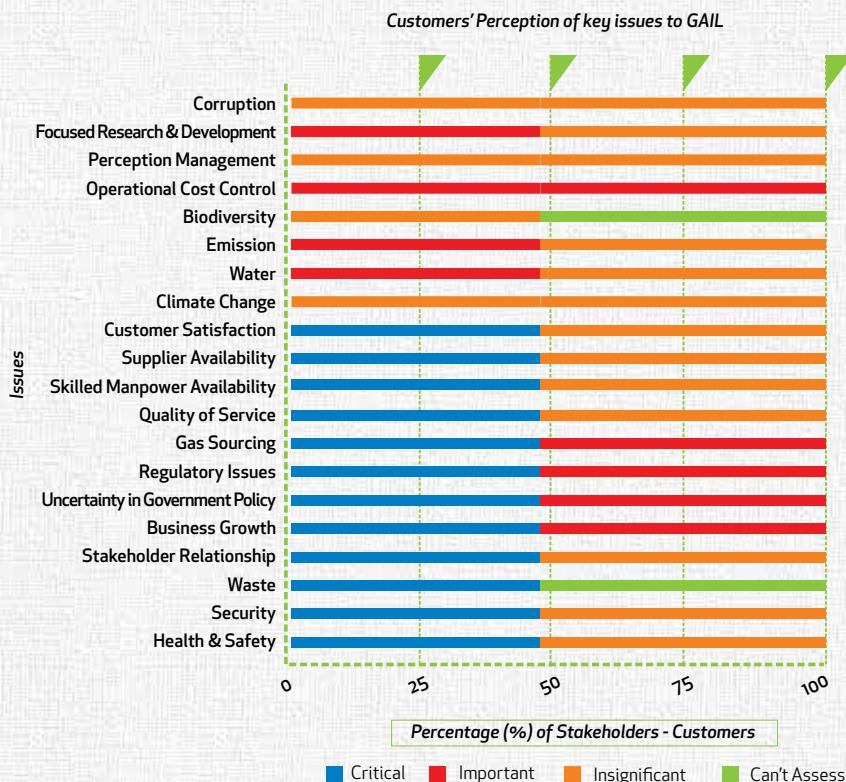
The top 3 important issues for GAIL as perceived by Employees are Gas Sourcing, Regulatory issues and Uncertainty in Government policy

Importance of key issues to GAIL-Ranked by Communities/NGOs (n=3)



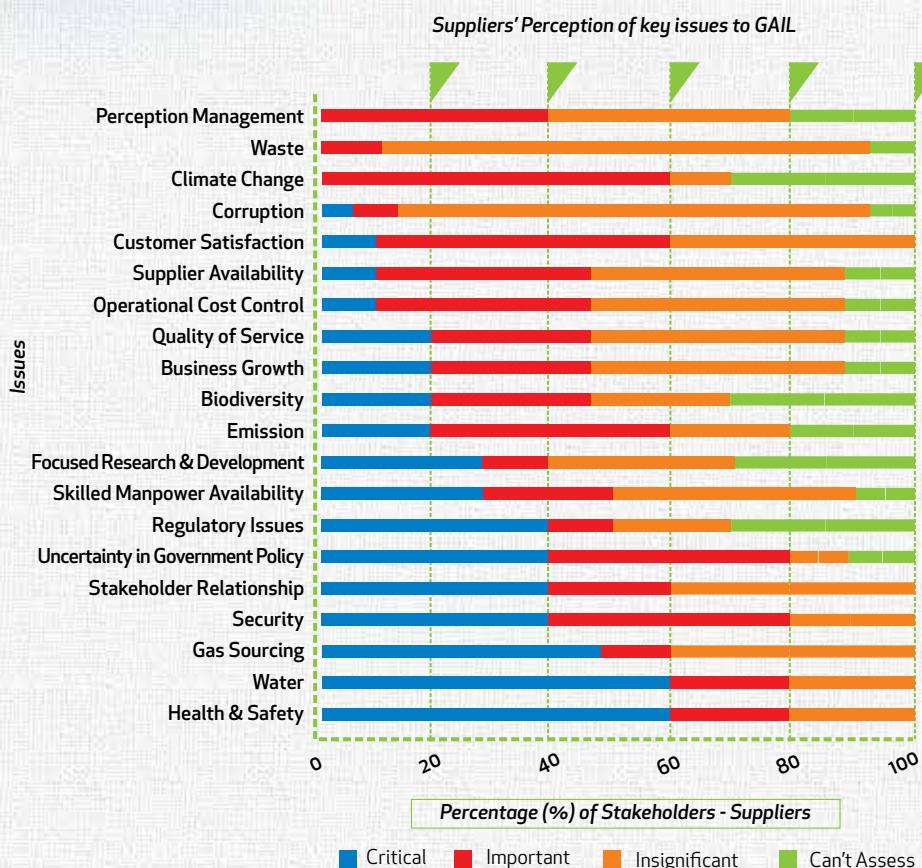
The top 3 important issues for GAIL as perceived by Communities/NGOs are Health & Safety, Waste and Gas Sourcing.

Importance of key issues to GAIL-Ranked by Customers (n=2)



The top 4 important issues for GAIL as perceived by Customers are Business Growth, Uncertainty in Government policy, Regulatory issues and Gas sourcing.

Importance of key issues to GAIL-Ranked by Suppliers (n=10)



The top 3 important issues for GAIL as perceived by Suppliers are Health & Safety, Water and Gas Sourcing.

Materiality

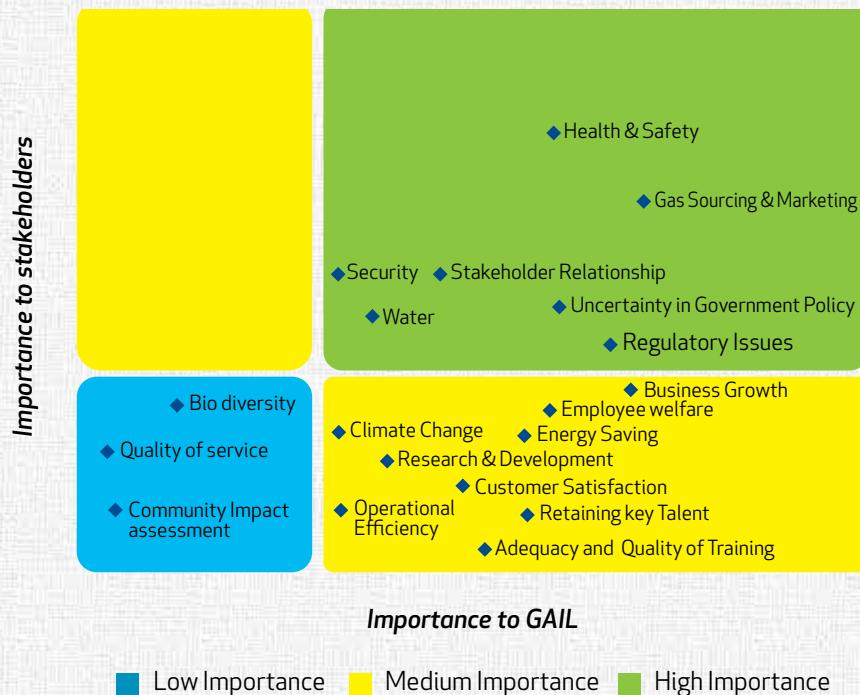
The critical issues identified through engagement with various groups of stakeholders as depicted above is used for determining the most important issues for GAIL from sustainability view point that are 'material issues' for GAIL.

For finalising material issues, interaction with GAIL's senior management was carried out in order to understand their vision and action plan on taking forward GAIL's sustainability journey. Mapping of the senior management's vision to the stakeholder's concerns (which have been depicted in the previous

section) resulted in preparation of GAIL's materiality matrix. The matrix has been drawn with importance to GAIL along X axis and importance to stakeholders along Y axis so that issues which are most important for both our stakeholders and GAIL are identified as material issues.

GAIL's Materiality Matrix:

Based on feedback from Employees, Customers, Suppliers, Communities / NGOs and Senior Management



We have tried to transparently describe identified material issues and actions being taken/planned by GAIL on these issues in the following section.

Gas Sourcing & Marketing

The focus has essentially shifted from sourcing to efficiently and effectively market the sourced gas at a desirable level of profitability and ensuring last mile connectivity. Till a year back, only gas sourcing was major issue across GAIL's operations. However, based on the recent developments viz. signing of long term contracts with several international operators, it was realized that Gas sourcing & marketing becomes a material issue for GAIL.

To improve our reach, this year we

extended last mile connectivity to 66 members of consumers supplying around 5.55 MMSCMD of Natural gas. It is noteworthy that these consumers are in medium and small manufacturing enterprise category which were earlier dependent on costlier and more polluting liquid fuels, leading into less GHG Emissions after switching to natural gas. These enterprises are also major job creators for the economy and switching over to natural gas shall increase their competitiveness. In addition, we successfully achieved our MoU Target to provide Uninterrupted Availability of Natural Gas & LPG Pipeline System in order to serve our customers round the clock.

Uncertainty in Government Policy

Envisaging future policy changes related to unbundling, carbon tax regime in India and other impending regulations make 'uncertainty in Government policy' a material issue for GAIL. Being a Public sector undertaking, Government policies and regulations have an impact on business and operations. Government's stand with respect to unbundling of operations and implementing GHG emission regulation regime has the potential to impact GAIL's business.

Unbundling involves separation of companies delivering natural gas from those supplying it to the market. This will have serious ramifications on GAIL's top-line. Introduction of a regulation on controlling GHG emissions from operations would entail huge investments in clean technologies and / or alternative sources of energy; both having an impact on the company's financial performance. With advent of PAT scheme and RECs, there is a very high likelihood of such a regulation being implemented in India in the short term.

In order to play an active role in policy formation and gaining industry perspective on various issues, we engage with different organizations. GAIL is active member various industry associations such as CII, FICCI, PETROFED, TERI-BCSD, GRI FP India, GCNI etc. CMD, GAIL is the Governing Council member of the Petroleum Federation of India. The Petrofed functions as the facilitator for Oil industry in India. It coordinates with governments, regulatory agencies and other representative bodies in the petroleum industry to work on issues such as optimization of resources and integration effort, promoting Safety, Healthy Environment and Energy conservation among other issues related to industry. In addition, we propagated our views on the new Companies Act, 2013 to MoPNG regarding amendment under Income Tax Act 1961 specifically allowing deduction of CSR expenditure.

Regulatory Issues

Addressing regulatory requirements related to tariff

reduction is a material issue for GAIL. In comparison to developed countries, the natural gas market in India is still in its nascent stage. Since laying of pipelines is a capital intensive business, the regulation of tariffs has negatively affected GAIL's business. Though such regulators guarantee certain percentage of IRR, tariff reduction has an impact on the balance sheet. As a result, GAIL might have to ensure alternate sources of generating income by optimizing operations in Petrochemical plant at Pata, investing in international assets, working with PNGRB and Ministry and Tax departments to promote gas swaps and grid connectivity.

GAIL being a Public Sector Enterprise, formal and informal feedback is provided on regular basis to various government bodies like MoP&NG, Planning Commission, PPAC etc. GAIL has supported Inclusion of Natural Gas in the category of 'Declared Goods' under CST Act 1956 so that VAT on Natural Gas is restricted to 5% which ranges from 5% to 26% in different states. In the area of Shale Gas, GAIL has participated in the consultative process of Government of India seeking comments on its draft Shale Gas Policy.

CMD, GAIL is the Co-Chair of FICCI Hydrocarbon Committee. The committee focuses on issues related to energy security of the country and supplement various efforts of the Government of India and other bodies engaged in this domain. In addition, GAIL also represents in the FICCI Environment Committee that works on a broad spectrum of environmental issues like Municipal, Electronic and Hazardous Waste Management, Corporate Sustainability, Clean Technologies, Environment and Forest

Clearances, Biodiversity etc.

GAIL also represents in the expert committee on "Auto Fuel Vision and Policy - 2025" (AFV&P-2025). Director (Marketing), GAIL is convener of working group IV- entrusted to suggest a "Suitable Mix of auto Fuels including Gas, Logistics, Road Transport". One such instance was the "Auto Fuel Vision and Policy - 2025".

Stakeholder Relationship

Building strong and constructive relationship with stakeholders is essential for a business to efficiently function and excel. In GAIL, stakeholder relationship is primarily aimed at –

- » **Customers:** improving satisfaction levels, creating specific contracts, improvising contract clauses;
- » **Suppliers:** Transparent relationship building with suppliers and regulating contractor behaviour to safeguard interests of contract workforce;
- » **Communities:** involving them through CSR initiatives / projects, compensating land owners; and
- » **Employees:** nurturing leadership, knowledge retention, focusing on learning and development.

Every stakeholder has their own unique expectation and concern. We consistently endeavour to address concerns for mutual benefit of both the parties. Our GAIL Polymer Technology Centre (GPTC) provides technical solutions and insights to our customers. Communities play an important role in ensuring a social license to operate.

Further, the success of GAIL's CSR initiatives depends on the role communities play in such projects. Our vendors, contractors and other business partners support our operations by delivering high quality raw materials and services that are vital for our operations. Our employees help us create a competitive advantage, it is through their dedicated and sincere efforts that we achieve and exceed our goals.

We take appropriate actions and suitable initiatives to address concerns of different stakeholder groups. We have elaborated on the same in the subsequent sections of the report.

Health and Safety

As a responsible corporate GAIL accords highest importance to safety of its employees, assets and all its stakeholders. A good safety system in the workplace has tools to help employees look out for themselves and their fellow workers. It takes more than just safety personnel to implement an effective safety program—an essential factor in the equation is the company's safety practices. Perhaps the most important elements of an effective safety program are leadership support and visibility. An organization that can look to leadership to actively support safety and engage employees, vendors, subcontractors and clients about the importance of safety in the business is most successful in the safety arena.

Ensuring robust health and safety of its employees and contract workforce is of prime importance to GAIL considering the nature of its operations. Providing personnel with a safe workplace and looking

after their well-being increase their productivity thereby adding to the company's bottom-line. GAIL has demonstrated a fairly good performance on safety indicators as reflected in its high Health Safety and Environment Index. At GAIL, HSE has got the highest importance, same is reflected in the fact that HSE Sub-committee of Board monitors and reviews the health, safety and environmental performance of our operations. This year GAIL has rolled out implementation of Behaviour Based Safety (BBS) which "focuses on what people do, analyses why they do it, and then applies a research-supported intervention strategy to improve what people do"

Security

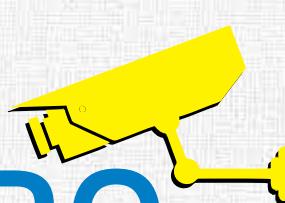
Most of GAIL's assets are of national significance and any incident related to these assets is bound to have social, environmental and economic ramifications. Given the current geo-political environment it is likely that these installations and pipelines can face threats of protests, sabotage and even potential terror attacks. Therefore it is imperative for GAIL to give security a high priority across all operating locations and should invest in state-of-art

security systems along with trained security staff to avoid and handle any external or internal threat.

In today's connected world, it is equally important to focus on data / information in the electronic format. With multiple high net worth transactions, international business dealings and R&D activities involving intellectual property rights, it is important for GAIL to focus on IT security across its operations.

In FY 13-14 Zero breach of security was achieved by GAIL security team. A monthly e-security magazine GAIL Rakshak is shared with all Employees. Majority of the recommendations made by Industrial Security Team of Intelligence Bureau have been implemented in GAIL. Additional Security man-power were deployed at various GAIL sites. Security Awareness Week, Review Meeting, Emergency Response Drill for GAIL at all CISF Units, such events were organized across GAIL

Focusing on managing security of information, this year we also started activities pertaining to implementation of ISO 27001:2013 based ISMS (Information Security Management System) & Crisis Management Plan (CMP).



ZERO
BREACH OF SECURITY
WAS ACHIEVED BY
GAIL SECURITY TEAM

Water

Water is essential in human development – from the freshwater needs of individuals and ecosystems to the demands of agriculture and industry. With population growth and continuing economic development, demand on limited fresh water supplies is likely to intensify. Issues and impacts of water on the Oil and Gas sector have been gaining prominence in recent times. As demand for water

increases and the quality and supply of the resource is threatened, the need for effective freshwater management along the supply chain is essential.

Our commitment for Water gets reflected in our "Sustainability Aspirations 2020" target for ourselves in aspects of reducing Water Intensity and increasing our waste water recycling. We are conscious of reducing our water footprint by optimizing use

of water, installing Waste Water Treatment Plant to further utilize water and promoting Rain water harvesting system at our locations. Some of our key projects are piped canal 'Behti Dhara' project at Vijaipur to capture evaporation losses and conserving water. We also executed new waste water treatment plant for Usage of Treated Sewage wastewater for Vivekanand Sports Complex at GAIL Pata.

Engagement with other Stakeholders

In addition to engaging with the stakeholder groups as mentioned above, GAIL is also member of many trade and chamber / associations. These associations help us engage with various other stakeholders to communicate our views and opinion through the association's platform. Some of the major ones are as below :-

| | Indian | International |
|-----|---|---|
| 1. | Confederation of Indian Industry (CII) | International Gas Union (IGU) |
| 2. | Standing Conference of Public Enterprises (SCOPE) | Institute of Internal Auditors, USA |
| 3. | Federation of Indian Chambers of Commerce and Industry (FICCI) | World Environment Foundation |
| 4. | World Energy Council India | National Institute of Corrosion Engineers International, USA (NACE) |
| 5. | Petroleum Federation of India (Petrofed) | British Safety Council (BSC) |
| 6. | Institute of Company Secretaries of India (ICSI) | International Group of Liquefied Natural Gas Importers (IGLNL) |
| 7. | The India CFO Forum-IMA India Pvt. Ltd | United Nations Economic Commission for Europe (UNECE) Gas Centre |
| 8. | Global Reporting Initiative India Private Limited | |
| 9. | Global Compact Network India (UNGC's India Chapter) | |
| 10. | India GHG Program | |
| 11. | Project Management Associates | |
| 12. | International Market Assessment CEO Forum | |
| 13. | TERI - BCSD (Business Council for Sustainable Development) | |
| 14. | PHD Chamber of Commerce & Industry | |
| 15. | Chemical & Petrochemicals Manufacturer's Association (CPMA) International | |

GAIL works on different platforms like industry associations, government consultation forums and other public platforms. One such instance was the "Auto Fuel Vision and Policy - 2025". An Expert Committee on "Auto Fuel Vision and Policy - 2025" (AFV&P-2025) was constituted by Gol. Shri Prabhat Singh, Director (Marketing), GAIL (India) Ltd. is a member of this expert committee. Also, to complete the task four working groups have been created. Director (Marketing)-GAIL is convener of working group-IV entrusted to suggest a "Suitable Mix of auto Fuels including Gas, Logistics, Road Transport". This working group has

prepared its draft report taking into account three principle objectives of improving Environment, Economics and achieving Energy Security. The draft report has suggested various alternatives, namely, Natural gas, auto LPG, Ethanol blending, Hydrogen Fuel & Electric mobility to improve vehicular emissions in an optimal manner. The final report is under preparation by Centre for Heavy Technology (CHT).

Also, GAIL had actively participated in Asia's largest event on Natural Gas Vehicles (NGV), ANGVA-2013, held in Nov. 2013. The conference was well attended by more than 60 speakers covering key

industry issues from vehicle engineering development, to filling technologies and alternative fuel supplies. GAIL and its JVs and subsidiaries have registered their enthusiastic presence in the event. GAIL has apprised the audience and stakeholders about our plans to expand natural Gas pipeline networks to create Green Corridors. These green corridors will provide opportunities to inland transportation to operate on natural gas vehicles by expanding the reach of CNG beyond cities. This corridor is likely to benefit eight states viz. Karnataka, Maharashtra, Madhya Pradesh, Uttar Pradesh, Rajasthan, Delhi, Haryana & Punjab.

GAIL-Voice: The social interaction platform for Stakeholders

GAIL considers public at large as one of its stakeholders. In order to open-up further to the public and become more transparent, GAIL launched GAIL-Voice - a unique sharing platform to interact with the stakeholders. This independent platform has been created to utilize the dynamism of social media and create a unified touch-point for anyone and everyone who wants to keep them updated, connected, and entertained with energy ecosystem. This gives the stakeholders an independent platform to interact with GAIL as an entity, without any obstacle.

This is the first such initiative among any energy company in India to make such an attempt. Presently, GAIL's online community has touched 70,000 and is expected to grow by 50% in the next year. This initiative helps GAIL to reach out to a cumulative count of approximately nine lac plus audience round the globe every month





GAIL and GRI

The Global Reporting Initiative (GRI) is one of the leading organizations in the field of sustainability working with the vision of a sustainable global economy where organizations manage their economic, environmental, social and governance performance and impacts responsibly, and report transparently through GRI's Sustainability Reporting Framework.

The GRI Focal Point India provides guidance and support to local

organizations, driving GRI's mission. GAIL became the founding member of the **GRI India's Sustainability and Transparency Consortium**. The Consortium serves as a platform for key players in the Indian corporate responsibility and sustainability landscape to demonstrate their inspirational presence in the sustainability field. Through the strong multi-stakeholder network of GRI Focal Point India, Consortium members ensure that Indian insight supports the work of GRI.

GAIL as the sector representative aims to collaborate with GRI in its work towards:

- ▶ Mainstreaming Sustainability & ESG Reporting to create a culture of Transparency
- ▶ Stimulate harmonization with existing national reporting standards and sustainability initiatives
- ▶ Create an active and informed readership
- ▶ Create national, regional and local ownership of the GRI reporting framework to enhance its technical features
- ▶ Build knowledge hub on sustainability and transparency for India

all Dignitaries

Guidelines



During our association with GRI India's Sustainability and Transparency Consortium we have been able to build a strong network to promote the greater cause of sustainability and have represented at various national and international platforms to share our knowledge and experience in this arena.

GAIL represented as speaker in GRI Global Conference on Sustainability Reporting at Amsterdam on 22-24th May 2013. Over 1500 sustainability leaders and practitioners from across the globe convened in Amsterdam for

three days in May to discuss the key challenges and opportunities on the path to a more sustainable future. In addition, GAIL hosted the National launch of the GRI G4 Guidelines and Guidance on Alignment of GRI NVG BRR in India in New Delhi on 24.07.2013. The main features of the G4 Guidelines were introduced to more than 120 delegates.

As a member of the Consortium, we shared our experience and knowledge in the various GRI Focal Point India Advisory Group Meetings, webinars and online sessions. The meeting had senior

representatives from each of the Consortium founding members Companies who have joined GRI India's Sustainability and Transparency Consortium. Our association with GRI has helped us in engaging with our peers, in gaining industry perspective and sharing best practices in the field of sustainability and reporting.

Shareholders / Investors

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25 सितंबर 2013, न

29th

ANNUAL GENERAL MEETING

25th September 2013



GAIL (India) Limited
India's Youngest Maharashtra

29वीं
वार्षिक
आम सभा

25 सितंबर 2013

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With our growth trajectory giving due importance to the social and environmental considerations, we consistently endeavour to provide enhanced and steady returns to our investors. We remain committed to ensuring greater credibility and value to our shareholders / investors.

