


Energy Sustenance



CORPORATE SUSTAINABILITY REPORT 2007-08



energising lives



Energy Sustainance

Energy supply and demand is likely to represent the biggest challenge of the 21st century. More than any other issue, it is at the mercy of global economics, geopolitics, war, fiscal policy, and the battle between growth and sustainability. All of these factors result in an uncertain and changeable future.

India's energy security, at its broadest level, is primarily about ensuring sustained availability of commercial energy at competitive prices to support its economic growth and meet the energy needs of its people with safe, clean and convenient forms of energy. Access to sustainable energy supply directly influences the quality of life of people including fulfillment of essential needs such as education, health and even food security.

Energy is critical for sustenance.

There is, therefore, an urgent need to substantially enhance the energy availability at a rapid pace so that aspirations of those who have remained insulated from such essential services have the opportunity for a reasonable access to them.

At BPCL we are alive to these energy challenges and are employing various means to help deliver energy for sustenance of the Indian people.

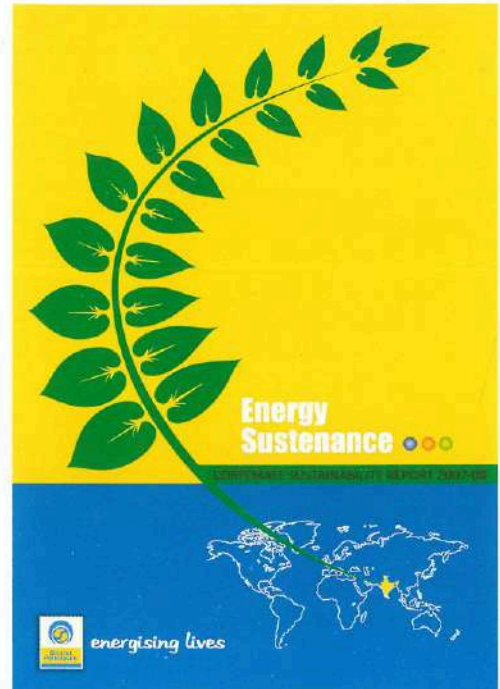
About the Report

"Energy Sustainance..." is Bharat Petroleum Corporation Limited's (BPCL) second corporate sustainability report. This report has been prepared according to the highest Application Level – A of the GRI 2