Shareholders / Investors

The fundamental purpose of investing is to allocate capital to the company to earn an attractive return. In order to ensure the same, the investors play an important role in monitoring the performance of the company. They monitor financial as well as non-financial parameters of the company. GAIL appreciates these facts and updates its investors on all related financial and non-financial parameters on a regular basis through a variety of media which include circulation of financial information, AGM, investor meets, news releases, press meetings of senior management, annual reports and Company's website.

Business Growth

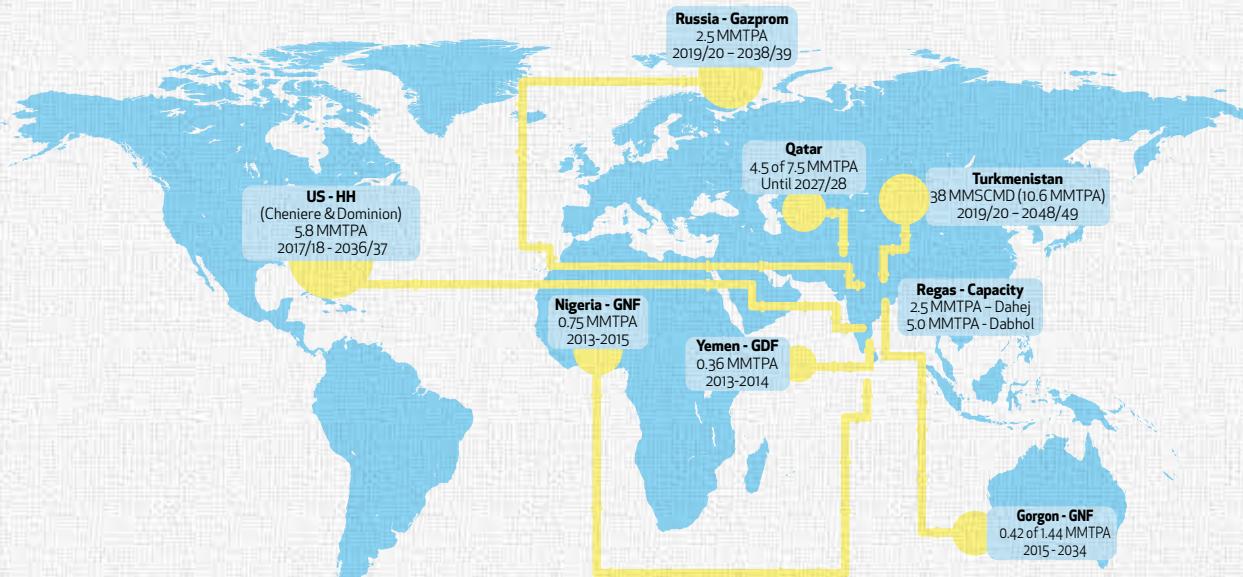
GAIL has been working rigorously to create maximum returns for its investors. This is possible only through sustained business growth. Some of these initiatives are discussed below:-

Sourcing & Trading of Gas- LNG Regasification Terminals and Shipping

The report, "Working Group on Petroleum and Natural Gas Sector for the 12th Five-Year Plan (2012-17)" has envisaged that about 264 MMSCMD of natural gas needs to be imported in 2016-17 and 363 MMSCMD by 2021-22 to meet

the overall demand of natural gas in India. GAIL is also focusing on making upstream investments in gas assets, liquefaction facilities and LNG shipping to have presence in entire LNG value chain to achieve the twin objectives of enhancing India's energy security and providing better value to our customers. As the industry leader in natural gas, GAIL has contracted gas supplies to put in place a diversified long-term import portfolio of approx. 86 MMSCMD of gas from Qatar, Australia, USA, Russia and Turkmenistan through multiple LNG and transnational pipeline deals to meet the ever increasing demand for natural gas in India. These deals were a testimony to the Company's commitment towards developing the Indian Gas market and helping India to achieve energy security in the long run. The

Gas Sourcing Achievements



Long-term Import Portfolio
(23.8 MMTPA or 85.6 MMSCMD)
Diversified Supply Sources
Russia, Middle-East, Australia, USA

Diversified Price Indices
Henry Hub - 24.5% (5.8 MMTPA)
Japanese Crude C-31% (7.42 MMTPA)
Oil - 44.5% (10.6 MMTPA)

critical aspect of consideration in these deals is augmenting the Company's strategy to secure LNG supplies from a much diversified supply sources to mitigate geo-political risks; diversified indexations to mitigate pricing risks; FOB and DES contracts to provide supply flexibility etc. This augurs well with our commitment to serve our customers in the best way possible. GAIL imported approximately 1.60 MMTPA of LNG from various International sources spot cargoes, during this financial year, to encounter the immediate concerns of domestic supply shortage with spot cargoes contributing to approx. 22% of the total LNG imports.

As a contributor for developing infrastructure to accelerate LNG market development in India, GAIL has also entered into an agreement with Petronet LNG Limited for 2.5 MMTPA in Dahej LNG Terminal to meet the increasing gas demand along existing pipeline network. GAIL would also be the commercial operator of Dabhol LNG terminal for 25 years which will act as a gateway to meet the gas demand of consumers in the states of Maharashtra, Goa and Karnataka.

GAIL has entered into a MoU with Paradip Port Trust to set up a Floating, Storage and Regasification Unit (FSRU) in offshore Orissa in the East Coast.

GAIL is in the process of finalizing for imports of LNG from Sabine Pass and Dominion Cove Point LNG terminals in the US. GAIL has signed a MoU with Shipping Corporation of India (SCI) to cooperate for transportation of LNG sourced by GAIL from USA. The cooperation would include SCI assisting GAIL in the charter hiring of LNG ships and GAIL assigning step-in rights to SCI in the ownership of LNG Ships. To strengthen the LNG supply,

GAIL has explored possibilities of collaboration in joint LNG procurement. As a result, we signed a MoU with Chubu Electric Power Co. Inc. of Japan in March 2014. Such joint procurement agreements are expected to stabilize and lower the gas prices in Asia.

GAIL is also pursuing Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline project for import of gas to India. GAIL has signed a GSPA with State Concern 'Turkmengaz' for import of 38 MMSCMD of natural gas from Turkmenistan for 30 years.

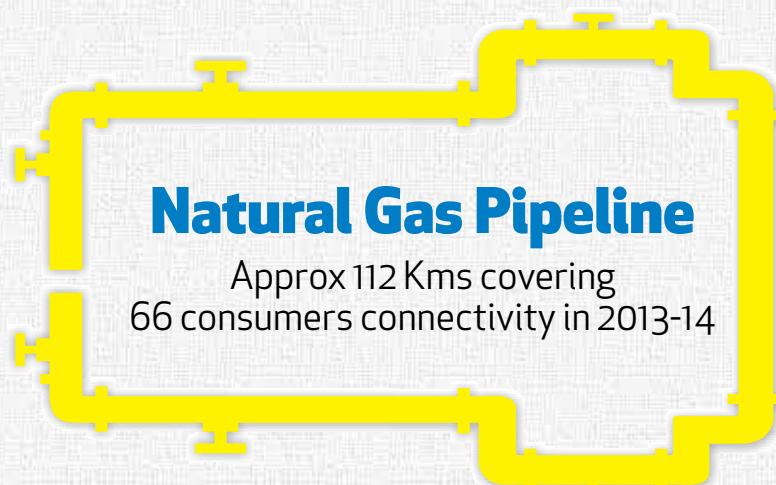
Petrochemical

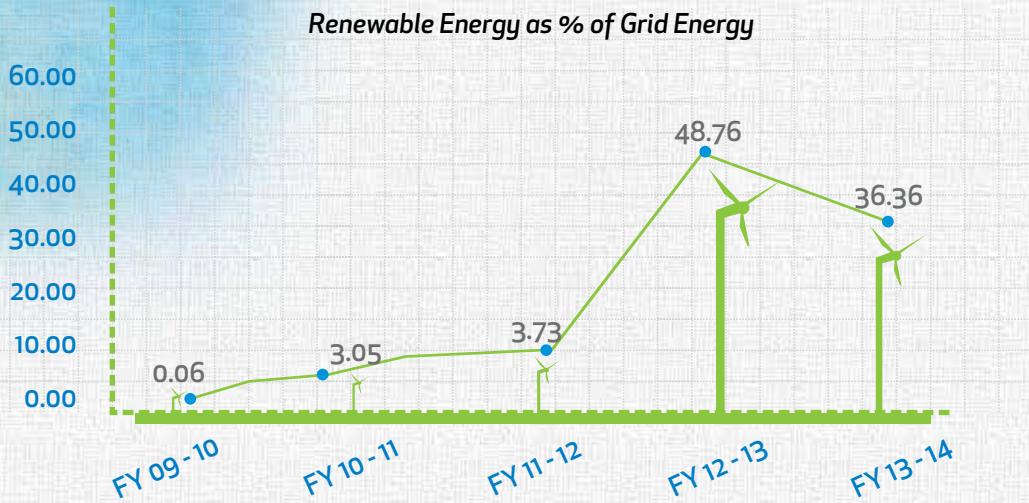
GAIL aims to be the leader in the petrochemical segment in the country by expanding existing capacities, setting up new plants, acquiring equity stakes in upcoming projects, along with product off-take rights for marketing. GAIL is currently doubling existing petrochemical capacity at Pata. A Greenfield petrochemical plant is also being setup in Assam through its subsidiary, Brahmaputra Cracker & Polymer Limited (BPCL). Another petrochemical plant at Dahej is being set up through a JV, ONGC Petro-additions Limited (OPaL).

GAIL would be setting up a Poly Butadiene Rubber (PBR) plant of 110,000 tonnes per annum capacity at a cost of INR 2,575 crore at Dahej, Gujarat through a 50:50 Joint Venture with ONGC. The production from the plant would be sold in the domestic market which would reduce India's dependency on PBR imports. The feedstock, Butadiene required for the PBR plant would be supplied by ONGC Petro additions Limited (OPaL), promoted by GAIL and ONGC.

Natural gas pipeline

During FY 2013-14 commissioning of various pipeline networks and auxiliary systems have been completed, namely, Capacity Augmentation of Auraiya-Jagdishpur pipeline, Karanapur-Moradabad-Kashipur pipeline has been further extended upto Rudrapur by commissioning of Kashipur-Rudrapur pipeline, Kochi-Koottanad-Bengaluru/ Mangalore Phase-I pipeline commissioning, Last Mile consumer connectivity (approximate: 112 Kms) extended to 66 numbers of consumers for supplying of Natural Gas around 5.55 MMSCMD.





Renewable Energy

GAIL has graduated from a captive to commercial producer with 117.95 MW capacity installed wind energy projects of in State of Gujarat, Tamil Nadu and Karnataka. In the year 2011-12, GAIL entered into solar



power generation by winning the bid to setup a 5 MW Solar Plant under Jawaharlal Nehru National Solar Mission located at approximately 70 Km from Jaisalmer in Rajasthan and plans to set up additional capacities in the coming years. The Project was commissioned in February 2013 and is generating 25000 – 28000 kWh per day.

Maximizing shareholder value

GAIL is dedicated to maximizing

shareholder value and takes various initiatives ranging from new and innovative projects, operational excellence and promotion of research and development. Some other initiatives include those taken for material and resource conservation.

Declaration on Compliance

While pursuing business excellence goals we ensure that all our operations are in compliance to the national and international regulations applicable to us.

Research & Development (R&D)

GAIL has increased its impetus on Research & Development (R&D) activities to remain competitive in this fast changing business scenario where technology is playing an increasingly important role. The R&D Department is pursuing over 25 Projects in various thrust Areas of GAIL's business

Few of the R&D Projects are also being pursued in the Area of GHG reduction and use of

In Million (INR)

| A. Economic Value Generated | 584064 |
|---|---------------|
| ► Net Sales / Income from Operations | 572451 |
| ► Other Operating Income | 2628 |
| ► Other Income | 8985 |
| B. Economic Value Distributed | 568847 |
| ► Operating cost | 517,214 |
| ► Employee wages and benefits | 9,082 |
| ► Payments to providers of capital | 20,368 |
| ► Payments to Governments (*) | 21,557 |
| ► CSR initiatives | 626 |
| C. Economic Value Retained (A - B) | 15217 |

(*) Detailed financials are available in the GAIL's Annual Report 2013-14 and our website (www.gailonline.com)

unconventional sources of energy. One of such Project is the LandFill Gas (LFG) Pilot project. The LFG emanates from the Municipal Solid Waste (MSW) dumping yards and is one of the largest sources of fugitive Methane emissions to the atmosphere. GAIL has set-up a Pilot project in an active landfill site to explore the option of extraction and gainful usage of LFG. The Municipal Corporation of Delhi (MCD) allocated 4 Hectares of landfill site out of a total of 27 Hectares at their Ghazipur Landfill site in Delhi for setting-up this Pilot Plant.

The LFG Pilot Plant has been commissioned in May'2013 and about 125 m³/hr of LFG with methane content of about 25% is being extracted and flared. This leads to reduction in GHG emissions as Methane is 25 times more potent in causing Global warming compared to CO₂. The Project has been successfully validated by the Designated Operational Entity (DOE) and registered with UNFCCC for availing carbon credits. The Project has improved the living conditions of the local populace and demonstrates GAIL's commitment to the Society by implementation of this first of its kind Project in India.

GAIL is also pursuing few Projects on CO₂ Conversion / Utilization. These include Projects on Development of catalyst for production of Syngas by utilizing CO₂ for reforming of Methane. Another project is being pursued for CO₂ Utilization through Microbial route. This includes isolation, identification and selection high CO₂ tolerant species of micro algae for CO₂ capture and its conversion to value added products.

Operation & Maintenance Practices

(UNFCCC weblink of project <https://cdm.unfccc.int/Projects/Validation/DB/TI8WDREBIQBQXHYB93EPM211OE6A2Q/view.html>)



Land fill Gas project site at Ghazipur, Delhi

Achieving and sustaining excellence in the Operation & Maintenance of the assets is the prime objective of the GAIL's philosophy. High standards of quality, application of current technologies and extreme diligence in monitoring and maintenance of the assets are some of the key elements of a successful maintenance strategy

GAIL's Maintenance policy & Guidelines covers Pipelines / Terminals and other associated installations, Compressor stations/ Booster stations, Gas Processing Units (GPUs), Petrochemical Complex (PC). We targets to ensure high levels of availability, reliability and safety in our operations

Our pipeline are designed, constructed and maintained in line with the requirement of international standards like the ASME, API, DIN, ISO and national standards like the OISD. The pipeline network is designed after a detailed environmental impact assessment and series of approvals from Ministry of Environment and Forests. The pipeline alignment is selected in such a way that the length is optimized avoiding ecologically sensitive and protected areas/ geographically unstable areas/ less number of obstacle crossings like NH/SH/Railways, restricted / reserve forest area/ Coastal Regulation Zones (CRZ).

Managing environmental impacts during pipeline network expansion and operations

Retrofitting Projects

GAIL took certain retrofitting projects which have not only resulted monetary benefits but also in form of environmental paybacks.

Burner Management System at GPU Usar:

The existing natural draft heater was required to be adjusted manually from Field by adjusting the damper. No precise control over Excess Air for combustion due to manual intervention resulted in excess fuel consumption. No arrangement for Indication was there in case of main/Pilot burner failure. To enhance the Safety of the RG Heater and reduce the fuel gas consumption in RG heater, PLC based Burner Management system introduced at GPU Usar. The existing natural draft heater is retrofitted to Forced draft

The tangible benefits of the project through the Fuel Gas Saving was 0.13 MMSCM per annum leading to an annual CO₂e savings of 108 metric tonnes CO₂e with an expected saving INR 1439856/- per annum.

It also includes reduction in manual efforts, enhance safety and increase the Burner Efficiency.

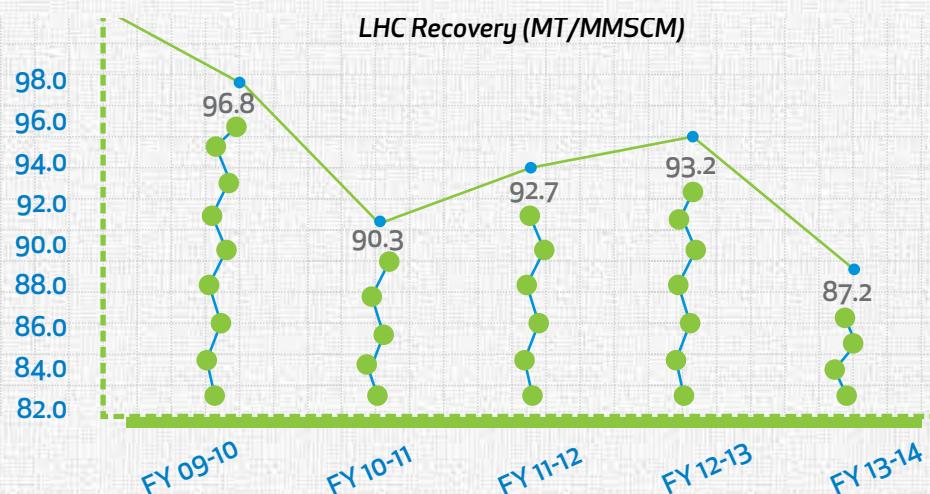
Material & Energy Conservation

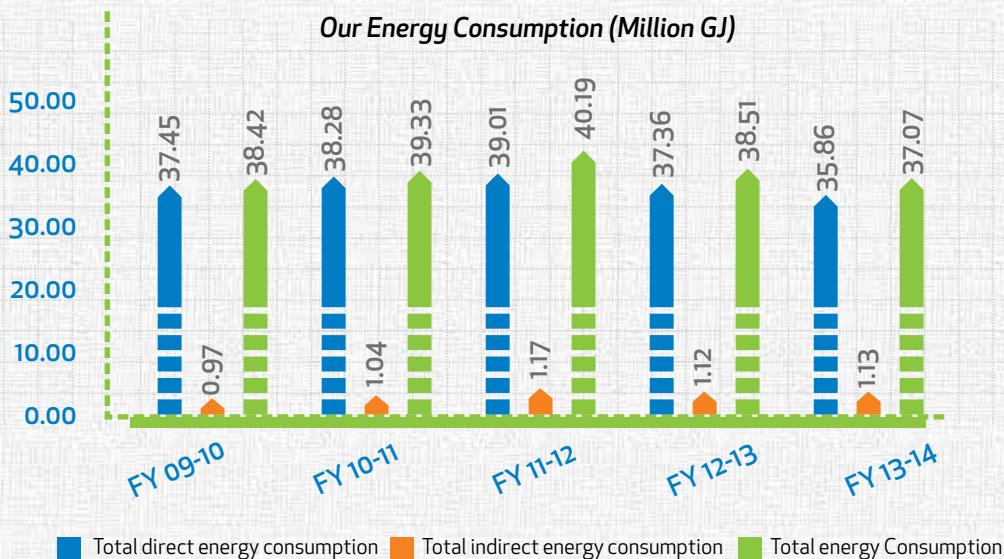
For GAIL, natural gas transmission forms the core of its business apart from other business verticals like liquid hydrocarbons, LPG transmission, petrochemicals, explorations and production etc. Given this business portfolio, Natural Gas (NG) forms a significant part of the total material consumption at GAIL. Other materials consumed include, speciality chemicals and catalysts lube and grease, mercaptan, chlorine, sulphuric acid, alum, methanol, other chemicals and packaging bags.

Though GAIL operates in a sector where scope of use of recycled input materials is very minimal, it attempts to recycle/reuse material wherever possible. Further, we design our products and processes in a manner so as to reduce wastage. This is also reflected in the Sustainable Development Policy which mentions "optimizing use of natural resources through material substitution, recycling and reuse" as an aspect of the Environment pillar of the policy.

Sustainable Development policy of GAIL puts focus on improving energy efficiency across operations. The Company identifies and assesses different opportunities to conserve energy and improve

efficiency wherever possible. Apart from energy conservation through design and operation excellence, GAIL has also worked on improving the share of renewable energy mix in its total energy consumption. GAIL has gone a step beyond other companies and has set voluntary energy reduction targets for itself. GAIL is committed to reduce its specific energy consumption by 5% by 2020 (with 2010 being the base year). As a response to this target, an organization-wide plan has been developed with the help of an integrated energy management system, conducting energy audits, strengthening its procedures and other technical interventions.





At GAIL, we take a variety of initiatives to reduce our energy consumption and improve the share of renewable energy in its energy consumption mix. These initiatives are in form of quality circle projects which are implemented across locations. In the reporting period, 135 Quality Circle Projects were completed enabling achievement of a saving of INR 4.91 Crores. Some of the significant projects completed during the year are discussed below:-

Replacement of Natural Gas Based Closed Cycle Vapour Turbo generators (CCVTs) by Solar Power under O&M Dibiyapur :

6 Numbers of 10kWp each solar powered system has been commissioned at six RR stations under O&M Dibiyapur region. CCVTs are provided at RR stations (often located remotely) for supplying electrical power to installed instrumentation and burn natural gas for its operation. It was decided to install Solar power system to replace CCVTs at RR or IP or SV stations in pipeline under Dibiyapur region in 2013-14. The total expenditure on Project was Rs. 98.30 Lacs. Solar PV plants (6 nos. of 10 kWp each) are expected to generate 86400 unit (kWh)/year of electricity which can save almost 1638 Tons of CO₂equivalent /year with replacement of existing power source operated on natural gas fuel. With this renewable energy initiative, approx. 0.265 MMSCM natural gas saving has been estimated for FY 13-14 and is worth Rs 26.5 lacs.

Fuel Gas Saving at Dibiyapur Compressor Station

At Dibiyapur compressor station, the balance quantity of lean gas available was diverted in Auraiya-Aonla pipeline from the discharge of booster compressors which

boosted the primary compressors discharge in series operation. However, with the new modification completed in July 2013, it is now possible to divert the mentioned balance quantity of gas from the discharge of primary compressors itself, resulting in fuel gas saving in booster compressors on account of avoiding recompression of the balance quantity required to be diverted towards Aonla. This measure has enabled us to save approx. 0.73 MMSCM of natural gas

(~1500 Tons of CO₂/year) worth INR 73 lacs since July 2013.

Energy saving project at Hazira Compressor Station

After ensuring reliable GRID power supply from DGVCL through 11 KV

express feeder on full cost sharing basis by GAIL for the laying of express feeder, total electrical Load of the Hazira compressor station has been shifted to GRID Power from own generation through GTG. As both the GTGs are designed for total connected electrical load which is almost double of normal running load, minimum load had to be ensured for smooth operation of any of the GTG's when GTG's were running.

However, since the transfer of load on GRID, it has made possible to shed some of the electrical load which was previously not possible due to unstable operation of the GTG on part load condition. This measure has resulted in saving of approx. 1920000 KWH/ annum (~1500 Tons of CO₂/year) equivalent to approx. INR 1.5 Crore/ annum.

Switching to LED lamps

At Vaghodia, Replacement of MLL lamps by LED lamps in Unit Area is expected to yield electrical energy saving of approx. 63,875 Kwh per annum. Similar project at Gandhar, where GLS lamps were replaced with LED lamps resulting in energy saving of 14 watt per lamp, translating to saving of 840 W every day.

Another initiative to improve energy efficiency was taken at Vijaipur by replacing the existing inefficient and unserviceable Air Conditioning system with highly efficient and less maintenance Air conditioning system. This resulted in energy savings of approx. 7000KWH and approx. INR 56,000/- per month thus leading to energy efficiency & environment improvement.

Business Information System (BIS) Initiatives

In line with the Govt. of India guidelines, GAIL tender website was revamped and interfaced with Central Public Procurement (CPP) Portal. A barcode based system has been implemented for physical verification. The web based e-recruitment system for receiving applications for Executive Trainees posts was developed. Activities pertaining to implementation of ISO 27001:2013 based Information Security Management System (ISMS) & Crisis Management Plan (CMP) has started.



e-Sustainability & e- BRR Module

Web Based Sustainability data management system has been developed to capture organization wide sustainability data. It automated the data management process thereby shortened time cycle for data analysis, minimized error due to reduction manual intervention, improving data traceability & reliability which makes it ready for Sustainability assurance. Every aspect owner can monitor & compare data through online report & approve it. In line with the above, a separate e- Business Responsibility Reporting (BRR) module has also been developed to capture the Information requirements of SEBI BRR, GRI G3.1 indicators etc.

Our MoU

GAIL (India) Ltd. being a Central Public Sector Enterprise signs its External Memorandum of Understanding (MoU) document with the Government. MoU clearly specify the objectives of agreement and obligations of both parties. The MoU consists of mutually agreed targets on financial (50%) and nonfinancial parameters (50%).

Some of the non-financial performance of MOU in FY 2013-2014 is shown here:

| Criteria | Unit | Excellent Target | Target Achieved |
|---|----------------------------|------------------|-----------------|
| Training of Employees including Senior Management on CSR & SD Aspects through Seminars/Workshops /trainings in internalizing the CSR and Sustainability agenda within the organisation. | Manhours | 1700 | 1951.5 |
| Recycling of waste paper generated | Kg | 2000 | 2933.5 |
| NG Powered CCVT Replacement by Solar Power | No. of RR Stations covered | 5 | 5 |
| Publication of Externally assured Sustainability Report as per latest GRI standards | Date | 30.09.2013 | 25.09.2013 |
| Meetings/Consultations held with Key Stakeholders | No of Meetings | 4 | 4 |
| Job Linked Vocational Skill training to youth of underprivileged rural/ semi-rural families under Project GAIL IL&FS SKILL SCHOOLS at 3 locations (Continued Flagship Programme) | No. of Youth trained | 2000 | 2630 |
| Enrolment for Specialized Coaching for IIT/ Engineering Entrance Exam for children of underprivileged section under Project GAIL UTKARSH (Continued Flagship Programme) | No. of Children enrolled | 100 | 100 |
| Project Jaldhara - Integrated Watershed Management Project in villages of District Jhabua, MP | No. of Milestones achieved | 6 | 6 |
| Expenditure incurred on CSR and Sustainability activities as % of previous year PAT | % | 1 | 1.54 |

| | | | |
|---|--------------------------------------|--------|-------|
| R & D Expenditure as % of previous year PAT | % | 1.01 | 1.01 |
| Development of Ionic Catalyst for Syngas Production through Combined Dry Reforming and Partial Oxidation of Methane (Project on CO ₂) | Milestones | 6 | 6 |
| Health Safety and Environment Index | % | 98.5 | 99.06 |
| Customer Satisfaction Index | % | 88 | 92.03 |
| % actualization of Training Plan for skill upgradation of employees | % fulfillment | 95-100 | 100 |
| Number of structured meetings with employees' unions | No. of Meetings | 10 | 11 |
| Attrition as % of total employees | % | 5 | 1.03 |
| Training budget as % of employee cost | % of employee cost | 1.5-2 | 4.71 |
| Training Days per employee per year | Number of Training Days per employee | 2 | 4.3 |
| Training Sessions on Risk Management for Senior Level Executives | Mandays | 40 | 54 |
| Awareness on Succession Planning among the Executives | Mandays | 60 | 96 |

Targets of SD aspects in GAIL MOUFY 2014-15.

This year also we took targets in some of our important projects

including Project Jaldhara - Integrated Watershed Management Project in villages of District Jhabua, MP, we plan Skills Training for employability of women in North East States of India, Job Linked Vocational Skill training to 2500 youth of underprivileged rural/

semi-rural families under Project. 85% of target group of senior level executives to be covered in career development training in order to equip them for future leadership roles as well as in Succession Planning.



GAIL (India) Limited's iconic new office Green Building at Noida

The 22-storey GAIL Jubilee Tower has a height of 118 metres, and it is one of the tallest buildings in the National Capital Region (NCR) as on date. The Jubilee Tower is compliant to LEED Green Building norms and GAIL hopes to get the highest LEED Platinum rating for it. Some of the other key features of the building are:

- » Captive power generation plant using gas engine generators
- » Waste heat recovered is used to run the Air Conditioning system.
- » 30 KW solar power plant for area lighting

The construction of the building was completed in just four years. About 18,000 cubic metres of concrete and 2,300 metric tonnes of steel were consumed during the construction which required 30 lakh man hours. Fly ash bricks and environment friendly cement, wood and paint materials were also used. The building has a sewage treatment plant and rainwater harvesting system and has zero water discharge to the surroundings.



Employees

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Employees lie at the core of our business. It is through their unwavering commitment and determination, we have reached greater heights. Our focus remains in reciprocating by not only providing better opportunities of growth and development but framing better policies and systems that create an enabling environment ensuring enriched and motivated employees.

GAIL gives high importance to human resource and considers it as its biggest asset. Employee welfare is one of the key foundations of GAIL's HR Philosophy. There is a deep rooted belief in GAIL's value system that corporate growth is an extension of employee's growth and development. In other words, GAIL's growth, prosperity and intellectual competence is reflection of the value it has added to its employees. For the 2nd consecutive year, GAIL has been considered in The Economic Times Survey of Top 100 India's Best Companies to work for. Premised on this philosophy, GAIL has evolved and implemented various welfare policies with an aim to improve the Quality of Life and maintain Work-Life balance. Some of them include maternity and paternity leave, provision for disability leave, provision for Company accommodation, house rental allowance, death relief fund, superannuation benefits, healthcare facilities, and financial assistance scheme.

Over the years, GAIL has developed a unique workplace through its HR strengths:-

- » Lean and thin workforce
- » Young and highly qualified manpower
- » Cross functional expertise
- » Learning organization
- » Free and open communication process
- » Accessible senior leadership

Based on these strengths, GAIL takes various initiatives for its employees which revolve around the philosophy of Care Share & Grow. These include maternity and child care leaves, regular training programmes, communicating and engaging with employees through various means, GAIL Voice,

effective performance appraisals, health and safety initiatives etc.

Training and Education

Given the sector we operate in, it is essential that our employees are qualified, trained and equipped with knowledge, skills, and right attitude to excel. GAIL, therefore, lays strong emphasis on attracting best talent and providing a platform to launch their careers. GAIL has a well-structured and enriching induction programme. As a part of this orientation programme, the new recruits interact with the heads of various business functions giving them greater insight of our businesses and value chain. To enable seamless integration of new recruits into our culture, we have introduced Mentorship program in the organization for the Executive Trainees, wherein they are assigned to a mentor who is a senior executive in order to assist them in any personal or professional matter.

At GAIL, we believe that learning is a never ending process and have developed suitable policies to help employees grow as a professional and realize their full potential. We

have a provision of minimum two days for each and every employee to get training in areas of functional / management / behavioural domain at GAIL Training Institute (GTI).

At start of every year Training Need Assessment form is filled by Employee through intranet based portal. Apart from providing functional and behavioural trainings to all levels of employees, adequate exposure is given to employees through conferences, seminars, skill building workshops, etc.

Strong emphasis is given on leadership development programs for executives at senior levels. In order to assess the talent pool at senior level, executives are made to undergo Development Centres. Developmental gaps identified through this process are mitigated through executive development programs, job rotation and higher responsibilities. Training programs for skill management and lifelong learning that support the continued employability of employees are organized at GAIL Training Institutes. Apart from this, cross-functional training programs are also organized as a routine wherein participants from cross-functional areas are enabled with the basic knowledge of other functional areas.



Apart from these scheduled trainings, employees are also imparted inputs regarding Safety & Skill up gradation in functional areas and behavioural aspects through knowledge sharing programs, online Quizzes and Competitive events covering all sustainability related aspects organized on various occasions. Several capacity building initiatives were also taken up for employees in form of workshops and seminars in various aspects of sustainability.

In addition, Energy Desk is also one of the initiatives as input for Management and knowledge dissemination to GAIL Employees. The Energy Desk Portal provides different features like- real time Energy Prices, business & market developments Snippets, Energy Calculator, Energy Infrastructure maps etc.

Labour Relation and Practices

GAIL recognizes the fact that healthy labour and employee relations are the key to its progress and success. These also help us in improving productivity, reducing industrial disputes, and maintaining high morale of the workforce. In order to attain these objectives GAIL has enacted policies such as GAIL's recruitment policy, Financial assistance in case of Death / Total Permanent Disablement (TPD) of an employee while in service, Superannuation Benefit Fund Scheme to Defined, GAIL Employees' (Conduct Discipline and Appeal) Rules etc. GAIL's HR department also works in line with the other guidance and directives issued by the Department of Public Enterprises and other Government agencies.

The HR department at GAIL aims to continuously engage with the employees through various ongoing initiatives. GAIL has established an online grievance redressal system which is led by the HR team. This online system has been developed in-house and has auto-escalation features by virtue of which the complaint filed by the employee is escalated from HR-In-Charge to Corporate HR to GM - HR and finally to Director - HR in case it is not resolved at the respective level within the stipulated time period.

Contract workers are covered under the Employee's Compensation Act, 1923 and Insurance Policy is obtained by the Contractor on regular basis for grant of Death/ Disablement Benefits. As per ESI Act 1948, the contract workers have to become the members compulsorily for availing the benefits.

Promoting Sports

In an endeavour to give an opportunity to more employees to participate in sports tournaments, GAIL organizes Annual Sports meet on an All-India basis providing an opportunity for the employees of different locations to come closer, resulting in better co-ordination. GAIL has been taking a number of initiatives to promote sports within the organization and at the same time, supporting and promoting sports and players outside the organization as well. Participating in Petroleum Sports Promotion Board (PSPB) tournaments is one such important platform. The 34th PSPB Inter-Unit Golf Championship was hosted by GAIL (India) Limited. This event brought together top amateur golfers from oil sector PSUs.

With a view to increase the sporting culture and boost the morale among contract workers special activities are conducted at different GAIL locations.

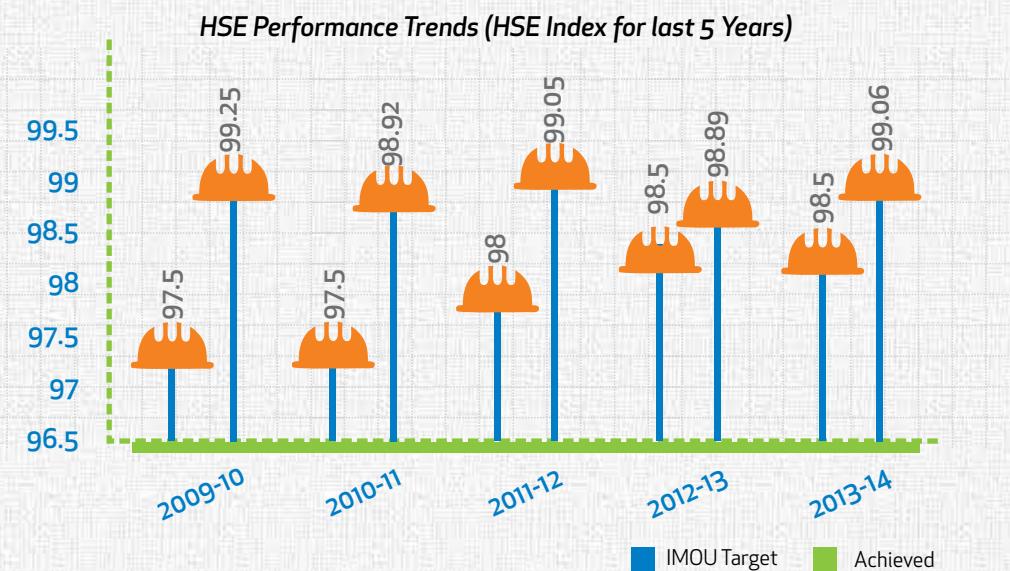


Occupational Health & Safety

As a responsible corporate citizen, GAIL accords high importance to safety of its employees, assets and all its stakeholders. At GAIL, comprehensive HSE Policy (duly signed by CMD) is in place. We encourage involvement of each and every employee in the effective implementation of HSE Policy and in enhancing HSE Culture. Implementation of Safety Management System is monitored by HSE Sub Committee of Board on regular basis. Senior management constantly monitors and reviews the existing safety practices so that proactive actions are taken on an on-going basis. During the reporting period, following major initiatives were undertaken on Occupational Health and Safety Management:-

- » Implementation of Behaviour Based Safety Approach at GPUs and Petrochemical Plant
- » To showcase importance of HSE in GAIL to external stakeholders and prospective business partners, a corporate film was prepared and released during Annual HSE workshop.
- » Model Film was prepared on Standard Operating Procedures
- » With a view to focus on saving precious human lives at GAIL installations, an analysis of past incidents was done to arrive at major causes of life threatening incidents. The major causes identified were taken as focused campaign topic and were launched under "Life Saver Scheme" from January 2014.
- » To ensure the effectiveness of HSE Management System, 25 nos. of Third Party Safety Audits were organized in year 2013-2014. As a result of management review at various levels, constant monitoring and follow-up, external safety audit compliances reached to the level of 91.31 % during this year.

At all installations, it is ensured that all contract workers use appropriate Personal Protective Equipment (PPE) through regular monitoring and. Regular safety trainings and talks, briefing on safety related issues to all contract workers is carried at all installations of the Company. Further, in periodic Safety Audit conducted by Corporate HSE Department health and safety issues of contract workers are also addressed.





Some key safety initiatives

Behaviour Based Safety

GAIL Embarked upon a journey on implementation of Behaviour Based Safety (BBS) across GAIL installations, triggered by the "Safety Leadership Session" of British Safety Council. Behaviour Based Safety was conceived by the Management during deliberations in the last year's Annual HSE Workshop triggered by isolated incidences specifically related to Behavioural patterns. Accordingly, Steering Committee and Task Force were constituted for implementation of Behaviour Based Safety. During the year 2013-2014, Behaviour Based Safety has been implemented at major process plants including Usar, Gandhar, Vaghodia, Vijaipur and Pata.



● Installation of Open Path Detection System

The terminals under RLNG pipeline in DUPL and DPPL have fixed Open path Gas Detection system; however, in some old APM terminals there was no provision for fixed gas detection system. Gas leakage detection was done manually in every shift by operator through portable hand-held gas detectors. The open Path Detectors (OPD) proposed for old APM terminals, is an open path infrared gas detection system that provides continuous monitoring of combustible hydrocarbon gas concentrations over a distance of 5 to 120 meters and rings an alarm at the panel at control room of respective stations and terminals. Implementation of this system has resulted in a safer workplace.

● Model Film on Standard Operating Procedures

To upgrade the skills, knowledge and to provide training to O&M personnel about Standard Operating Procedures (SOPs) for enhanced safety, a model Animated Film was prepared on Standard Operating Procedures (SOPs) of GPU, Vaghodia.

● Medical Programmes

To keep the nick of good health of GAIL employees, their family members and to nearby villagers, company organizes various medical programmes across its facilities. During FY 2013 – 14 several health awareness programmes including health camps on gastrointestinal diseases, osteoporosis & national pulse polio programmes were conducted at GAIL, Pata & Dibiyapur.

Diversity and Equal Opportunity

GAIL is an Equal Opportunity employer that promotes and leverages from its workforce diversity. GAIL complies with Equal Remuneration Act, 1976 and there is no discrimination in wages based on gender. Company's HR policies are notified and widely circulated for information of all employees through media like e-mails, circulars, HR Handbook, Personnel Manual and Employee Forms.

GAIL has a well-defined policy for prevention of sexual harassment at the work place. In FY 2013-14 a dedicated internal Complaints Committee post notification

of 'Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace' was formulated and widely available to all stakeholders at this Web link:

http://www.gailonline.com/final_site/pdf/Sexual_Harassment_Women_Workplace.pdf

GAIL is now in the process of incorporating relevant amendments to the "Conduct, Discipline and Appeal" (CDA) Rules and Certified Standing Orders to prevent such kind of situations at the work place. With a view to assign due importance to representation of female employees, GAIL has created a Women Cell which is responsible for reviewing the planned schemes and other programmes. GAIL Women Cell also liaison with National Commission

for Women; SCOPE and Women in Public Sector (WIPS) forums for the cause of Women's development.

In line with the philosophy to promote diversity, GAIL Management has instituted three awards for GAIL women employees for their commendable services and contribution to the overall growth of the organization. The awards aim at recognizing and encouraging the outstanding women employees of GAIL for their services in the fields of Functional Management, Corporate Social Initiatives and Corporate Cultural Initiatives.

Human Rights

GAIL has always been a firm supporter and propagator of human rights for all. It not only complies with the laws of the land (such as

laws relating to labour practices, child labour, forced labour, working conditions etc.) but also commits itself to other voluntary agreements under International bills and treaties. GAIL is also a signatory to the United Nations Global Compact which has specific focus towards human rights.

Policies & Procedures concerning aspects of human rights carry significant value for GAIL. Elements of Human rights are imbibed in the policy framework of the organization. Training Programs on Labour Laws and Outsourcing are such programs conducted by GAIL Training Institute which cover almost majority of aspects of human rights. Such programs are conducted as a part of annual training plan and executives who are concerned with outsourcing are imparted training on the subject aspect every year. A two-day training program on the subject topic was conducted during the reporting year and 22 executives (352 man-hours) were imparted training on Labour Laws and Outsourcing with the elements of Human Rights.

All our agreements include a clause asking commitment from our vendors, suppliers, and contractors to comply all applicable Indian laws and regulations including human rights.

The issue of human rights is central to good corporate citizenship and to a healthy bottom line. Businesses are increasingly focusing on the impact they have on individuals, communities and the environment. It is clear that one of the central measures of a company's social responsibility is its respect for human rights. All employees when inducted are trained on GAIL's CDA rules to develop their understanding on these aspects. GAIL follows a non-tolerance

approach on Child or forced labour in any of its operations.

Child Labor

Child labour is a challenge that hinders the development of any nation. We work towards ensuring that no child labour is employed at any of our operations. In order to ensure this, every new recruit is required to submit a proof of age. Further, the Company is committed to work in a pro-active manner to eradicate child labour by actively contributing to the improvement of children's social situation. To promote this, we encourage our suppliers also to work towards a no child-labour policy.

Forced and Compulsory Labor

In India, like child labour, forced and compulsory labour is also legally prohibited. GAIL functions in strict compliance with these laws and does not engage in any form of forced and compulsory labour and has developed and implemented systems to ensure the same.

Though there has not been a formal / specific initiative to identify operations which face the threat

of child labour or forced and compulsory labour, no incident of engagement of child or forced or compulsory labour has been reported in the reporting year. The concerned executive at every location ensures relevant statutes are complied with.

Social Accountability (SA) 8000 Implementation at GAIL

GAIL with the view to strengthen its social framework and increase accountability towards stakeholders decided to start implementation of the Social Accountability (SA) standard. An internal Sub-Committee comprising senior officials was constituted for implementation of SA 8000 in a phased manner in GAIL. GAIL Hazira would be taken up as the pilot site towards implementing the standard. The standard would cover areas related to child labour, forced and compulsory labour, health and safety, freedom of association and right to collective bargaining, discrimination, disciplinary practices, working hours, and remuneration.

Phase wise implementation of



GAIL propagates human rights amongst its suppliers and requires them to comply with specific conditions on working age, minimum wages, equal wages for gender, health and sanitary arrangement for workers etc. Standard clauses on child labour and forced labour are incorporated in C&P contracts while engaging with the workers. All work contracts and agreements are embedded with these clauses to uphold human rights.

Non Discrimination

GAIL aims to operate in a responsible manner and does not differentiate amongst employees on the basis of caste, creed, religion, gender or any such criteria. It provides equal benefits to its male & female employee for same set of work. The Company also ensures that no discrimination is practiced during the recruitment / career development / appraisal process processes.

During the reporting period, there were no complaints filed for Child

labour/ forced labour/ involuntary labour, Sexual harassment, or Discriminatory employment. However, one case pertaining to industrial accident was referred to GAIL by National Human Rights Commission. The same does not fall under the category of grievance related to human rights, but falls under the compliance of Factories Act, 1948. Accordingly, necessary compliance under Factories Act is being followed. However, reply to NHRC has also been provided with relevant facts.

Freedom of Association & Collective Bargaining

GAIL respects the right of the employees to freedom of association and collective bargaining. The Company recognizes Unions representing the interests of their respective workmen / staff. GAIL Employees Association (GEA) is a representative body of non-

executives posted at various Field Offices/ Plants/ Installations across the Country except Corporate Office. Non-executives posted at Corporate Office are represented by GAIL Karamchari Sangh (GKS).

A Committee consisting of senior level executives nominated from various groups, functions and work centres looks after various ongoing issues with Association at the Corporate Level while at the Work Centre level, the Committee consists of an Officer In-charge, Heads of HR and other Departments. Presently about 21% of GAIL's employees is covered under the collective bargaining agreements.

Discussions with employee collectives are held through Monthly / Bi-Monthly / Quarterly Meetings, both at Work Centre and Corporate levels. The record notes of discussions held at various Work Centres are collated at the Corporate Office on a monthly basis for effective monitoring by the Director (HR).

The commitment of GAIL was reflected in its MoU for





GAIL Vaghodia OIC receiving winner trophy during Security Awareness Week

FY 13-14 with MoPNG which had parameter of 10 Number of structured meetings with employees' associations. Employee participation in Management and their effective inclusion in the decision making process has been an integral part of Company's philosophy. There are numerous forums in GAIL for promoting employee participation in organizational decision making, as well as on issues related to employee welfare.

Security Practices

Although security risks cannot be fully eliminated, GAIL believes that they can always be managed in a more effective manner. Given GAIL's wide network of gas pipeline, process units and other facilities spread across a large geography, such risks are of critical importance to GAIL and have also been identified as being material to the organization. GAIL takes comprehensive steps towards

mitigating such risks arising in form of protests, attempts to sabotage and even potential terror attacks. We have invested heavily to address these potential threats to our operations which were Rs 83.78 Crores in FY 13-14 significantly higher than INR 68.43 Crores invested in FY 13-14.

Through systematic security checks by specially trained personnel, GAIL continuously monitors and assesses its effectiveness towards any malicious action and implements a variety of preventive measures to provide for the safety and security of its personnel and operations.

As an operator of critical infrastructure, GAIL works with its stakeholders (such as government agencies, peers, communities etc.) to identify, detect, deter, prevent and mitigate potential security threats to our Company of its personnel and facilities.

GAIL's security team along with the Central Industrial Security Force (CISF) personnel and Ex-

Servicemen recruited through the Directorate General Resettlement (DGR), Department of Ex-Servicemen (Ministry of Defence), Government of India, ensure the security of all its installations and pipelines.

In order to secure our facilities, we ensure that it does not compromise on human rights, personal privacy, human and respectful treatment. For this purpose, we are developing a comprehensive training module for our security personnel on aspects of human rights covering various applicable national and international human rights norms.

In FY 13-14 95% of Regular Security underwent training and 90% of Contract Security Guards had undergone security sensitization. In order to spread human rights literacy and to sensitize security executives on the subject, we organised interactive workshop on Human Rights and Security for the Security Personnel during the Security Review Meeting at GTI Noida.

Community / Society

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With passage of time, what civil society expects from business has evolved. It is imperative for businesses to understand the issues and concerns in the community they operate in. The success of the business hinges around the support it enjoys from the society. Taking cognizance of the changing times, we have put stringent systems and procedures in place to take initiatives to address the concern of the community.

The primary objective of our CSR activities is to provide enhanced value to the society in which it operates through various initiatives. Being a Public Sector Undertaking, GAIL operates its CSR activities in line with the guidelines issued by the Department of Public Enterprises. According to these guidelines, GAIL has allocated an annual budget of 2% of the previous year's Profit after Tax for CSR activities. For FY 2013-14, GAIL allocated over INR 91 Crores towards CSR activities which also included unspent and unutilised amount from previous Financial Years. Currently, GAIL has seven thrust areas which have been decided by keeping in mind, GAIL's business operations and its social responsibility to the community and people. These CSR initiatives / projects are analysed on grounds of sustainability and value they provide to the community. In order to effectively address the requirements of the community and implement these initiatives, we have developed a CSR policy.

Seven thrust areas of GAIL's CSR activities:-



» Community Development:

Some key initiatives in the area of community development involve construction of concrete cement roads and installation of hand pumps and tube wells and installation and promotion of decentralized sources of energy in various villages and notified backward villages of Uttar Pradesh and Madhya Pradesh.



» Infrastructure: GAIL's investment in rural infrastructure is driven by the welfare of communities that live close to its work centres. These include projects such as, village adoption programmes, construction of community centres, community toilets, check dams, and school buildings and libraries to benefit the community at large.



» Healthcare / Medical: The critical area of healthcare, and its relevance in the lives of the disadvantaged, is addressed by the GAIL's Project Arogya, which caters to the gap in the primary health care system delivery by operating Mobile Medical Units in various villages of Auraiya (Uttar Pradesh), Guna, Jhabua and Khera (Ujjain, MP). In the year 2013-14, 6 new vans have been launched to cater to remote population in Kailaras (Morena, MP), Chhainsa (Faridabad, Haryana), Haridwar (Uttarakhand), Ludhiana (Punjab) and Gandhar (Bharuch, Gujarat). This has benefitted more than 6 lakh villagers till date.

» Skill Development / Empowerment: The Multi-skill schools have been



established by GAIL in M.P. (Guna), A.P (Tandur) & Gujarat (Dediapada) under Project Swavalambh have been imparting skills based training in retail, hospitality & facility management to rural youth of country along with placement support. The integrated 'Backward and Forward' linkages pertaining to training and employment provided through these schools make it a unique approach towards creation of sustainable livelihoods. In 2013-14, nearly 2700 youth have been provided training in the various sectors. In addition, Self-Employment opportunities have been made available to over 5000 women beneficiaries under various skill development programs undertaken by GAIL, in trades like embroidery, stitching and tailoring etc. at various locations spread across Uttar Pradesh, Madhya Pradesh, Tamil Nadu, Delhi. Empowerment of the differently abled and physically challenged is another area where GAIL is proactively involved through the provision of essential medical aids, equipment and infrastructural support



SUPPORTED NON-FORMAL EDUCATION

centers covering over 26,000
out of school slum children

► **Educational / Literacy Enhancement:** GAIL has undertaken projects to address critical issues such as school dropout rate, literacy rate, education for out of school children, equipment and infrastructure for schools among others. To facilitate access to quality education by the less privileged children, the GAIL Charitable and Education Trust was set up in 2009 to award scholarships to meritorious poor students. In FY 2013-14, GAIL has undertaken projects of value over INR 4.00 Crores under the GCET, including disbursement of scholarship to students at the level of school education and professional studies on merit cum means basis and also assisted students to pursue their Engineering degree by extending financial support.

GAIL Utkarsh is aimed at securing the future of brilliant students whose dreams may have otherwise perished due to lack of finances. This pioneering project provides all expense paid, specialised residential coaching/intensive mentoring so that bright students from under privileged can compete for engineering entrance examinations such as IIT/JEE, AIEEE, etc.

Till date nearly 300 beneficiaries of GAIL Utkarsh have made it to prestigious Engineering Institutes of India.

In FY 2013-14 a total of 100 students were enrolled under GAIL Utkarsh out of which 91 Utkarsh students qualified prelim exam of IIT and 39 successfully qualified IIT Mains exams, remaining GAIL Utkarsh Students are awaiting their results for NITs, UPTU etc.

GAIL has initiated the Project 'Padho aur Badho', since 2009 under which 250 non-formal education centres have been functioning in slums of Delhi/NCR, covering over 26,000 out of school slum children. In the 2013-14, the programme focussed on improving access, quality, and retention of students and covered 10,000 students under this initiative.

Besides the above-mentioned Flagship projects, various education centric initiatives are carried out and support has been extended to violence and migration affected youth and school children in the states of J&K and Assam. Also, GAIL has undertaken Project Search For Gandhi targeted at value-based education towards school going children based on Gandhian values.

► **Environment Protection:**

We support initiatives and projects to manage our natural resources more judiciously. Projects related to Rain water harvesting, water recharging and Ground water reuse systems have been supported by GAIL. In addition, we have also taken up projects of installation of bio-gas plants. In our effort to promote non-conventional sources of energy, we have installed solar lights in villages in Madhya Pradesh and Uttar Pradesh. GAIL has



also contributed towards conservation of animals of rare species and protection of forest trails. GAIL has been supporting wildlife through support to Mobile Veterinary Services (MVS) units in the North-East. In 2013-14, GAIL has undertaken an Inclusive Waste Management Initiative as a tool for livelihood creation and environmental protection (recycling of waste paper generated) on a pilot basis in its work centres in Delhi/NCR. Through this waste paper initiative, we intend to reduce our carbon footprint by recycling the waste generated and putting it to alternate use. GAIL has already recycled over 2000 Kgs of waste paper.

» **Drinking Water / Sanitation:** In the area of Sanitation, a number of long term initiatives on holistic village development initiatives in the states of Uttar Pradesh and Madhya Pradesh for construction of household toilets to improve local hygiene and sanitation practices have been taken up. Also, the organisation has embarked upon certain projects for construction of compost pits for organic waste disposal, pipelines and reconstruction of



drainage systems. In 2013-14, GAIL has undertaken a long term Integrated Watershed Management Project Jaldhara in the water scarce region of Jhabua, MP. Under the project, various activities for watershed development including activities such as construction of check dams and work for the renovation/ digging and reconstruction of the earthen tanks/ ponds, provision of water for irrigation and livestock, promotion of double cropping, improvement in ground water level etc. are being undertaken.

(The CSR projects are of continuous nature and expenditure incurred spans across various financial years due to which the figure is continually updated as and when the expenditure is incurred).

Apart from these seven thrust areas, GAIL also contributes

| | CSR Programme | Thrust Areas wise spending in FY 2013-14 in INR Lacs |
|--|---------------------------------|--|
| | Community development | 472.33 |
| | Drinking water/ sanitation | 62.8 |
| | Education/ Literacy Enhancement | 651.77 |
| | Environment protection | 40.37 |
| | Healthcare/ medical | 699.69 |
| | Infrastructure | 895.64 |
| | Skill Development/ empowerment | 862.71 |

generously towards relief of natural calamities or disasters and towards GAIL Charitable and Education Trust. GAIL has extended support for relief and rehabilitation activities at flood affected district of Rudraprayag, Uttarakhand by way of promoting community based approaches to disaster mitigation, sensitization on global warming and disaster, counselling services and livelihood promotion. In addition, INR 2 Crores have been contributed towards CM Relief Fund, Uttarakhand for addressing the disastrous effects of the catastrophe. Further, GAIL has extended support for construction of Pre-fabricated houses in cyclone affected region of Balasore, Odisha. GAIL has also undertaken Project Sreejan- a long term holistic development project for relief and rehabilitation in Rudraprayag, Uttarakhand.

GAIL also earmarks 3% of its total annual CSR budget towards need identification, impact assessment and sponsorship of CSR events/ publications. The Company intends to revise the thrust areas and their respective allocation in FY 2014-15 in alignment with the provisions of Section 135, Companies Act 2013 and associated Rules.

GAIL's Progress on Millennium Development Goals

| | | |
|---|--|--|
|  | To eradicate extreme poverty and hunger | <p>GAIL conducts various programmes for eradication of extreme poverty and hunger. Few of such initiatives include providing vocational training to improve employability of the rural youth, special livelihood based CSR programmes for marginalized farmers, programmes for disadvantaged vulnerable and marginalised sections of the community through skill training programmes in areas of Guna (M. P.), Dediapada (Gujarat) and Tandur (Andhra Pradesh). Project Aarogya and Project Jaldhara, meeting other needs of the marginalized sections by providing facilities like education, healthcare, purposeful livelihood opportunities, etc.</p> |
|  | To achieve universal primary education | <p>Education is one of the thrust areas for GAIL's CSR programmes. Our flagship programme "Padho aur Badho" is also focussed around education.</p> |
|  | To promote gender equality and empowering women | <p>GAIL is an equal opportunity employer and promotes women empowerment. GAIL has also implemented a sexual harassment policy to promote safer workplace for women.</p> <p>Over 5000 women have also benefitted from the self-employment opportunities under various skill development programs like Project Swavalambh.</p> |
|  | To reduce child mortality rates | <p>Another critical area of Healthcare, and its relevance in the lives of the by Project Arogya which caters to the gap in the primary health care system delivery by operating 16 Mobile Medical Units in various villages of U.P., M.P., Punjab, Haryana, Uttarakhand and Gujarat . This project also addresses issues of child mortality and maternal health. Apart from this for GAIL Employees we provide child care leave and maternal and paternal leaves to our employees to promote maternal and child health. GAIL also supported Family planning camps at Public Health Centre at Dibiyapur.</p> |
|  | To improve maternal health | <p>GAIL also provides holistic healthcare and medical services to the community where we operate. GAIL has a policy on HIV / AIDS which aim to prevent protect rights of those infected and prevent transmission of the disease. GAIL conducts AIDS awareness programs and behavioural change communication programmes for truck drivers. During the reporting year, Sexually Transmitted Infections (STI) Clinic was also set up at Pata for HIV Care and Prevention through mass awareness. The Company also observed World Aids Day and conducts an awareness session which informed the participants about prevention, early diagnosis, and treatment of HIV / AIDS.</p> |
|  | To combat HIV/AIDS, malaria, and other diseases | <p>GAIL also organizes malaria camps with treatment and free medicines.</p> |

| | | |
|---|--|--|
|  | To ensure environmental sustainability | <p>By virtue of our business we promote environmental sustainability by promoting a cleaner fuel. We work on promoting environmental awareness and reducing our environmental impact by minimising its waste, emission and effluent generation. One such initiative has been the support to rural bio-gas plants as one of our CSR programmes.</p> <p>Collaboration for Development of Renewable Energy</p> <p>The Memorandum of Understanding (MOU) is signed on the 25.02.2014 between the Ministry of New & Renewable Energy and Ministry of Petroleum & Natural Gas, GoI for setting up a Special Purpose Vehicle for implementing Off-Grid Solar, Wind and other Renewable energy power projects.</p> <p>MoP&NG has initially identified Oil and Natural Gas Corporation Limited, Oil India Limited, GAIL (India) Limited and Engineers India Limited and the MNRE has identified Solar Energy Corporation of India and Indian Renewable Energy Development Agency Limited, as their PSUs in the JV.</p> |
|  | To develop a global partnership for development | <p>GAIL works at various platforms to promote global partnership for development. Most of these are more specific to development through natural gas. One such initiative is the Asia Gas Partnership Summit which is attended by 800 participants from 19 countries.</p> <p>GAIL is the founding member of the GRI (Global Reporting Initiative) Focal Point India's Sustainability & Transparency Consortium. This has helped us in engaging with business leaders, national governments, regulators, sustainability experts, think tank bodies and professional institutes to discuss issues related to sustainability reporting. GAIL is also a member of TERI-BCSD (TERI- Business Council for Sustainable Development) which is an industry led consortium of sustainability practitioners. Further, GAIL is also a signatory to the United Nations Global Compact (UNG) working in the domain of Human Rights, Labor standards, Environment and Anti-Corruption.</p> |

CSR Approach at GAIL

People lie at the centre of our CSR initiatives. Through various mechanisms of interaction and awareness building, the aim is to develop a sense of "belongingness" with the community aiming towards a collaborative effort.

GAIL also holds community meetings and interaction with implementing partners, and community members. The Stakeholder Meetings also see participation from District Administration, Village Leaders in addition to representatives of the community and GAIL CSR team. We have covered the approach and selection process of our CSR

activities in detail in our previous sustainability reports.

Impact assessment of activities

GAIL analyses the potential impact of its activities at various stages

of the project from planning, milestones during implementation to the end of the project. In collaboration with our community, we analyse the potential impacts of our operations before setting up any new project and during any expansion of existing projects, so as to address the concerns of the community. To address the potential negative impacts, we have adequate systems and equipment in place that go beyond regulatory requirement. The Company also has off site emergency plan to mitigate the impact of any unlikely event as required by the local regulations and displays environmental information on boards for public information.

At the end of a project, the implementing partner submits a report pertaining to the impact of the programme, specifically

highlighting the project milestones achieved and the quantitative and qualitative benefits generated. The project is also evaluated on milestones achieved by the Cross Functional CSR Committee formulated at every GAIL work centre. Independent Third Party Assessments are also conducted for major CSR initiatives of GAIL at regular intervals. The agencies engaged for these studies are primarily academic in nature and have ranged from M/s Hardicon Limited, Tata Institute of Social Sciences, Department of Social Work (DSW), University of Delhi to Jamia Millia Islamia, Delhi.

Indigenous Rights

We respect local culture and heritage and the choice of

indigenous communities to live as distinct peoples, with their own cultures and relationships to the land. GAIL seeks to partner with the neighbouring communities to reduce the negative aspects (in any induced by the operations). During the reporting period, there have been no incidents of violations involving rights of indigenous people.

GAIL being essentially a pipeline company engaged in transportation and marketing of Natural Gas, besides other activities. As a part of our activities, we are required to acquire land and it's Right of Use under the Land Acquisition Act and PMP Act respectively, through respective state governments. GAIL makes every effort to settle disputes with the intervention of state governments and also through court within the framework of statutes.

Working with the marginalized sections of society

All CSR initiatives of the company are aimed at the holistic development of the disadvantaged vulnerable and marginalised sections of the community. This is illustrated by CSR projects like GAIL Utkarsh programme, Skill Training programmes to the disadvantaged youth in areas of Guna (M. P.), Dediapada (Gujarat) and Tandur (Andhra Pradesh), Project Aarogya, Project Jaldhar. These programmes address the various needs like education, healthcare, purposeful livelihood opportunities, etc. of the marginalised strata of the society. In FY 2013-14, GAIL has undertaken an integrated long term watershed management project called Project Jaldhar covering 40 villages in the water scarce tribal region of District Jhabua, Madhya Pradesh. This programme addresses the critical issue of water scarcity and its social, economic, health and environmental impact on the lives of the people. In addition, GAIL has extended scholarship to 500 violence affected children in Assam and Jammu and Kashmir. GAIL has also undertaken skill development initiatives for unemployed Safai Karamchari youth in Delhi/ NCR, U.P. and M.P.

Environment

GAIL is committed to achieve environmental excellence throughout its business activities. We recognize that the pursuit of economic growth and a healthy environment must closely be linked and that environmental protection and sustainable development are collective responsibilities. Our environmental

responsibility programme is based upon continuous improvement. Environmental management is a corporate priority, fully integrated into our business. We believe environmental excellence is a key factor demonstrating effective corporate management..For GAIL, Sustainable Development Policy acts as the umbrella for all sustainability related aspects including environment

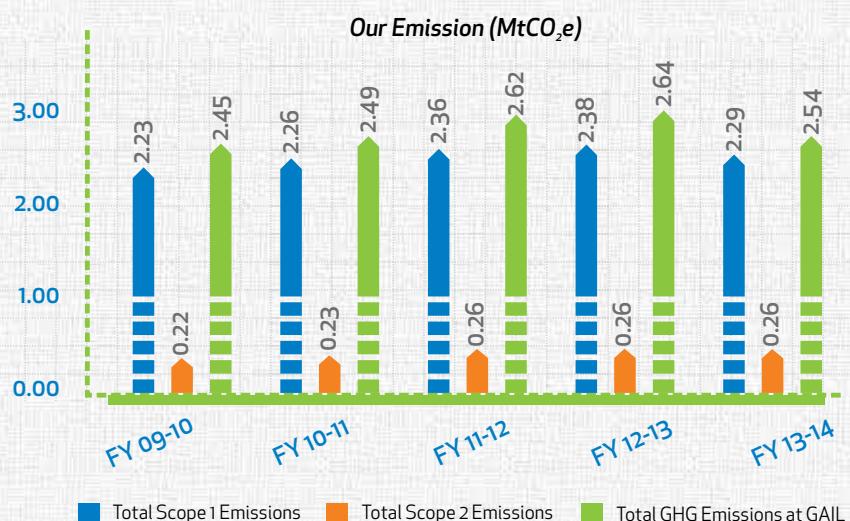
management. Key focus areas highlighted in the Sustainable Development Policy are environmental impact of operations, energy efficiency, water conservation, waste management, biodiversity conservation, GHG mitigation, green procurement and responsible usage of materials, and remaining committed to national commitments.

Emissions, effluents, and waste

GAIL is aware about the impact of its operations on environment and works towards reducing the emissions, effluents, and waste

produced. We have well established environment management systems which are dedicated to function beyond compliance levels. Technologies and equipment like scrubbers have been installed at the units to control air pollution and reduce air emissions. We have also installed three continuous ambient air quality monitoring stations at

Pata unit to monitor SOx, NOx, hydrocarbons, CO and noise on continuous basis. All the stations are connected through a fibre optic cable network and the data is continuously monitored. Apart from these three permanent monitoring stations, one mobile station is used to monitor ambient air at any desired location within or outside the plant premises.



GAIL is primarily in the business of natural gas transmission and marketing, liquid hydrocarbons, and petrochemicals. By virtue of its characteristics, natural gas is a cleaner fuel relative to the other fossil fuels like coal and oil. Presently, the composition of natural gas in the energy mix of India is lower and GAIL is working towards increasing the share of natural gas in the energy mix of the country. It is also inclined towards promoting clean production of energy through use of renewables like solar and wind; these clean sources of energy have received significant investment from GAIL in the past years. In an attempt to

monitor and reduce its own carbon footprint, GAIL has set voluntary targets for GHG emissions, energy efficiency and water recycling. Since the past three years, the progress on these targets is reviewed and disclosed publicly in the sustainability reports. We are currently keeping a close eye on the developments in the field of climate change and would evaluate the financial implications if and when found to be appropriate and would take definitive action on the same. Financial implications of climate change are also in form of regulations and international treaties like Kyoto Protocol. Currently, GAIL has one registered

project with UNFCCC for grid connected solar PV project for which estimated amount of annual emission reductions of 8,783 tCO₂e and a total estimated of 61,487 tCO₂e during the specified crediting period. Another project for landfill closure and gas capture is under validation. Financial value of these CERs is market driven and not currently calculated. Detailed description of projects and activities taken up during the reporting period has been described from pages 54 to 56. These activities include those relating to GHG emission reduction and energy efficiency.

Managing solid wastes requires intensive use of environmentally sound technology for our activities as it is bound to contain hazardous materials. These hazardous materials can be in form of used oil and batteries, ETP sludge, tar and tar ash, Slop oil, used bag filters, spent alumina, silica gel, cellulose sludge, molecular sieve, ceramic material. Cables, tyres, empty drums, etc. Major Non-hazardous waste of the Company consists of metal scrap, plastic scrap, wooden scrap, canteen waste etc. Other wastes include e-waste and bio-medical waste. This year, there were no significant spills and no waste was exported under the terms of Basel Convention.

GAIL's Petrochemical unit generates tar, Wastewater Treatment Plant (WWTP) sludge, molecular sieves, tar ash and slope oil as solid wastes in the hazardous categories. The organic sludge from WWTP is taken for land filling and Green Development purposes. Molecular sieves and tar ash is landfilled in a secured landfill and slop oil is sold to statutory approved parties for its effective recycle and reuse.

Used Batteries are returned to the respective vendors at the time of supply of new batteries for recycling purpose at all installations. Used oil / spent oil / waste oil is being collected in drums and kept at yard and sold to CPCB / MOEF / SPCB authorized re-processors as per guidelines.

In India, transportation is the second largest contributor to carbon dioxide (CO₂) emissions. This has direct impact on the environmental and human health. With this view, GAIL has analysed its Scope 3 emissions for business travel which was found to be highly insignificant in comparison to Scope 1 and Scope 2 emissions. To further reduce GAIL's Business

travel emissions total 246 Number of 435 Hours of Video conferencing sessions were conducted in FY 2013-14. Also, transmission of natural gas and LPG through pipeline helps in reducing truck transportation which in turn saves precious fuel, time and money.

Biodiversity

Today, businesses operate in a complex environment with a variety of risks. Millennium Ecosystem Assessment identified six challenges that are of particular concern for the businesses, of which biodiversity loss is one such concern. Other concerns being water scarcity, climate change, habitat change, overexploitation of oceans and nutrient overloading.

GAIL consciously works towards mitigating the Biodiversity related risks by conducting environmental impact assessment studies before any expansion or initiating new projects. In case of any contact

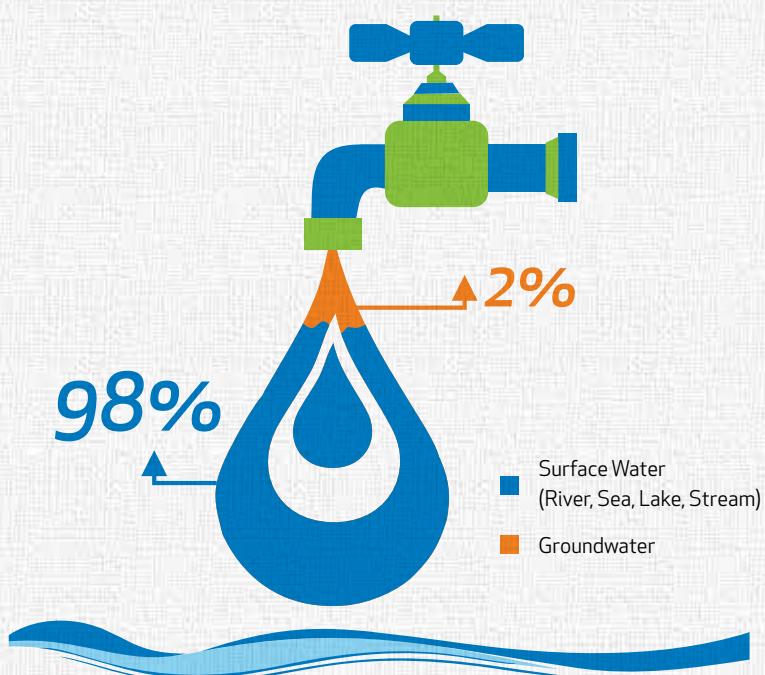
with biodiversity rich area during its operations, GAIL tries to preserve their natural form. For this purpose, we develop a detailed plan, depending on the specific issues of the area, according to which corrective actions are taken. This exercise ensures that there is a minimal impact on the biodiversity of the area.

The Company also worked on landscaping by native plants with the aim of maintain biodiversity and reducing pollution. This project was initiated in Western Ghats (an area of ecological importance and facing threat from population expansion, deforestation, forest fragmentation, mining, dam construction, and inefficient land use practices) named "Project Dharohar".

Water

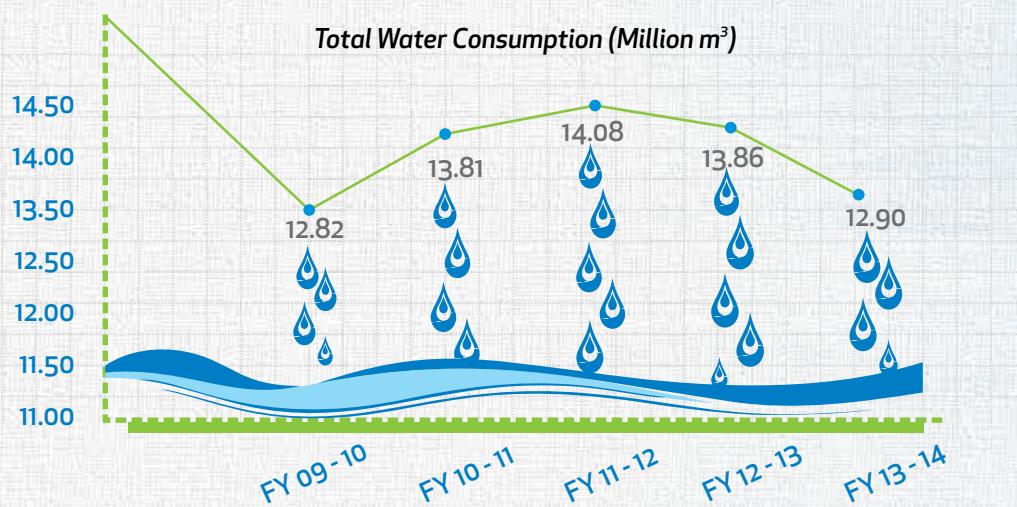
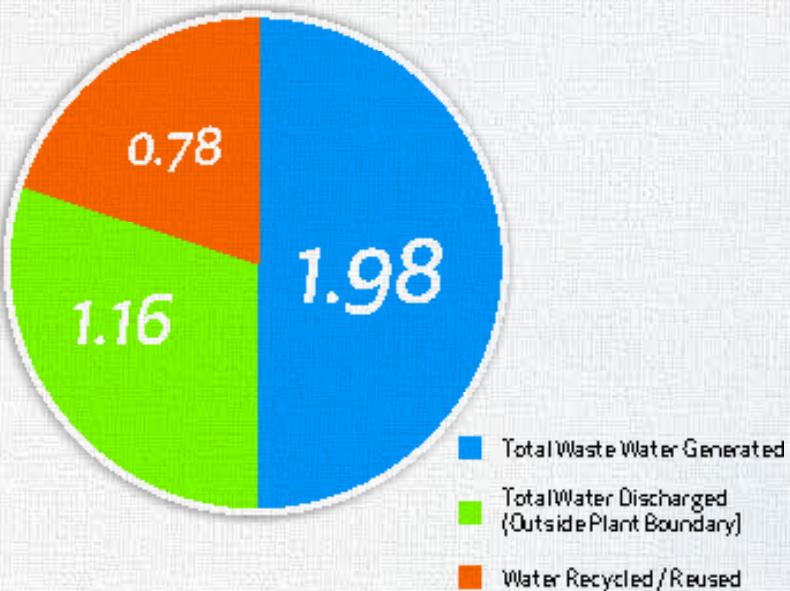
Water and energy are intrinsically linked. As per UN Water 'Roughly 75% of all industrial water

Our Water Consumption FY 13-14



withdrawals are used for energy production' GAIL being an Energy company, acknowledges the fact that water is one of the most important resources. GAIL's Sustainable Development Policy also recognizes water conservation as a focus area. In order to effectively manage water resources in our areas of operation; GAIL embarks upon a variety of water conservation initiatives varying from water recycling at plant to watershed development with the community.

Waste Water Performance FY 13-14
(Million m³)



Water Management Initiatives

At Vaghodia, new water recycling initiative was taken up during the reporting period. This required utilization of blow down water of HRSG for horticulture. After commissioning of HRSG, in total 15-20MT per day of blow down water is generated. For treatment of waste water generated from boiler blow down water, two ETP were commissioned recently in 2013. Further to reuse this waste water for horticulture, initiatives for connection of HRSG ETP

outlet to horticulture distribution network have been taken. Another such initiative was carried out at the Intermediate Pumping Station (IPS) at Samakhiali which included development of water management system. This project included measurement, accounting / water balance, identifying opportunities for conservation and action plan, and implementation of the action plan. Some other initiatives undertaken by the organization are watershed management at Vijaipur (Madhya Pradesh), capacity enhancement of water harvesting structure reservoir at Gandhar (Gujarat), zero rainwater discharge at Samakhiali (Gujarat), Rainwater harvesting at RT- Loni

and RT- Madanpur (NCR), and Behti Dhara: Piped Canal project at Vijaipur (Madhya Pradesh). Apart from these initiatives GAIL has also embarked upon development of water management system at IPS Mansarampura. The system would include activities of measurement, accounting, conserving, harvesting, balancing and sharing of water resources in the nearby areas. The project extended for a period of nine months and is aimed at water neutrality of IPS Mansarampura. According to internal calculations, the project has a potential to recharge the groundwater upto 12,700 KL. In FY 2013-14, 13430m³ rainwater was harvested.



Customers

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Promoted by



Supported by





The customer is one of the key stakeholders and the foundation of any business' success. Our focus remains on building strong and lasting relationships while addressing the needs and concerns of our customers, superior quality of service by ensuring uninterrupted supply of natural gas through last mile connectivity.

GAIL holds 67% market share with varied and diverse customer portfolio spreading across markets. GAIL through its subsidiaries and joint venture companies for CGD, petrochemicals, LNG, gas trading, power generation and shale gas is one of the pioneers to introduce city gas projects in India for natural gas supplies to households, commercial and transport sectors.

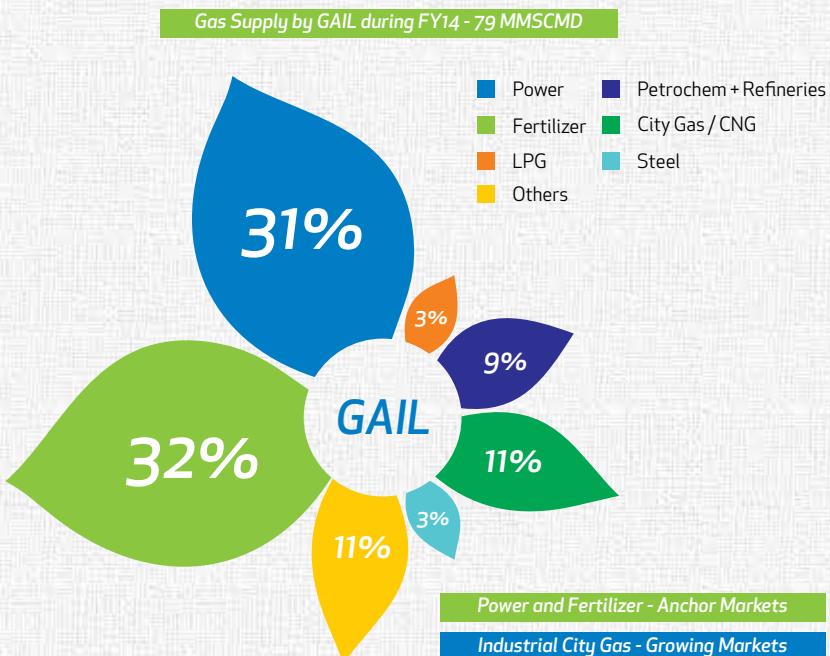
GAIL has been instrumental in supplying the cleaner fuel across states through its pan-India pipeline network providing connectivity to its customers that ensures supply of cleaner fuel. During 2013-14, gas sales clocked 79.18 MMSCMD. Energy is an essential prerequisite for development. Using natural gas not only aids in economic development and employment opportunities for people but also has a relatively low impact on the environment.

Customer interaction at GAIL

The key to building trusting relationships is through regular communication and feedback. At GAIL, we work towards developing strong relations with our customers and interact with them on various forums. Several customer meets were organized throughout the year. Interactive meet was organized by GAIL in Mumbai towards strengthening Last Mile Connectivity (LMC). The event witnessed participation of GAIL's top management including Director (Marketing), ED (Marketing) among other senior officials. To fast-track the process of LMC the requisite power and authority are delegated at the ZOIC level. We also interacted with our customers on the new business developments



Gas Supply Pattern in FY14 - GAIL



such as sourcing RLNG from US and highlighting the future growth prospects that the industry holds. Another customer meet was organized at Bhopal Zonal Office (ZO) to apprise existing as well as potential RLNG customers about the availability of RLNG sourced by GAIL from International Markets with its supplies commencing w.e.f. 2016 onwards. The meet was attended by all existing customers of Malanpur Region and potential

customers who are interested in procuring RLNG from GAIL in the near future. This year we extended last mile connectivity to 66 members of consumers supplying around 5.55 MMSCMD of Natural gas. Customer Interactive Meets exclusively focussed on Liquid Hydrocarbon business were also held to engage with this very vital and key stakeholder segment for GAIL.



With varied and diverse customer portfolio spreading across markets

Gauging the satisfaction of the customer helps in providing better services to the customer. GAIL uses Customer Satisfaction Index (CSI) as a tool to obtain the customer prospective on Company's products & services across different business segments. GAIL has an on-line SAP based system for obtaining Customer Satisfaction. CSI is calculated on line based on the feedback submitted by the customers / ZOs electronically/ manually on different parameters. The CSI Campaign to obtain Customers Feedback is launched on quarterly basis and is being considered to be launched on Half-Yearly basis in future. On

launch of CSI campaign in SAP, a link will automatically reach to the customer wherein all the parameters such as Delivery Quality, Usability of Material, Technical Services, Packaging, GAIL Service Quality & GAIL Overall across different business segment and probable concern from the customer point of view shall appear and customer is required to rate GAIL on each parameter for the products / services being rendered by GAIL. Customer can also record any specific concern / grievance which are desired to be brought to the knowledge of the company. The concerns/ grievances thus received are addressed by concerned

departments by taking necessary action. The Customer Satisfaction Index is varying from 88% to 93% in GAIL and the composite average CSI for the FY 2013-14 has been 92.03%

GAIL has also developed an online customer suggestion system for its customers to provide feedback on the products and services provided by GAIL. GAIL has played and continues to play an important role as a Liquid Hydrocarbon products supplier. In order to operate in a fair and transparent manner we have developed a 'LHC Products Pricing Policy' to formalize the pricing procedures for LHC products and improve the governance of pricing mechanisms at GAIL. With respect to natural gas, GAIL operates in line with the Government of India directives. As part of this policy, all prices for LHC products are proposed by the pricing committee. Our LHC Products Pricing Policy, along with our Polymers Pricing Policy, helps us in ensuring the right prices for our products that are in synchronization with the dynamic market conditions with a view to provide affordable products to the customers.



Shri Prabhat Singh, Director (Marketing) GAIL addressing stakeholders during Petrotech 2014



CMD GAIL addressing on Transnational Gas Pipelines at PHD Chamber of Commerce

Marketing Communication

GAIL has framed and implemented Advertising and Communication Policy to effectively communicate with external audiences and to have a policy framework that not only facilitates fast and effective advertising but also aids quick response to developments, both external as well as internal, in today's competitive environment. The policy covers aspects such as Empanelment of professionals/ agencies for outsourcing of jobs (in areas such as advertising, media buying, press / media relations, printing, designing, event management etc.), annual communication plan and budget, expenditure approval, award of work / rate contracts, and jurisdiction. This policy framework has been developed to aid the decision making in the Corporate Communication Department with respect to communication activities such as advertising and publicity etc.

GAIL adheres to ISO norms enumerated for Advertising and Communication and works with INS

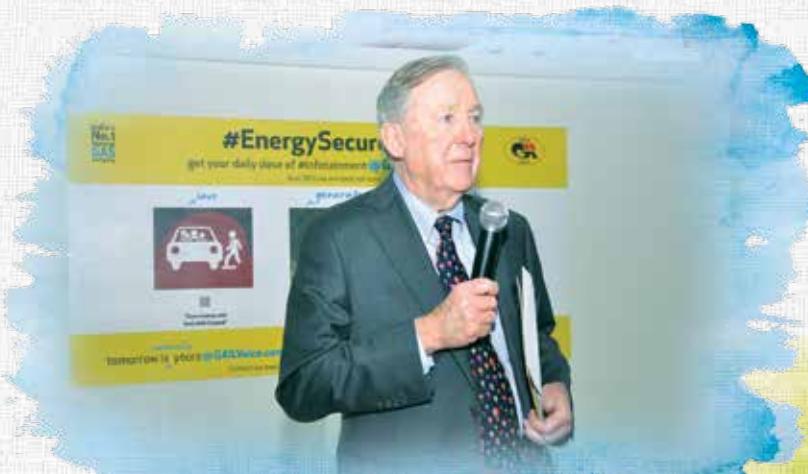
accredited Advertising agencies only. Specifically with respect to liquid hydrocarbon business there are no such codes or voluntary standards relating to marketing communications across the organization. Such communications flow on need or "as-required" basis.

Liquid Hydrocarbon products are marketed by GAIL in bulk only and sold on ex-works basis by loading in Road T/T's and / or Railway Wagons deployed by customers. Technical / safety related information on the product being carried is displayed on the truck tanker / rail wagon itself as per local laws

and is ensured by the customer / transporter concerned. Being liquid hydrocarbon products in bulk, there are no separate labels for display of product information.

In order to sensitise our customers on safety aspects related to propane, GAIL's Chandigarh ZO with support of HSE, conducted a programme on customer safety awareness and audit in February 2014. Propane related infrastructure from storage to end usage point was conducted for two customers at their plant premises. Customer representatives from Safety, Security, Operation & Utilities departments actively participated in the event. Besides imparting awareness, several valuable inputs and suggestions based on the safety audit were brought to the notice of both customers for further deliberation and implementation at their end for achieving improvement in safety and security of their plant & personnel.

There have been no incidents of non-compliance with respect to regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.



Engaging Business Visitor at the GAIL's Exhibition during the year

Asia Gas Partnership Summit

Apart from the memberships in industry associations GAIL also works towards forming partnerships with peers, policy makers, consumers and suppliers. It believes that the growing Asian market provides an opportunity for the international gas suppliers to develop newer strategies to forge innovative partnerships with these gas demand centres. Stronger gas supply networks, long-term gas sourcing contracts, access to advanced technology and investment options will be important to attain a stable and sustainable gas market. The development of a corresponding transportation and distribution infrastructure may also require transnational collaborative efforts. Along with the immense opportunities for business, there are also challenges for such an emerging market. At the same time, it was also felt in India, that the Indian gas industry, in spite of opening up of the sector and the



growth in both business volume and infrastructure, did not have a matching presence in the regional/international forums etc. With a view to identify such opportunities and challenges and facilitate an interactive platform to raise concerns and work out solutions, GAIL (India) Ltd pioneered the concept of Asia Gas Partnership Summit (AGPS) in the year 2002. We have also been working towards establishing and promoting Asia ING Forum, a sort of Asian LNG buyers' club. GAIL is also actively working towards establishing a regional gas trading hub for Asia as well as an Asian gas index.

Currently, organised biennially, AGPS had an extremely

encouraging beginning with around 300 participants from 10 countries in the year 2003. In the light of the fact that the global gas markets were integrating, an increasing need was felt for partnership among countries which have a common interest in developing a Gas economy. Naturally AGPS, as an event, generated a lot of interest in the industry. AGPS is widely recognised, over the past editions as the flagship Indian Natural Gas event, nationally and internationally. The event has also evolved as a niche forum for exchange of latest ideas, industry practices and technologies in the global natural gas industry. The 8th Asia Gas Partnership Summit (AGPS) from December 3-4, 2013 was a grand success. The Summit received an overwhelming response from policy makers, national and international delegates, industry and exhibitors and witnessed a presence of over 800 participants from 19 countries, 45 high level speakers and 34 event partners. Key outcomes that emerged during the Summit were need for greater integration of the Asian gas market, need to have an Asian Price Index and market linked pricing for natural gas.



GAIL management meeting during the AGPS 13 with business delegation

Suppliers

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GAIL (India) Limited
India's **Youngest** Maharatna

Welcome
to
Vendor Interactive Meet
Vigilance Awareness Week
2009

Closu

Comm

October 30,





We believe that our suppliers, contractors and vendors are the pillars of support in smooth functioning of our business and operations. The high quality and timeliness at competitive prices of their products and services has enabled us to provide better satisfaction of our customers. Our suppliers form an important part of our growth and we are committed to responsibility to provide them with transparent and accountable systems to ensure timely transactions.

Together, we work with our suppliers and take various initiatives to cater to the needs and concerns of the suppliers and vendors. To ensure smoother and transparent transactions with suppliers, we have introduced various online management tools such as Bill Watch System, File Movement System, e-bidding etc. These systems have helped us shift towards paperless transactions and also ensure greater transparency and accountability.

In consonance with CVC guidelines for leveraging technology including adoption of e-tendering and progressively reducing the thresholds, e-tendering was adopted in GAIL in Feb 2007 initially for tenders valued INR 1 Crore and above, which was subsequently brought down to INR 50 lacs in Dec 2009. GAIL has now further reduced the threshold value for e-tendering through amendment to C&P Procedure that ensures covering all tenders valued at INR 25 lakhs and above. With this reduction in the threshold limit the value wise commitments/tenders through e-tendering mode, the majority of our tenders are now ordered under e-tendering and thus enabling greater transparency and competitiveness in procurement.

Supply chain management is of critical importance to GAIL because of the nature of its business. Regular interaction with the suppliers can help effectively planning for the future. GAIL implemented SAP, SRM and MRP which are resourceful packages and provides complete solution of supply chain. The 'Contracts and Procurement' Department has been given additional responsibility of expediting and inspecting to ensure timely supplies. Further, GAIL enters into Annual Rate Contracts (ARC) with the vendors after competitive bidding for Materials,

Works and Services required continuously throughout the year in large quantities and of common and frequent use. It facilitates GAIL to get the quantity from the contractor as and when required during the contract period and thus inventory carrying cost is being reduced. Other critical services (like overhauling of engines) are also carried with long term agreement with OEMs that helps not only in reducing business risks but also in building trust and long-term relationship with our suppliers.

In a bid to improve operational efficiency, we have embarked upon certain initiatives. One of these initiatives was monitoring timely release of retention money of Contractors. Retention money, particularly Security Deposits of vendors were in a few cases not being released within due dates. Delay in timely release of retention money leads to bidders quoting higher rates in subsequent tenders. On the basis of suggestion from vigilance, IT Department started working on system to generate quarterly automatic alerts enclosing MIS report of outstanding retention money of vendors to OIC/HOD concerned. Report include names of dealing officers and number of pendency days in order to enable Officer In-Charge (OIC) of unit to route the same to the concerned dealing officer. Alert has been started to OICs of the bigger unit and same alert shall be started for the smaller units from the next quarter.

GAIL implemented the reverse auctioning- an online procurement tool to obtain competitive prices for tenders above INR 50 crores. This also gives bidders opportunity to know their price vis-à-vis the other suppliers, but without disclosure of their identity and equal opportunity to quote better rate. We are also under the

process to implement Percentage contracts- for jobs of repetitive nature and allow reliable cost estimates. Further, we are working towards Vendor empanelment to create strong vendor base.

GAIL is among the first few Indian corporates to introduce 'Integrity Pact' in procurement and contracts. Integrity Pact is a tool devised by Transparency International worldwide to fight corruption in public procurement and thus to assist in improving the credibility of public procedures and administration ensuring transparent and corruption free handling of contracts valuing INR 1 Crore and above.

Promotion and development of small and local vendors

Twenty per cent of the GDP or INR 12 to 15 lakh crore per annum is spent on public procurement in India. GAIL acknowledges the importance of promoting locally based suppliers and has implemented Public Procurement Policy for Micro and Small Enterprises (MSEs). The policy targets 20% of procurement from MSEs with a sub target of 4% from MSEs owned by the Scheduled Caste or the Scheduled Tribe entrepreneurs for the Goods and Services rendered by such organizations. Further, we host tenders on its website which is available in public domain and whosoever is interested can participate in those tenders.

GAIL endeavours to procure material / services following transparent procedure and guidelines & policies of the company and Govt. of India. In order to provide equal opportunities and generate competition, GAIL has taken following steps.

In all tenders pre-tender/ pre-bid meeting is conducted to ensure wider participation and to educate vendors on the tendering process. In addition to above, vendor meets, MSEs meets, representing GAIL in Industry Conclave are few other initiatives taken by GAIL to effectively engage with the suppliers. GAIL has also conducted various meets with Micro and Small Enterprises including SC/ST entrepreneurs across India. For instance, one of the meet was conducted in association with MSME- Development Institute – Ahmedabad and Vadodara Chamber of Commerce on 31.12.2013 at Vadodara with a view to increase the procurement percentage from MSE Sectors. In the meet, overwhelming response was received and approximately 150 vendors participated actively.

During FY13-14, we also organised an interactive session for capacity building of laying contractors of small pipelines.

Earlier, GAIL had also introduced e-procurement to reduce the paper work and to speed up the tendering process. This also helped the local and small vendors to quote in large numbers with ease and reduced their tendering cost involved in submission of bulky bid documents. In all tenders pre-tender/ pre-bid meeting is conducted to ensure wider participation and to educate vendors on the tendering process. Adoption of these IT enabled systems has helped supply chain management become fool-proof, automated, and seamlessly connected.

GAIL also interacts with the small and local vendors at various forums like vendors meet / MSEs meet / Industry Conclave etc. and the initiatives and make them aware of GAIL's requirements. GAIL also supports the local suppliers by giving them preference for conducting basic jobs across operations. In FY 13-14 our procurement from domestic suppliers was 16550 INR million which is 79.60% of the total procurement of goods & supplies which is 20790 INR million.

GAIL participated in the two day National Vendor Development



Programme Cum Industrial Exhibition organized by Ministry of Micro, Small and Medium Enterprises at Vijayawada to build capacity of the MSME sector. GAIL was represented by its senior management who addressed the gathering and discussed on techno-commercial issues with the vendors, visitors and other participants. GAIL also presented its procurement requirements, procedures, and opportunities for MSME sector as vendor.

Green Procurement

Green Procurement means purchasing products and services

that cause minimal adverse environmental impacts. The public procurement spend in India is to the tune of twenty per cent of the GDP or INR 12 to 15 lakh crore per annum. With the huge amount of public spending, public sector in India can be a prime driver towards sustainable production and consumption and can create environmental and economic benefits. Taking cognizance of the same, we are in process of identifying and taking steps towards ensuring greater energy efficiency. Some of the initiatives being considered are procurement of star rating electrical equipments; reducing specific paper consumption; loading criteria for fuel / electricity consumption for specified period in case of procurement of pump/ motor/ generators and turbines; phasing out of old AC / Fire protection system using Halon among others.

Performance Snapshot

Environmental Performance



Material Consumption

| | FY 09-10 | FY 10-11 | FY 11-12 | FY 12-13 | FY 13-14 |
|------------------------------------|----------|----------|-----------|-----------|-----------|
| NG processed (MMSCM) | 14601.13 | 14849.11 | 15,119.53 | 14,373.41 | 14,529.49 |
| NG used for making product (MMSCM) | 1123.45 | 1060.21 | 1136.57 | 1080.33 | 1058.11 |
| NG sent back to pipeline (MMSCM) | 13121.74 | 13342.26 | 13418.95 | 12944.06 | 13203.31 |
| Other Material (MT) | 8869.86 | 10412.00 | 9916.43 | 10630.53 | 10563.48 |
| Packaging material (MT) | 2128.00 | 2112.00 | 2249.00 | 2208.00 | 2090.00 |



Energy Consumption

| | FY 09-10 | FY 10-11 | FY 11-12 | FY 12-13 | FY 13-14 |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Direct Energy ⁵ (GJ) | 37,452,841.61 | 38,281,008.47 | 39,012,486.03 | 37,359,155.95 | 35,859,826.15 |
| Indirect Energy (GJ) | 971397.52 | 1039694.31 | 1166546.11 | 1118455.42 | 1126034.67 |
| Renewable Energy Consumption (GJ) | 30.12 | 9754.57 | 12155.72 | 27979.80 | 88274.33 |
| Energy from NG flaring (GJ) | 393032.80 | 379338.37 | 337453.16 | 367375.07 | 347921.40 |
| Energy from LPG flaring (GJ) | 892.98 | 987.43 | 4922.70 | 2472.37 | 2889.08 |
| Energy from NG venting (GJ) | 97180.46 | 115026.50 | 133305.52 | 444484.41 | 490192.97 |
| Energy from LPG venting (GJ) | 4283.81 | 2789.28 | 3738.54 | 2618.53 | 4744.19 |



Energy consumption by source

| Energy from source in GJ: | FY 09-10 | FY 10-11 | FY 11-12 | FY 12-13 | FY 13-14 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Diesel | 18902.05 | 19294.02 | 19666.26 | 20092.78 | 20329.57 |
| Natural Gas | 30524448.40 | 30790594.72 | 31033613.37 | 30056464.16 | 28988284.74 |
| Residual Fuel | 6897139.20 | 7465046.40 | 7956761.60 | 7279523.09 | 6849248.42 |
| LPG | 12351.97 | 6073.32 | 2444.80 | 3075.92 | 1963.42 |
| Total Direct Energy ⁵ | 37452841.62 | 38281008.46 | 39012486.03 | 37359155.95 | 35859826.15 |



⁵Total Direct Energy consumption includes only non-renewable energy sources (e.g. Diesel, Natural Gas, Residual Fuel, LPG). Direct energy consumption from renewable energy sources is NIL.

 **Energy Saving**

| | | | | | |
|-------------------------|---|-----------|------------|-----------|----------|
| Total energy saved (GJ) | - | 672231.73 | 1174649.79 | 152061.35 | 55966.60 |
|-------------------------|---|-----------|------------|-----------|----------|

 **Renewable Energy Generation**

| | FY 09-10 | FY 10-11 | FY 11-12 | FY 12-13 | FY 13-14 |
|---------------------------------------|----------|----------|----------|-----------|-----------|
| Wind energy generated (GJ) | 516.23 | 31714.97 | 43414.11 | 545124.15 | 464397.88 |
| Solar energy generated (GJ) | 30.12 | 34.68 | 75.24 | 211.24 | 208.52 |
| Total Renewable Energy generated (GJ) | 546.36 | 31749.65 | 43489.34 | 545335.40 | 464606.40 |

 **Emissions**

| | FY 09-10 | FY 10-11 | FY 11-12 | FY 12-13 | FY 13-14 |
|--|------------|--------------|--------------|--------------|--------------|
| Total Scope 1 emissions (tCO ₂ e) | 2230629.18 | 2261535.39 | 2363624.06 | 2381898.43 | 2285196.47 |
| Total Scope 2 emissions (tCO ₂ e) | 223954.99 | 233260.90 | 256277.68 | 256599.19 | 258351.26 |
| Total GHG emissions at GAIL (tCO ₂ e) | 2454584.17 | 2,494,796.30 | 2,619,901.74 | 2,638,497.63 | 2,543,547.73 |

 **Water**

| | FY 09-10 | FY 10-11 | FY 11-12 | FY 12-13 | FY 13-14 |
|---|---------------|---------------|---------------|---------------|---------------|
| Total water consumption (m ³) | 12,818,938.09 | 13,811,971.82 | 14,077,208.93 | 13,855,143.06 | 12,899,338.35 |
| Total Waste water generated (m ³) | 1298756.40 | 1,629,270.27 | 2,255,076.53 | 2,437,812.64 | 1,975,760.93 |
| Total Waste water discharged (outside plant boundary) (m ³) | 710547.00 | 854256.62 | 1331330.45 | 1200865.63 | 1163497.63 |
| Water recycled/reused (m ³) | 562291.03 | 736,895.45 | 868,490.41 | 1,113,396.22 | 777,334.39 |

 Hazardous Waste Generation

| | Unit | FY 09-10 | FY 10-11 | FY 11-12 | FY 12-13 | FY 13-14 |
|---------------------|----------|-----------|-----------|-----------|-----------|-----------|
| Used oil | (Litres) | 21126.00 | 42588.08 | 58150.00 | 10410.00 | 23505.00 |
| Used batteries | (Nos.) | 225.00 | 610.00 | 138.00 | 849.00 | 2323.00 |
| Basket filter waste | (MT) | 2.82 | 3.52 | 84.48 | 4.75 | 3.66 |
| ETP Sludge | (MT) | 0.00 | 0.00 | 6.00 | 0.00 | 0.20 |
| Tar | (MT) | 3.35 | 19.50 | 2.45 | 17.40 | 17.06 |
| Tar ash | (MT) | 0.00 | 15.20 | 10.02 | 0.00 | 0.00 |
| Oily sludge | (MT) | 300.00 | 282.00 | 343.43 | 341.07 | 297.12 |
| Used lube oil | (Litres) | 141487.97 | 168604.93 | 94779.57 | 82411.00 | 57095.00 |
| Empty drums | (Nos.) | 213.00 | 220.00 | 8694.00 | 6199.00 | 5795.00 |
| E-waste | (MT) | 35.20 | 45.19 | 312.25 | 2.22 | 8.75 |
| Bio-medical waste | (MT) | 0.15 | 0.23 | 0.21 | 0.58 | 0.62 |
| Slop Oil | (Ltr) | 117226.70 | 136237.05 | 446603.00 | 325027.73 | 449402.00 |

 Non-Hazardous Waste Generation

| | Unit | FY 09-10 | FY 10-11 | FY 11-12 | FY 12-13 | FY 13-14 |
|------------------|------|----------|----------|----------|----------|----------|
| Used consumables | MT | 0.48 | 0.56 | 0.00 | 0.06 | 0.60 |
| Used bag filters | Nos. | 1090.00 | 869.00 | 982.00 | 2202.00 | 1733.00 |
| Empty barrels | Nos. | 419.00 | 257.00 | 253.00 | 0.00 | 0.00 |
| Metal scrap | MT | 264.73 | 385.18 | 631.74 | 642.50 | 322.17 |
| Plastic scrap | MT | 15.78 | 17.18 | 46.80 | 164.72 | 41.48 |
| Wooden scrap | MT | 12.60 | 0.70 | 235.74 | 442.21 | 216.98 |
| Spent Alumina | MT | 1168.51 | 1221.73 | 1151.70 | 1196.89 | 1534.74 |
| Silica Gel | MT | 24.01 | 45.51 | 45.01 | 45.05 | 31.02 |
| Cellulose Sludge | MT | 0.28 | 0.14 | 0.16 | 0.21 | 0.24 |
| Canteen waste | MT | 10.60 | 11.20 | 12.57 | 41.52 | 40.12 |
| Molecular Sieve | MT | 0.00 | 100.00 | 0.43 | 223.19 | 210.25 |
| Ceramic Material | Nos. | 116.00 | 0.00 | 0.00 | 19.15 | 11.47 |
| Aluminium Scrap | MT | 1.05 | 0.36 | 0.74 | 0.00 | 0.00 |
| Misc. Waste | MT | 0.00 | 13.81 | 24.88 | 9.30 | 74.25 |
| Cables | MT | - | - | - | 0.00 | 2.12 |
| Tyre | Nos. | - | - | - | 0.00 | 3.00 |

 Air Emissions

| | FY 09-10 | FY 10-11 | FY 11-12 | FY 12-13 | FY 13-14 |
|------------------|----------|----------|----------|----------|----------|
| SPM (tons/annum) | 831.43 | 906.15 | 1012.48 | 911.62 | 815.23 |
| Nox (tons/annum) | 815.19 | 710.46 | 695.48 | 848.23 | 968.48 |
| CO (tons/annum) | 0.02 | 0.04 | 0.03 | 0.00 | 667.64 |
| Sox (tons/annum) | 238.69 | 258.91 | 192.89 | 178.06 | 303.59 |
| VOC (tons/annum) | 0.02 | 0.01 | 0.01 | 0.02 | 2.25 |
| R-134a (kg) | 7.00 | 43.60 | 169.50 | 0.00 | 226.00 |

 ODS Gas Consumption

| | | FY 09-10 | FY 10-11 | FY 11-12 | FY 12-13 | FY 13-14 |
|------|-------------------|----------|----------|----------|----------|----------|
| R-22 | Kg | 2204.50 | 2393.30 | 2298.94 | 2777.66 | 1951.40 |
| ODP | CFC-11 equivalent | 121.25 | 131.63 | 126.44 | 152.77 | 107.33 |

 Total Environment Protection Investment and Expenditure Type

| | Unit | FY 09-10 | FY 10-11 | FY 11-12 | FY 12-13 | FY 13-14 |
|--|------------|----------|----------|----------|----------|----------|
| Show cause notices received | Nos. | 0.00 | 0.00 | 1.00 | 0.00 | 0.00 |
| Environmental Fines | INR (lacs) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Treatment and disposal of waste | INR (lacs) | 36.94 | 46.62 | 74.08 | 79.77 | 41.41 |
| Depreciation and maintenance cost of equipment's used in pollution control | INR (lacs) | 150.27 | 162.01 | 161.93 | 163.83 | 163.18 |
| External services for environmental management | INR (lacs) | 28.86 | 33.03 | 39.30 | 47.28 | 45.83 |
| External certification of management systems | INR (lacs) | 7.39 | 5.63 | 7.30 | 6.48 | 5.92 |
| Personnel for general environmental management activities | INR (lacs) | 125.61 | 171.66 | 198.62 | 180.21 | 168.98 |

| | Unit | FY 09-10 | FY 10-11 | FY 11-12 | FY 12-13 | FY 13-14 |
|--|------------|----------|----------|----------|----------|----------|
| Extra expenditures for installing cleaner technologies | INR (lacs) | 0.00 | 0.00 | 96.83 | 9.56 | 0.69 |
| Other environmental costs | INR (lacs) | 24.32 | 170.04 | 56.49 | 52.87 | 27.97 |
| Total environmental expenditures | INR (lacs) | 373.39 | 589.01 | 634.55 | 539.99 | 453.98 |

Social Performance



Health and Safety of Employees

| | FY 09-10 | FY 10-11 | FY 11-12 | FY 12-13 | FY 13-14 |
|---|----------|----------|----------|----------|----------|
| Near miss cases - Male (Nos.) | 173 | 179 | 156 | 156 | 217 |
| Near miss cases - Female (Nos.) | 0 | 0 | 0 | 1 | 2 |
| Minor injuries - Male (Nos.) | 5 | 2 | 0 | 0 | 0 |
| Minor injuries - Female (Nos.) | 0 | 0 | 0 | 0 | 0 |
| Reportable injuries - Male (Nos.) | 0 | 2 | 0 | 0 | 4 |
| Reportable injuries - Female (Nos.) | 0 | 0 | 0 | 0 | 0 |
| Lost days due to reportable injuries (Nos.) | 0 | 115 | 0 | 0 | 0 |
| Fatalities - Male (Nos.) | 0 | 1 | 0 | 0 | 0 |
| Fatalities - Female (Nos.) | 0 | 0 | 0 | 0 | 0 |
| First aid cases - Male (Nos.) | 8 | 20 | 17 | 11 | 1 |
| First aid cases - Female (Nos.) | 0 | 0 | 0 | 0 | 0 |
| Manhours worked - Male | 6280243 | 6355332 | 6584731 | 5603054 | 7476551 |
| Manhours worked - Female | 0 | 0 | 0 | 224940 | 271612 |
| Occupational Diseases- Permanent Employee- Male (Nos) | 0 | 0 | 0 | 0 | 0 |

| | FY 09-10 | FY 10-11 | FY 11-12 | FY 12-13 | FY 13-14 |
|--|----------|----------|----------|----------|----------|
| Occupational Diseases- Permanent Employee- Female (Nos) | 0 | 0 | 0 | 0 | 0 |
| LTIFR - Male (Reportable injuries per million manhours worked) | 0.00 | 0.31 | 0.00 | 0.00 | 0.54 |
| LTIFR - Female (Reportable injuries per million manhours worked) | - | - | - | - | 0.00 |
| Severity rate - Total (Lost days per million manhours worked) | 0 | 18.10 | 0 | 0 | 0 |
| Fatality rate - Male (Fatalities per million manhours worked) | 0 | 0.16 | 0 | 0 | 0 |
| Fatality rate - Female (Fatalities per million manhours worked) | - | - | - | - | 0 |

 **Health and Safety of Contract Labour**

| | FY 09-10 | FY 10-11 | FY 11-12 | FY 12-13 | FY 13-14 |
|---|----------|----------|----------|----------|----------|
| Near miss cases - Male (Nos.) | 177 | 189 | 208 | 184 | 229 |
| Near miss cases - Female (Nos.) | 0 | 0 | 0 | 0 | 0 |
| Minor injuries - Male (Nos.) | 12 | 28 | 3 | 3 | 4 |
| Minor injuries - Female (Nos.) | 0 | 0 | 0 | 0 | 0 |
| Reportable injuries - Male (Nos.) | 0 | 1 | 0 | 0 | 6 |
| Reportable injuries - Female (Nos.) | 0 | 0 | 0 | 0 | 0 |
| Lost days due to reportable injuries (Nos.) | 0 | 0 | 0 | 0 | 192 |
| Fatalities - Male (Nos.) | 1 | 2 | 0 | 0 | 0 |

| | FY 09-10 | FY 10-11 | FY 11-12 | FY 12-13 | FY 13-14 |
|--|----------|----------|----------|----------|----------|
| Fatalities - Female (Nos.) | 0 | 0 | 0 | 0 | 0 |
| First aid cases - Male (Nos.) | 120 | 110 | 73 | 57 | 8 |
| First aid cases - Female (Nos.) | 0 | 0 | 0 | 0 | 0 |
| Manhours worked – Male | 16886211 | 20145368 | 30669256 | 16682966 | 19668681 |
| Manhours worked – Female | 0 | 0 | 0 | 367800 | 1000857 |
| Occupational Diseases- Permanent Employee- Male (Nos) | 0 | 0 | 0 | 0 | 0 |
| Occupational Diseases- Permanent Employee- Female (Nos) | 0 | 0 | 0 | 0 | 0 |
| LTIFR - Male (Reportable injuries per million manhours worked) | 0.00 | 0.05 | 0.00 | 0.00 | 0.31 |
| LTIFR - Female (Reportable injuries per million manhours worked) | - | - | - | - | 0.00 |
| Severity rate – Total (Lost days per million manhours worked) | 0.0 | 0.0 | 0.0 | 0.0 | 9.3 |
| Fatality rate – Male (Fatalities per million manhours worked) | 0.06 | 0.10 | 0 | 0 | 0 |
| Fatality rate – Female (Fatalities per million manhours worked) | - | - | - | - | 0 |

 **Training**

| | FY 09-10 | FY 10-11 | FY 11-12 | FY 12-13 | FY 13-14 |
|---|----------|----------|----------|----------|----------|
| Management employees (direct) - Male (Manhours) | 92692 | 99219 | 107251 | 129831 | 120497 |
| Management employees (direct) - Female (Manhours) | 3960 | 5974 | 5445 | 7211 | 6856 |
| Workmen (Direct employees) - Male (Manhours) | 47102 | 48596 | 29071 | 26493 | 25009 |
| Workmen (Direct employees) - Female (Manhours) | 1656 | 1392 | 1520 | 1269 | 875 |
| Contractual labour (operations) - Male (Manhours) | 30197 | 28618 | 38945 | 41835 | 53878 |
| Contractual labour (operations) - Female (Manhours) | 5 | 0 | 0 | 671 | 983 |

 **Employee Turnover (for FY 2013-14)**

| FY 2013-14 | Numbers |
|--|---------|
| New Employees Hired : Male | 121 |
| New Employees Hired : Female | 11 |
| New Employees Hired Who Resigned In The Same FY : Male | 5 |
| New Employees Hired Who Resigned In The Same FY : Female | 0 |
| Employee Turnover - Management | 62 |
| Employee Turnover - Non Management | 9 |
| Employee Turnover - Age<30 - Male | 30 |
| Employee Turnover - Age<30 - Female | 0 |
| Employee Turnover - Age:30-50 - Male | 14 |
| Employee Turnover - Age:30-50 - Female | 0 |
| Employee Turnover - Age>50 - Male | 27 |
| Employee Turnover - Age>50 - Female | 0 |
| Number of employees entitled to parental leave : Male | 3775 |
| Number of employees entitled to parental leave : Female | 243 |
| Number of employees that took parental leave : Male | 133 |

| | |
|---|------|
| Number of employees that took parental leave : Female | 11 |
| Number of employees who returned to work after parental leave ended : Male | 133 |
| Number of employees who returned to work after parental leave ended : Female | 11 |
| Employees returned to work after parental leave ended who were still employed 12 months after their return - Male | 149 |
| Employees returned to work after parental leave ended who were still employed 12 months after their return - Female | 12 |
| Retention rates of employees who returned to work after parental leave ended : Male | 100% |
| Retention rates of employees who returned to work after parental leave ended : Female | 100% |

 **Employee and Contractor Gender wise distribution**

| Category | Unit | FY 2013-14 | | |
|---|------------|--------------|------------|--------------|
| | | MALE | FEMALE | TOTAL |
| Senior Management (permanent ⁶) | Nos | 246 | 5 | 251 |
| Middle Management (permanent ⁶) | Nos | 1298 | 49 | 1347 |
| Junior Management (permanent ⁶) | Nos | 1438 | 147 | 1585 |
| Non- Management (permanent ⁶) | Nos | 788 | 43 | 831 |
| Total Permanent Employees | Nos | 3770 | 244 | 4014 |
| Security Staff (Contract) | Nos | 2680 | 5 | 2685 |
| Regular Worker (Contract) | Nos | 13459 | 376 | 13835 |
| Total Contract Employees | Nos | 16139 | 381 | 16520 |

| Sr. no | Description | FY 2013-14 | | | |
|--------|-------------------|------------|---------------|----------|-------|
| | | Age < 30 | 30 < Age < 50 | Age > 50 | Total |
| 1 | Senior management | 0 | 71 | 180 | 251 |
| 2 | Middle management | 0 | 1127 | 220 | 1347 |
| 3 | Junior management | 549 | 839 | 197 | 1585 |
| 4 | Non-Management | 15 | 717 | 99 | 831 |

Notes-

- » This year we have increased our level of accuracy of data monitoring & reporting. Data has been corrected for Diesel, Fuel gas & Electricity consumption in few sites.
- » Our scope-2 emission has been updated by considering the contribution of wind power and updating the grid emission factor from Central Electricity Authority, India.
- » Employee data reported is for India region only (in line with the report boundary)

Independent Assurance Statement

Introduction

DNV GL represented by DNV Business Assurance India Private Limited ('DNV GL') has been commissioned by the management of GAIL (India) Limited (GAIL or 'the Company') to carry out an independent assurance engagement on the Company's Sustainability Report 2013-14 ('the Report') in its printed formats. This assurance engagement has been conducted against the Global Reporting Initiative 2011 Sustainability Reporting Guidelines Version 3.1 (GRI G3.1) and AccountAbility's AA1000 Assurance Standard 2008 ((AA1000AS (2008)). The verification was conducted during June-July' 2014, for the year of activities covered in the Report i.e. 1st April 2013 to 31st March 2014.

The intended users of this Assurance Statement are the management of the Company and readers of the Report. The management of the Company is responsible for all information provided in the Report as well as the processes for collecting, analysing and reporting the information presented in the printed reports. Our responsibility regarding this verification is to the Company only and in accordance with the agreed scope of work. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement.

Scope, Boundary and Limitations of Assurance

The scope of work agreed upon with GAIL includes verification of the following:

- » The content of the Sustainability Report – 2013-14 i.e. Review of the policies, initiatives, practices and performance described in the Report as well as references made in the Report to the website;
- » Evaluation of the AccountAbility principles and specified performance information, described below, for a Type 2, moderate level of assurance, in accordance with the requirements of AA1000AS (2008) detailed below:
 - » Information relating to the Company's sustainability issues, responses, performance data, case studies and underlying systems for the management of such information and data;
 - » Information relating to the Company's materiality assessment and stakeholder engagement processes;
- » Confirmation that the Report meets the requirements of GRI G3.1 for an Application Level A+, as declared by the Company.

The reporting boundaries are as set out in the Report i.e. the reporting boundary covers the operations of the Company within India. No limitations on the scope of the assurance engagement were encountered during the verification process. The reported data on economic performance is based on audited financial statements by the Company's statutory auditors. No external stakeholders were interviewed as part of this assurance engagement.

Verification Methodology

This assurance engagement was planned and carried out in accordance with AA1000AS (2008) and DNV GL Protocol for Verification of Sustainability Reporting ('VeriSustain' - www.dnv.com/moreondnv/cr/; available on request). The Report has been evaluated against the following criteria:

- » Adherence to the principles of **Inclusivity, Materiality** and **Responsiveness** as set out in AA1000AS (2008) and the **Reliability** of specified sustainability performance information, as required for a Type 2, moderate level assurance engagement;
- » Adherence to the additional principles of Completeness and Neutrality as set out in VeriSustain, and
- » The principles and requirements of the GRI G3.1 and the Oil and Gas Sector Supplement (OGSS) for an Application Level A+.

As part of the engagement, we have verified the statements and claims made in the Report. In doing so, we have:

- » Reviewed the Company's approach to stakeholder engagement and its materiality determination process;
- » Verified the sustainability-related statements and claims made in the Report and assessed the robustness of the data management system, data accuracy, information flow and controls;
- » Examined and reviewed documents, data and other information made available by the Company;
- » Visited the GAIL's Corporate Office at New Delhi, GAIL Training Institute (GTI) & Infohub at Noida and five operational sites in India i.e. Pata, Vijaipur, Gandhar, Vaghodia and Vizag;
- » Conducted interviews with key representatives including data owners and decision-makers from different divisions and functions of the Company;
- » Performed sample-based reviews of the mechanisms for implementing the Company's sustainability related policies, as described in the Report;
- » Performed sample-based checks of the processes for generating, gathering and managing the quantitative data and qualitative information included in the Report.

Conclusions

GAIL's Sustainability Report, 2013-14, provides a fair representation of the Company's sustainability policies, objectives, management approach and performance during the reporting year. Company has implemented management systems with sustainability as the focus, to manage its key sustainability parameters. We confirm that the Report, along with the referenced information in the website, meets the general content and quality requirements of GRI G3.1 and the OGSS guidelines. We confirm that the Report meets the requirements for GRI Application Level A+ as declared by the Company. We have evaluated the Report's adherence to the following principles on a scale of '**Good', 'Acceptable' and 'Needs Improvement'**'



AA1000AS (2008) Principles

Inclusivity: As a part of its stakeholder engagement process, the Company has developed a robust stakeholder engagement mechanism (formal and informal) for assessing the emerging risks at its operational facilities. The engagement outcomes are validated by the Sustainable Development Board Committee. In our opinion, the level at which the Report adheres to this principle is 'Good'.

Materiality: The materiality determination process is based on inputs from key stakeholders including employees, customers, suppliers, NGOs, and senior management of GAIL and the Report focusses its disclosures on seven key material aspects at macro level for the oil and gas sector. The management of the Company is committed to effectively identify, manage and report the material aspects based on a continual evaluation for long term sustainability. In our opinion, the level at which the Report adheres to this principle is 'Acceptable'.

Responsiveness: We consider that the Company has fairly responded to identified key sustainability aspects and challenges in the local sustainability context, including aspects related to the oil and gas sector, within the reporting boundary. In our view, the level at which the Report adheres to this principle is 'Acceptable'.

Reliability: The majority of data and information verified at the Corporate Office, GTI & Infohub and five operational sites were found to be accurate. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and the errors have been communicated for correction. Hence in accordance with AA1000AS (2008) requirements for a Type 2, moderate level assurance engagement, we conclude that the specified sustainability data and information presented in the Report is generally reliable. In our view, the level at which the Report adheres to this principle is 'Good'.

Specific evaluation of the information on sustainability performances

We consider the methodology and process for gathering information developed by the Company for its sustainability performance reporting to be appropriate and the qualitative and quantitative data included in the Report was found to be identifiable and traceable; the personnel responsible were able to demonstrate the origin and interpretation of the data and its reliability. We observed that the Report presents a faithful description of the Company's sustainability activities.

Additional Parameters as per DNV GL's Protocol

Completeness: The Report fairly responds to the disclosure requirements and the scope of the report covers key economic, environment and social aspects and performance disclosures related to GRI G3.1 and the OGSS for Application Level A+; In our opinion, the level at which the Report adheres to this principle is 'Acceptable'.

Neutrality: This Report presents a balanced account of the Company's sustainability performance, related issues and key performance indicators, in terms of content and tone. In our opinion, the level at which the Report adheres to this principle is 'Good'.

Opportunities for Improvement

The following is an excerpt from the observations and opportunities for improvement reported to the management of the Company and are not considered for drawing our conclusions on the Report; however they are generally consistent with the management's objectives:

- » To further strengthen its sustainability initiatives, inputs from diverse stakeholders could be incorporated into the Company's strategic planning process; the Report may also bring out the strategic responses to material issues and stakeholder expectations.
- » The Company may expand the scope and boundary of reporting to include material aspects from related activities within its sphere of control and influence i.e. GAIL Projects, Marketing offices, JV's and Subsidiaries.
- » Sustainability performance may be disclosed at regular intervals for stakeholders to make informed decisions and
- » benchmarked with peers.

DNV GL's Competence and Independence

DNV GL is a global provider of sustainability services, with qualified environmental and social assurance specialists working in over 100 countries. DNV GL states its independence and impartiality with regard to this assurance engagement. While we did conduct other third party audits work with GAIL in 2013-14, in our judgement this does not compromise the independence or impartiality of our assurance engagement or associated findings, conclusions and recommendations. We were not involved in the preparation of any statements or data included in the Report, with the exception of this Assurance Statement. We maintain complete impartiality toward any people interviewed.

For DNV GL,

Ramesh Rajamani
Project Manager & Lead Verifier
DNV Business Assurance India Private Limited, India.
11th July' 2014, New Delhi, India

Vadakepatth Nandkumar
Assurance Reviewer, Head-Sustainability and Climate Change Services,
DNV Business Assurance India Private Limited, India.

GRI Application Level

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

* Oil and Gas Sector Supplement
** Performance Indicators may be selected from any finalized Sector Supplement, but 7 of 10 must be from the original GRI Guidelines
*** Performance Indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines

The GAIL Sustainability Report FY 13-14 Care, Share, Grow is GRI G3.1+OGSS is aligned to Application level A+ Externally Assured Report



Statement GRI Application Level Check

GRI hereby states that **GAIL (India) Limited** has presented its report "Care, Share & Grow" (2014) to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 03 September 2014

A handwritten signature in black ink, appearing to read "Ásthildur Hjaltadóttir".

Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative



The "+" has been added to this Application Level because GAIL (India) Limited has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.
www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 25 July 2014. GRI explicitly excludes the statement being applied to any later changes to such material.*

Glossary

| | | | |
|----------------|--|----------------|---|
| API | American Petroleum Institute | GREP | Gas Rehabilitation and Expansion Project |
| ASME | American Society of Mechanical Engineers | GM | General Manager |
| BPCL | Bharat Petroleum Corporation Limited | GJ | Giga-Joule |
| BOG | Boiled Off-Gas | GRI | Global Reporting Initiative |
| BCPL | Brahmaputra Cracker & Polymer Limited | GHG | Green-house Gas |
| BD | Business Development | HVJ | Hazira-Vijaipur-Jagdishpur |
| CPCB | Central Pollution Control Board | HSE | Health, Safety and Environment |
| CPSE | Central Public Sector Enterprise | HSEMS | Health, safety and environment management system |
| CVC | Central Vigilance Commission | HRSG | Heat recovery steam Generator |
| CMD | Chairman and Managing Director | HDPE | High Density Poly-Ethylene |
| CFC | Chloro-fluoro Carbons | HR | Human Resources |
| CGD | City Gas Distribution | HRD | Human Resources Development |
| CBM | Coal Bed Methane | IEM | Independent External Monitors |
| CRZ | Coastal Regulation Zone | IIT-JEE | Indian Institute of Technology – Joint Entrance Examination |
| CAGR | Compounded Annual Growth Rate | INR | Indian National Rupee |
| CNG | Compressed Natural Gas | ISTD | Indian Society of Training and Development |
| CII | Confederation of Indian Industry | IGL | Indraprastha Gas Limited |
| CSR | Corporate Social Responsibility | IT | Information Technology |
| CSI | Customer Satisfaction Index | ILFS | Infrastructure Leasing and Financial Services |
| CTE | Chief Technical Examiner | IMS | Integrated Management System |
| DVPL | Dahej-Vijaipur Pipe Line | ISO | International Organization for Standardization |
| DGM | Deputy-General Manager | IPIECA | International Petroleum Industry Environmental Conservation Association |
| DGH | Directorate-General of Hydrocarbons | JLPL | Jamnagar Loni Pipe Line |
| EPA | Environmental Protection Agency | JV | Joint Ventures |
| ED | Executive Director | Km | Kilo-meters |
| E&P | Exploration and Production | KG | Krishna-Godavari |
| FICCI | Federation of Indian Chambers of Commerce and Industry | LPG | Liquefied Petroleum Gas |
| FY | Financial Year | | |
| GTI | GAIL Training Institute | | |
| GPU | Gas Processing Unit | | |

| | | | |
|-----------------------|--|-------------------------|---|
| LHC | Liquid Hydro Carbon | PNGRB | Petroleum and Natural Gas Regulatory Board |
| LP | Low Polymer | PPAC | Petroleum Planning and Analysis Cell |
| MDG | Millennium Development Goals | PNG | Piped Natural Gas |
| MBA | Masters of Business Administration | PCB | Pollution Control Board |
| MLL | Mixed Light Lamp | PUC | Pollution Under Control |
| MoU | Memorandum of Understanding | PE | Poly-Ethylene |
| MT | Metric Tons | PAT | Profit After Tax |
| MMSC | Million Metric Standard Cubic Meter per Day | PPP | Public Private Partnership |
| MD | | RGPPL | Ratnagiri Gas and Power Private Limited |
| MoEF | Ministry of Environment and Forests | RLNG | Re-gasified Liquid Natural Gas |
| MoP& NG | Ministry of Petroleum and Natural Gas | R&D | Research and Development |
| MFO | Mixed Fuel Oil | RTI | Right To Information |
| NCR | National Capital Region | SC | Scheduled Castes |
| NH | National Highways | ST | Scheduled Tribes |
| NIT | National Institute of Technology | SPM | Suspended Particulate Matter |
| NG | Natural Gas | SD | Sustainable Development |
| NGO | Non-Government Organizations | TERI | The Energy and Resources Institute |
| NoC | No objection Certificate | TMT | Thousand Metric Tons |
| OHSAS | Occupational Health and Safety Assessment Series | tCO₂e | Tons of Carbon Dioxide equivalent |
| OIC | Officer-in-Charge | TPA | Tons per Annum |
| ONGC | Oil and Natural Gas Corporation | TDS | Total Dissolved Solids |
| OISD | Oil Industry Safety Directorate | TI | Transparency International |
| OMC | Oil Marketing Companies | TAPI | Turkmenistan- Afghanistan- Pakistan- India |
| O&M | Operation and Maintenance | UNGC | United Nations Global Compact |
| OFC | Optical Fibre Cable | UNFC | United Nations Framework Convention on Climate Change |
| OBC | Other Backward Classes | USD | United States Dollar |
| NO_x | Oxides of nitrogen | UPTU | Uttar Pradesh Technical University |
| SO_x | Oxides of Sulphur | VSPL | Vizag-Secundrabad Pipe Line |
| ODS | Ozone Depleting Substances | | |

GRI Content Index of GAIL Sustainability Report FY 2013-14

| Profile Disclosure | Disclosure | Level of reporting | Location of disclosure / Reason for omission |
|----------------------------------|--|--------------------|---|
| 1. Strategy and Analysis | | | |
| 1.1 | Statement from the most senior decision-maker of the organization. | Fully | <ul style="list-style-type: none"> » Refer page 6 for CMD' Message and Directors' Statement from page 9-13 |
| 1.2 | Description of key impacts, risks, and opportunities. | Fully | <ul style="list-style-type: none"> » Refer page 24-25, 30-31 for Risk Management » Refer page 42-46 for Materiality |
| 2. Organizational Profile | | | |
| 2.1 | Name of the organization. | Fully | <ul style="list-style-type: none"> » GAIL (India) Limited |
| 2.2 | Primary brands, products, and/or services. | Fully | <ul style="list-style-type: none"> » Refer About GAIL from page 16-18 |
| 2.3 | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures. | Fully | <ul style="list-style-type: none"> » Corporate Governance Section on page 24 » Refer About GAIL from page 16-18 » Refer page 3-10, 23-26 of GAIL's Annual Report FY 2013-14 » Corporate Governance section of GAIL's Annual Report FY 2013-14 |
| 2.4 | Location of organization's headquarters. | Fully | <ul style="list-style-type: none"> » New Delhi, India |
| 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. | Fully | <ul style="list-style-type: none"> » All major operations under GAIL's full control (100% ownership) are based in India. For additional information please refer section on About GAIL from page 15-18 and section on About The Report from page 2-3 » For more details refer page 3-10, 23-26 of GAIL's Annual Report FY 2013-14 |
| 2.6 | Nature of ownership and legal form. | Fully | <ul style="list-style-type: none"> » GAIL is a Central Public Sector Enterprise, listed on BSE, NSE and Global depository receipt (GDR) on London Stock Exchange |
| 2.7 | Markets served (including geographic breakdown, sectors served, and types of customers/ beneficiaries). | Fully | <ul style="list-style-type: none"> » Refer About GAIL from page 15-18 and page 86-89 of customers » Refer page 3-14, 21-32 of GAIL's Annual Report FY 2013-14 |
| 2.8 | Scale of the reporting organization. | Fully | <ul style="list-style-type: none"> » Refer About GAIL from page 16-18 |
| 2.9 | Significant changes during the reporting period regarding size, structure, or ownership. | Fully | <ul style="list-style-type: none"> » There were no significant changes. For changes in the scope of the report » Refer section on About The Report on page 2-3 |
| 2.10 | Awards received in the reporting period. | Fully | <ul style="list-style-type: none"> » Refer chapter on Accolades and Recognition on page 20 |
| 3. Report Parameters | | | |
| 3.1 | Reporting period (e.g., fiscal/calendar year) for information provided. | Fully | <ul style="list-style-type: none"> » Financial year 2013-14 » Refer About The Report section - page 2-3 |

| | | | |
|---|---|-------|---|
| 3.2 | Date of most recent previous report (if any). | Fully | <ul style="list-style-type: none"> » This is GAIL's fourth Sustainability Report; the third report was released on 25th September 2013 |
| 3.3 | Reporting cycle (annual, biennial, etc.) | Fully | <ul style="list-style-type: none"> » Annual |
| 3.4 | Contact point for questions regarding the report or its contents. | Fully | <ul style="list-style-type: none"> » Refer Way Forward on Back Cover Inside page |
| 3.5 | Process for defining report content. | Fully | <ul style="list-style-type: none"> » The report content has been defined based on our stakeholder engagement and selection of material issues. We have engaged with all major stakeholder groups of GAIL » Refer sections on Care, Share & Grow on page 4. » Refer page 36-42 for Stakeholder Engagement » Refer page 42-46 for Materiality |
| 3.6 | Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance. | Fully | <ul style="list-style-type: none"> » About the Report Section - Page 2-3 |
| 3.7 | State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope). | Fully | <ul style="list-style-type: none"> » About the Report Section - Page 2-3 |
| 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. | Fully | <ul style="list-style-type: none"> » About The Report from page 2-3 |
| 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. | Fully | <ul style="list-style-type: none"> » About The Report from page 2-3 |
| 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). | Fully | <ul style="list-style-type: none"> » On account of improvement in data management systems there have been certain changes in the data presented in the report. The same has been highlighted in the form of footnotes at page 102 |
| 3.11 | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report. | Fully | <ul style="list-style-type: none"> » About The Report from page 2-3 |
| 3.12 | Table identifying the location of the Standard Disclosures in the report. | Fully | <ul style="list-style-type: none"> » Refer the GRI Content Index on page 109-122 |
| 3.13 | Policy and current practice with regard to seeking external assurance for the report. | Fully | <ul style="list-style-type: none"> » Refer section on About The Report from page 2-3 |
| 4. Governance, Commitments, and Engagement | | | |
| 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. | Fully | <ul style="list-style-type: none"> » Corporate Governance Section on page 24-27 » For more details refer page 44-53 of GAIL's Annual Report FY 2013-14 |

| | | | |
|------|--|-------|---|
| 4.2 | Indicate whether the Chair of the highest governance body is also an executive officer. | Fully | <ul style="list-style-type: none"> » Our Chairman is also an executive officer |
| 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. | Fully | <ul style="list-style-type: none"> » As on 31st March, 2014, there were 10 (Ten) Directors on the Board comprising of 6 (Six) Whole-Time Directors including the Chairman & Managing Director, 2 (Two) Part-time Directors and 2 (Two) Independent Directors, (one Independent Director is female) » For more details refer page 44-53 of GAIL's Annual Report FY 2013-14 |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | Fully | <ul style="list-style-type: none"> » Recommendations can be provided to the Shareholder Grievance committee, Stakeholder Grievance committee and HR Committee under the Board of Directors » Refer to section on Stakeholder Engagement from page 36-42 and Shareholders / Investors from page 52-55 |
| 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). | Fully | <ul style="list-style-type: none"> » The remuneration of whole time directors is determined by the President of India, through the Ministry of Petroleum and Natural Gas. The compensation includes performance linked incentive that is based on performance parameters defined under the MoU signed with Government of India which also includes social and environmental parameters. |
| 4.6 | Processes in place for the highest governance body to ensure conflicts of interest are avoided. | Fully | <ul style="list-style-type: none"> » Refer section on Corporate Governance from page 24-27 » For more details refer page 44-53 of GAIL's Annual Report FY 2013-14 |
| 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. | Fully | <ul style="list-style-type: none"> » Whole time directors are selected by Public Enterprises Selection Board (PESB) and appointed by Ministry of Petroleum and Natural Gas (MoPNG). Part-time government nominee Directors are appointed by MoPNG. Independent directors representing the interest of stakeholders are selected by Search Committee and appointed by President of India, acting through MoPNG. |
| 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. | Fully | <ul style="list-style-type: none"> » GAIL's Mission, Vision and Sustainable Development Policy are publicly available on its website (www.gailonline.com) |
| 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. | Fully | <ul style="list-style-type: none"> » Refer section on Corporate Governance from page 24-27 » Refer page 79-81 » For more details refer page 44-53 of GAIL's Annual Report FY 2013-14 |
| 4.10 | Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance. | Fully | <ul style="list-style-type: none"> » CPSEs performances were reviewed by various Government bodies such as DPE, MoPNG, Planning Commission, Finance ministry, OISD, PNGRB etc. » For more details refer page 44-53 of GAIL's Annual Report FY 2013-14 |

| | | | |
|--------------|---|-------|---|
| 4.11 | Explanation of whether and how the precautionary approach or principle is addressed by the organization. | Fully | <ul style="list-style-type: none"> » Use of precautionary approach is implicit in our risk management framework. Refer page 24, 30-33 for Risk Management. |
| 4.12 | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses. | Fully | <ul style="list-style-type: none"> » Refer section on About The Report from page 2-3 |
| 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. | Fully | <ul style="list-style-type: none"> » Please refer page 46 |
| 4.14 COMM | List of stakeholder groups engaged by the organization. | Fully | <ul style="list-style-type: none"> » Refer page 36-42 for Stakeholder Engagement |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage. | Fully | <ul style="list-style-type: none"> » Refer page 36-42 for Stakeholder Engagement |
| 4.16 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. | Fully | <ul style="list-style-type: none"> » Refer page 36-42 for Stakeholder Engagement |
| 4.17 COMM | 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. | Fully | <ul style="list-style-type: none"> » Refer page 36-42 for Stakeholder Engagement » Refer page 42-46 for Materiality |

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

| DMA EC | Disclosure on Management Approach EC | | |
|---------|--|-------|---|
| Aspects | Economic performance | Fully | <ul style="list-style-type: none"> » Refer Shareholders / Investors from page 52-59 » Refer page 34 to 43, Management Discussion and Analysis of the GAIL's Annual Report FY 2013-14 |
| | Market presence, including local content | Fully | <ul style="list-style-type: none"> » Refer About GAIL from page 16-18 » Refer Shareholders / Investors from page 52-55 » Refer page 42-46 for Materiality |
| | Indirect economic impacts | Fully | <ul style="list-style-type: none"> » Refer Social Contribution from page 52-55, 75-79 |
| | Reserves | Fully | <ul style="list-style-type: none"> » GAIL's primary business is transmission of natural gas with a pipeline network of about 11,000 kms. Other business verticals include natural gas marketing, liquid hydrocarbons and petrochemicals. With this context, the reserves in fields where GAIL has participative interest are not a key issue for GAIL. Exploration and Production business of GAIL is not a part of the report boundary. |
| DMA EN | Disclosure on Management Approach EN | | |
| Aspects | Materials | Fully | <ul style="list-style-type: none"> » Please Refer Pages 52-57 » Refer Performance Snapshot from page 94-102 |

| | | | |
|---------|---|-------|--|
| | EnergyCOMM | Fully | <ul style="list-style-type: none"> » Please Refer Pages 56-58, 61 » Refer page 31-33 for targets under Sustainability Aspirations 2020 » Refer Performance Snapshot from page 94-102 |
| | Water | Fully | <ul style="list-style-type: none"> » Refer Water from page 31-33 and 81-83 » Refer Performance Snapshot from page 94-102 |
| | Ecosystem services including biodiversity | Fully | <ul style="list-style-type: none"> » Refer Biodiversity on page 81 |
| | Emissions, effluents and waste | Fully | <ul style="list-style-type: none"> » Page 54-58 » Refer Emissions Management and Waste Management from page 80-81 » Refer Performance Snapshot from page 94-102 |
| | Products and services | Fully | <ul style="list-style-type: none"> » Page 16-18 » Refer page 52-53, 86 » Currently, coal and oil suffice a majority of India's energy demand. However, certain experts consider natural gas as the fuel which would lead the transition to cleaner fuels. GAIL believes that natural gas has a potential to grow immensely and is expected to contribute to 20% of India's total energy demand by 2025. |
| | Compliance | Fully | <ul style="list-style-type: none"> » Refer page 54 |
| | Transport | Fully | <ul style="list-style-type: none"> » Refer pages 78-79 » GAIL's primary business is transmission of natural gas through pipelines. Apart from ensuring continuous supply of gas to customers, this method of gas transmission reduces emissions through transport of gas through tankers. This gas is piped mainly from ports which receive gas from shipping tankers. |
| | Overall | Fully | <ul style="list-style-type: none"> » Please Refer Pages 53-61 » Refer Environment on page 79 |
| DMA LA | Disclosure on Management Approach LACOMM | | |
| Aspects | Employment | Fully | <ul style="list-style-type: none"> » Refer page 64 |
| | Labor/management relations | Fully | <ul style="list-style-type: none"> » Refer Page 65 |
| | Occupational Health and SafetyCOMM | Fully | <ul style="list-style-type: none"> » Refer Health and Safety at GAIL from page 66-68 |
| | Training and education | Fully | <ul style="list-style-type: none"> » Refer page 64-65 |
| | Diversity and equal opportunity | Fully | <ul style="list-style-type: none"> » Refer page 68 |
| | Equal remuneration for women and men | Fully | <ul style="list-style-type: none"> » Refer page 68-70 |
| DMA HR | Disclosure on Management Approach HR | | |
| Aspects | Investment and procurement practices | Fully | <ul style="list-style-type: none"> » Refer About GAIL from page 16-18 » Refer Shareholders / Investors from page 52-55 |
| | Non-discrimination | Fully | <ul style="list-style-type: none"> » Refer Human Rights from page 68-71 |

| | | | |
|----------------|--|-------|---|
| | Freedom of association and collective bargaining | Fully | <ul style="list-style-type: none"> » Refer Human Rights from page 68-71 |
| | Child labor | Fully | <ul style="list-style-type: none"> » Refer Human Rights from page 68-71 |
| | Prevention of forced and compulsory labor | Fully | <ul style="list-style-type: none"> » Refer Human Rights from page 68-71 |
| | Security PracticesCOMM | Fully | <ul style="list-style-type: none"> » Refer Security on page 45, 71 |
| | Indigenous rightsCOMM | Fully | <ul style="list-style-type: none"> » Refer page 79 |
| | Assessment | Fully | <ul style="list-style-type: none"> » Refer pages 24-25, 78-79, 81 |
| | Remediation | Fully | <ul style="list-style-type: none"> » Refer pages 24-25, 65, 92-93 |
| DMA SO | Disclosure on Management Approach SO | | |
| Aspects | Local communitiesCOMM | Fully | <ul style="list-style-type: none"> » Refer pages 74-76 |
| | CorruptionCOMM | Fully | <ul style="list-style-type: none"> » Refer pages 24-25, 92 |
| | Public policy | Fully | <ul style="list-style-type: none"> » GAIL works towards public good by lobbying on policies towards development and betterment of public goods. To achieve this we have associated ourselves with various associations, industry bodies and influential groups. » Page 46-47 |
| | Anti-competitive behavior | Fully | <ul style="list-style-type: none"> » We abide by all National regulations related to discouraging Anti-Competitive behaviour » Page 25 |
| | Compliance | Fully | <ul style="list-style-type: none"> » Refer Ethics, Transparency and Accountability from page 24-25 » Refer page 54 » GAIL works in strict compliance with all applicable laws and regulations directed towards marketing communications, including advertising, promotion, sponsorship etc. |
| | Emergency preparedness | Fully | <ul style="list-style-type: none"> » Refer Health and Safety at GAIL on page 66 » Page 79 |
| | Involuntary resettlement | Fully | <ul style="list-style-type: none"> » We abide by National Regulations on Resettlement and Rehabilitation; However none of our operations have caused any form of R&R this year |
| | Asset integrity and process safety | Fully | <ul style="list-style-type: none"> » Refer Health and Safety at GAIL on page 66 » GAIL has safety procedures in place to ensure safety of its employees. These also include procedures to prevent any leakages or accidental release of its products. GAIL's HSE Management System forms a corner stone for Asset Integrity Management System at all sites of GAIL. This HSEMS is carefully reviewed, monitored and complied on regular basis. Under the umbrella of HSEMS all Internal & External Safety Audits, Surprise safety checks, awareness programmes, formulation of policy and guidelines, regular reviewing by the Board, Environment Management System etc. are carried out. All units of GAIL have a robust fire fighting network and other state of art systems for the Asset Integrity. |

| DMA PR | Disclosure on Management Approach PR | | | |
|--|---|-------|---|--|
| Aspects | Customer health and safety | Fully | » | Refer Customers from page 86-88 |
| | Product and service labelling | Fully | » | Page 86-88 |
| | Marketing communications | Fully | » | Page 86-88 |
| | Customer privacy | Fully | » | Page 54, 86-88 |
| | Compliance | Fully | » | Page 6-7, 13, 30 |
| | Fossil fuel substitutes | Fully | » | Page 6-7, 13, 30 » Refer Renewable Energy on page 54 |
| STANDARD DISCLOSURES PART III: Performance Indicators | | | | |
| Economic | | | | |
| EC1 COMM | 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. | Fully | » | Refer page 54 » GAIL's sustainability reporting boundary covers its India Operations. » Please refer to DMA - EC - Reserves - EITI is not applicable and there are no restrictions by host governments in terms of detail and level of aggregation. » Refer page 60-62 of the GAIL's Annual Report FY 2013-14 |
| EC2 COMM | Financial implications and other risks and opportunities for the organization's activities due to climate change. | Fully | » | Climate change & environment related risks have been incorporated in GAIL's ERM framework (Ref page 24-25, 30-31). We have recognised climate change risks driven by changes in regulation, physical climate parameters & other climate-related developments. Every year we estimate cost of management & investments for various environmental related issues appearing across our organisation (ref. Environment Protection Investment and Expenditure at page 97-98). GAIL has set up portfolio of renewable businesses (solar & wind) with an investment over INR 700 crores (Ref. page 24-25, 54). Projects under clean development mechanism has been considered as climate change opportunity in GAIL (ref: page 80). » We are currently keeping a close eye on the developments in the field of climate change and would further evaluate its financial implications if and when found to be significant and would take definitive action on the same in years to come. |
| EC3 | Coverage of the organization's defined benefit plan obligations. | Fully | » | Refer page 65 |
| EC4 | Significant financial assistance received from government. | Fully | » | Nil |
| EC5 | Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation. | Fully | » | Refer Human Rights on pages 64-65, 68-69 |

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| EC6 COMM | Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation. | Fully | <ul style="list-style-type: none"> » We define local as Indian sub-continent. Refer page 92-93 for details on spend. Though we do not have a specific policy on fostering / favouring local vendors, wherever possible we give preference to local vendors given all parameters to be equal. Also, most of the contracts / transportation contracts / canteen contracts / township facilities have been outsourced to local vendors. |
| EC7 COMM | Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. | Fully | <ul style="list-style-type: none"> » Recruitment at the Executive/ Officer cadre is done only at all India bases, and not at local level |
| EC8 COMM | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. | Fully | <ul style="list-style-type: none"> » Refer page 74-78 |
| EC9 COMM | Understanding and describing significant indirect economic impacts, including the extent of impacts. | Fully | <ul style="list-style-type: none"> » Refer Communities from page 74-81 » Refer Shareholders / Investors from page 52-55 |
| OG1 | Volume and type of estimated proved reserves and production. | Not | <ul style="list-style-type: none"> » Out of Sustainability Report Boundary (Please refer DMA-EC-Reserves and About the report Page 2-3) |
| Environmental | | | |
| EN1 COMM | Materials used by weight or volume. | Fully | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 |
| EN2 COMM | Percentage of materials used that are recycled input materials. | Fully | <ul style="list-style-type: none"> » No material is recycled because of the nature of GAIL's business. |
| EN3 | Direct energy consumption by primary energy source. | Fully | <ul style="list-style-type: none"> » Direct Energy consumption includes only non-renewable energy sources (e.g. Diesel, Natural Gas, Residual Fuel, LPG). Direct energy consumption from renewable energy sources is "zero". » Refer Performance Snapshot from page 109 For energy intensity of liquid hydrocarbon & petrochemical business refer energy efficiency of Sustainability Aspiration 2020 in page 32 |
| EN4 | Indirect energy consumption by primary source. | Fully | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 |
| OG2 | Total amount invested in renewable energy. | Fully | <ul style="list-style-type: none"> » We commenced wind power generation in 2010 through a wind power project setup in Gujarat. Other states where we have invested of utilising wind power include Karnataka and Tamil Nadu with a cumulative investment of in excess of Rs 700 crores till date. In FY 13-14 Rs 63.28 Crore Expenditure was made on Renewables |
| OG3 | Total amount of renewable energy generated by source. | Fully | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 |
| EN5 | Energy saved due to conservation and efficiency improvements. | Fully | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 » Please Refer Pages 54-58 |
| EN6 | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. | Fully | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 » Please Refer Pages 54-58 |

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| EN7 | Initiatives to reduce indirect energy consumption and reductions achieved. | Fully | <ul style="list-style-type: none"> » We are currently not systematically tracking reduction of indirect energy consumption. We have analysed that our scope-3 GHG Emission for business travel which is very minuscule in comparison to Scope-1 & Scope-2 Emissions. Currently we are concentrating on reducing to Scope-1 & Scope-2 Emissions. |
| EN8 COMM | Total water withdrawal by source. | Fully | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 » Refer Water from page 31-33 and 81-83 |
| EN9 COMM | Water sources significantly affected by withdrawal of water. | Fully | <ul style="list-style-type: none"> » No source affected significantly by water withdrawal also Refer Page 95 » Refer Water from page 31-33 and 81-83 |
| EN10 | Percentage and total volume of water recycled and reused. | Fully | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 |
| EN11 | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. | Fully | <ul style="list-style-type: none"> » We do not have operations in, adjacent to, or that contain protected areas and areas of high biodiversity value. » However Biodiversity Initiative can be referred on Page 81 |
| EN12 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. | Not | <ul style="list-style-type: none"> » Refer EN11 disclosure |
| EN13 | Habitats protected or restored. | Not | <ul style="list-style-type: none"> » Refer EN11 disclosure |
| EN14 COMM | Strategies, current actions, and future plans for managing impacts on biodiversity. | Fully | <ul style="list-style-type: none"> » Refer Biodiversity on page 81 |
| OG4 | Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored. | Fully | <ul style="list-style-type: none"> » 100 % of sites have been assessed for biodiversity risk. |
| EN15 | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. | Fully | <ul style="list-style-type: none"> » None of our operations are located in areas with habitats of IUCN Red List species or those listed on National Conservation List. |
| EN16 COMM | Total direct and indirect greenhouse gas emissions by weight. | Fully | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 |
| EN17 COMM | Other relevant indirect greenhouse gas emissions by weight. | Fully | <ul style="list-style-type: none"> » We have analysed that our scope -3 GHG Emission for business travel is less than 1% in comparison to total GHG Emissions. Currently we are concentrating on reducing to Scope-1 & Scope-2 Emissions. |
| EN18 COMM | Initiatives to reduce greenhouse gas emissions and reductions achieved. | Fully | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 |
| EN19 | Emissions of ozone-depleting substances by weight. | Fully | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 |
| EN20 COMM | NOx, SOx, and other significant air emissions by type and weight. | Fully | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 |
| EN21 | Total water discharge by quality and destination. | Fully | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 |

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| EN22 COMM | Total weight of waste by type and disposal method. | Partially | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 » Waste Generation is reported by type however total amount of Waste by disposal method related data and information were not identified this year. We will start identifying and reporting the same in the coming years. » Also refer Page 80 |
| OG5 | Volume of formation or produced water. | Not | <ul style="list-style-type: none"> » Refer DMA - EC - Reserves |
| EN23 COMM | Total number and volume of significant spills. | Fully | <ul style="list-style-type: none"> » No significant spills |
| OG6 | Volume of flared and vented hydrocarbon. | Fully | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 |
| OG7 | Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal. | Not | <ul style="list-style-type: none"> » Refer DMA - EC - Reserves |
| EN24 | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. | Fully | <ul style="list-style-type: none"> » Across locations we are not involved in any activities related to transporting, importing, exporting or treatment of waste deemed hazardous under Basel Convention. Refer Page 80. |
| EN25 | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. | Fully | <ul style="list-style-type: none"> » There is no significant impact of our wastewater discharges and run-offs to water bodies located in the vicinity of our operations. |
| EN26 COMM | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. | Fully | <ul style="list-style-type: none"> » Refer from page 54-60, 79-83 |
| EN27 | Percentage of products sold and their packaging materials that are reclaimed by category. | Not | <ul style="list-style-type: none"> » GAIL's major business is natural gas transmission & trading which does not involve any packaging material. Same is true for our Liquid hydro carbon business. Our petrochemical business involves packaging for finished petrochemical products but because of the insignificant quantity of the packaging material compared to our total business, its tracking and reclamation is of low importance. |
| OG8 | Benzene, Lead and Sulfur content in fuels. | Fully | <ul style="list-style-type: none"> » Natural Gas does not contain Benzene and Lead; The content of sulphur is below 4.5 ppm, depending on natural gas quality and source |
| EN28 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. | Fully | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 |
| EN29 | Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. | Partially | <ul style="list-style-type: none"> » Environmental impact of transporting members has been found to be minimal. We have analysed that the environmental impact of transportation of the member of the organisation's workforce is insignificant compared to the direct environmental impact of our operations as our scope-3 GHG Emission for business travel is very minuscule in comparison to Scope-1 & Scope-2 Emissions. » We have internally analysed that our Scope-3 emission for business travel is insignificant compared to our direct emissions from operations. |

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| EN30 | Total environmental protection expenditures and investments by type. | Fully | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 |
| Social: Labor Practices and Decent Work | | | |
| LA1 | Total workforce by employment type, employment contract, and region, broken down by gender. | Fully | <ul style="list-style-type: none"> » All permanent employees of GAIL are full time employees. Refer Performance Snapshot from page 101-102 |
| LA2 | Total number and rate of new employee hires and employee turnover by age group, gender, and region. | Fully | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 |
| LA3 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. | Fully | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 |
| LA15 | Return to work and retention rates after parental leave, by gender. | Fully | <ul style="list-style-type: none"> » 100% return to work and retention rates after parental leave for both male and female employees |
| LA4 | Percentage of employees covered by collective bargaining agreements. | Fully | <ul style="list-style-type: none"> » All Non Executives are covered by collective bargaining agreement Page 70 |
| LA5 | Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. | Fully | <ul style="list-style-type: none"> » We adhere to Section 9A of Industrial Dispute Act 1947 and Schedule 4 for providing notice period regarding significant operational changes |
| LA6 | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs. | Fully | <ul style="list-style-type: none"> » GAIL has 100% representation of its workforce in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs. » Refer Page 66-67 » Refer Performance Snapshot from page 94-102 |
| LA7 COMM | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender. | Fully | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 |
| LA8 | Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. | Fully | <ul style="list-style-type: none"> » Page 10, 45, 55, 65-66, 74-76 |
| LA9 | Health and safety topics covered in formal agreements with trade unions. | Fully | <ul style="list-style-type: none"> » We are currently in the process of collating health and safety topics covered in unions across operations |
| LA10 | Average hours of training per year per employee by gender, and by employee category. | Fully | <ul style="list-style-type: none"> » Refer page 59 |
| LA11 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. | Fully | <ul style="list-style-type: none"> » Refer Performance Snapshot from page 94-102 |
| LA12 | Percentage of employees receiving regular performance and career development reviews, by gender. | Fully | <ul style="list-style-type: none"> » 100% of regular employees receiving regular performance and career development reviews. |
| 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. | Fully | <ul style="list-style-type: none"> » Refer section on Corporate Governance from page 24-27 » Refer Performance Snapshot section of page 94-102 » Refer page 29 section of GAIL's Annual Report FY 2013-14, » For more details refer page 44-53 of GAIL's Annual Report FY 2013-14 |

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| LA14 | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation. | Fully | <ul style="list-style-type: none"> » No discrimination based on gender is practiced for Compensation in any work centres. |
| Social: Human Rights | | | |
| 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. | Fully | <ul style="list-style-type: none"> » Refer Ethics, Transparency and Accountability on page 24-26 » Refer Human Rights from page 68-71 |
| HR2 | Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken. | Fully | <ul style="list-style-type: none"> » Currently we are in the process of setting up systems to screen Human Rights performance of our suppliers and contractors. However we have initiated SA 8000 » Refer human rights from page 68-71 |
| 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. | Fully | <ul style="list-style-type: none"> » All our employees are mandated to go through the Conduct, Discipline and Appeal rules at the time of their induction and comply with it during their tenure. » Refer Human Rights from page 68-71 |
| HR4 | Total number of incidents of discrimination and corrective actions taken. | Fully | <ul style="list-style-type: none"> » No incidents of discrimination |
| 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. | Fully | <ul style="list-style-type: none"> » Though there has not been a formal/ specific initiative to identify such operations, there is no operation which runs such a risk to the right to exercise freedom of association and collective bargaining. |
| 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. | Fully | <ul style="list-style-type: none"> » There is no incident of engagement of Child Labour reported in the reporting period. The Engineer in Charge (EIC) ensures relevant statutes are complied with. Prohibition to engage Child Labour is the standard C&P Clause. |
| 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. | Fully | <ul style="list-style-type: none"> » Though there has not been a formal/ specific initiative to identify such operations, no incident of engagement of forced or compulsory labour has been reported in the assessment year. The Engineer in Charge (EIC) ensures relevant statutes are complied with. |
| HR8 COMM | Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations. | Fully | <ul style="list-style-type: none"> » Refer page 71 |
| HR9 COMM | Total number of incidents of violations involving rights of indigenous people and actions taken. | Fully | <ul style="list-style-type: none"> » There have been no incidents of violations involving rights of indigenous people please see Human Rights page 68-70 |
| HR10 | Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments. | Fully | <ul style="list-style-type: none"> » All our core operations are continuously monitored and reviewed to eliminate Human Right risks. For more information refer Human Rights from page 68-71 |
| OG9 | Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place. | Fully | <ul style="list-style-type: none"> » We have one of our operations at Jhabua where there is presence of indigenous communities near our operations. For Details refer to page 76-77, 79 |

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| HR11 | Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms. | Fully | <ul style="list-style-type: none"> » No such grievances have been filed |
| Social: Society | | | |
| SO1 | Percentage of operations with implemented local community engagement, impact assessments, and development programs. | Fully | <ul style="list-style-type: none"> » All our operations are governed by our CSR approach. For more information refer page 65-66 |
| SO9 COMM | Operations with significant potential or actual negative impacts on local communities. | Fully | <ul style="list-style-type: none"> » During our engagement with local communities for impacts, programs and assessments, we have not come across any significant negative impacts on the community due to our presence in the area Page 78-79 |
| SO10 COMM | Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities. | Fully | <ul style="list-style-type: none"> » Page 78-79 |
| OG10 | Number and description of significant disputes with local communities and indigenous peoples. | Fully | <ul style="list-style-type: none"> » We did not have any incidents of significant disputes with local communities and indigenous peoples |
| OG11 | Number of sites that have been decommissioned and sites that are in the process of being decommissioned. | Fully | <ul style="list-style-type: none"> » None of our sites have been decommissioned last year. » None of our sites were in the process of decommissioning during last year |
| SO2 | Percentage and total number of business units analyzed for risks related to corruption. | Fully | <ul style="list-style-type: none"> » Corruption risks are covered under our vigilance procedures and risk management framework. Since our vigilance procedures are mandatory under the rules established by Government of India, 100% of our operations are covered under risk analysis including aspects related to corruption. |
| SO3 | Percentage of employees trained in organization's anti-corruption policies and procedures. | Fully | <ul style="list-style-type: none"> » All our employees are mandated to go through the Conduct, Discipline and Appeal rules at the time of their induction and comply with it during their tenure. » Refer Page 25 |
| SO4 | Actions taken in response to incidents of corruption. | Fully | <ul style="list-style-type: none"> » It is to inform that during the period a total number of 182 complaints were received and 131 complaints were closed. Out of which 25 cases were considered for detailed investigation. » However out of 25, only three Vigilance cases depending on the merit of the case, suitable penalty has been recommended against the employees and one contractor and remaining are in progress. |
| SO5 COMM | Public policy positions and participation in public policy development and lobbying. | Fully | <ul style="list-style-type: none"> » Refer page 48-50 |
| SO6 | Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. | Fully | <ul style="list-style-type: none"> » GAIL did not make any financial or in-kind contributions to political parties, politicians or related institutions by country. |
| SO7 | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes. | Fully | <ul style="list-style-type: none"> » Page 25 |

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| SO8 COMM | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. | Fully | <ul style="list-style-type: none"> » There have been no significant fine or non-monetary sanctions were imposed for non-compliances with laws and regulations in the year. |
| OG12 | Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process. | Fully | <ul style="list-style-type: none"> » No such operations |
| OG13 | Number of process safety events, by business activity. | Fully | <ul style="list-style-type: none"> » No such events have taken place |
| Social: Product Responsibility | | | |
| 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. | Fully | <ul style="list-style-type: none"> » Refer Customers from page 86-88 » Also see page PR Section from page 67-69 of GAIL Sustainability Report FY 11-12 available on GAIL website (www.gailonline.com) » All the major installations of GAIL are accredited with OHSAS 18001:2007. With OHSAS 18001:2007 certifications all the installations of GAIL are committed towards assessment of health and safety impacts of products for improvement. |
| 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. | Fully | <ul style="list-style-type: none"> » There were no such incidents of non-compliance during the reporting period |
| PR3 | Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. | Fully | <ul style="list-style-type: none"> » Our petrochemicals product packages bear the location of the manufacturing facility, grade name and total weight as per Indian legislations and industry practice. |
| PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes. | Fully | <ul style="list-style-type: none"> » There were no such incidents of non-compliance during the reporting period |
| PR5 | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. | Fully | <ul style="list-style-type: none"> » Refer Customers on page 86 |
| PR6 | Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. | Fully | <ul style="list-style-type: none"> » GAIL fully complies by the ASCI norms for advertising and communication and works with ASCI-authorized media agencies only » Page 87-88 |
| 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. | Fully | <ul style="list-style-type: none"> » There were no such incidents of non-compliance during the reporting period » Page 87-88 |
| PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. | Fully | <ul style="list-style-type: none"> » No major complaints regarding breaches of customer privacy & losses of customer data |
| PR9 | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. | Fully | <ul style="list-style-type: none"> » There were no such incidents of non-compliance during the reporting period. |
| OG14 | Volume of biofuels produced and purchased meeting sustainability criteria. | Fully | <ul style="list-style-type: none"> » In 2013-14, Biofuel produced and Biofuel purchased is "zero" MT |

Linkage with API/IPIECA Guidelines & UNGC Principles

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Sustainability report linkage with oil and gas industry guidance on voluntary sustainability reporting issues by API – IPIECA and UNGC Principles

| Section | API / IPIECA Guidelines | UNGCI Principles |
|--------------------------------------|---|---|
| Corporate Governance | SE11, SE12, SE14 | Principle 10 |
| Sustainability Strategy | E1, E2, E6 | Principle 7, Principle 8, Principle 9 |
| Stakeholder Engagement & Materiality | E6 | |
| Shareholders / Investors | E1, E2, E3, E6, E8, E10 | Principle 7, Principle 8, Principle 9 |
| Employees | HS1, HS2, HS3, SE10, SE15, SE16, SE17, SE18 | Principle 1, Principle 3, Principle 4, Principle 5, Principle 6 |
| Community / Society | E5, E7, E8, SE1, SE2, SE4 | Principle 7, Principle 8, Principle 9 |
| Customers | HS3 | |
| Suppliers | SE7 | |
| Performance Snapshot | E1, E2, E3, E4, E6, E7, E8, E10, HS3 | Principle 7, Principle 8, Principle 9 |
| GRI Content Index | SE6 | |

Linkage with NVG-SEE Principles

(National Voluntary Guidelines for Social, Economic and Environment (NVG-SEE) Principles was Issued by Ministry of Corporate Affairs, Govt. of India)

| Principle No. | NVG-SEE Principles | Linkage with Sustainability Report FY 13-14 Sections |
|---------------|--|--|
| 1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability | Corporate Governance |
| 2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle | Sustainability Strategy Customers |
| 3 | Businesses should promote the wellbeing of all employees | Employees |
| 4 | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. | Employees Communities |
| 5 | Businesses should respect and promote human rights | Employees |
| 6 | Business should respect, protect, and make efforts to restore the environment | Communities |
| 7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner | Corporate Governance Stakeholder Engagement & Materiality |
| 8 | Businesses should support inclusive growth and equitable development | Employees Communities |
| 9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner | Customers |

GAIL's Business Responsibility Report FY 2013-14 which includes detailed disclosure of NVG Principles can be accessed from GAIL Annual Report FY 2013-14 available at GAIL website (www.gailonline.com)

Way Forward



Our four year long sustainability journey has been challenging, enriching and a continuous learning experience. We believe our approach of taking small yet significant steps in the right direction has helped us in this endeavour. As we have progressed, we continue to broaden our horizon by interacting with various organizations at national and international level, working in the field of sustainability to share best practices, knowledge and experience.

Various initiatives have been taken over the years to internalize sustainability across the organization. We established robust governance structure across the organization to the site level that helps in taking concrete actions. The Data management system developed in-house has ensured reliability and authenticity of data.

Sustainability reporting has not only helped in communicating our performance but also served as a management tool to benchmark our performance with industry peers and stretch ourselves to go beyond the regulatory expectations. Measuring our consumption in various aspects aided in taking a step towards managing by setting voluntary targets through Sustainability Aspirations 2020 in most critical aspects of sustainability. We understand these targets cover a part of the sustainability performance. In order to mainstream sustainability across all departments of the organization and to encompass other aspects relevant to our business & operation, we are under process of revisiting our targets to incorporate other parameters as well.

Further, with the GRI G4 guidelines coming into picture, we would also explore and gear up for progressing towards the new guidelines. We plan to take steps to improve our systems and procedures across value chain. GAIL believes that with these initiatives, it would be able to further improve upon its sustainability performance and shall help in aligning with the requirements of the new guidelines.

As we tread ahead, we understand the growing constraints on utilization of natural resources. We consistently endeavour to achieve and exceed our targets while focusing on growing in a sustainable manner with the belief and support of our stakeholders to deliver greater value.

We value your constructive feedback.

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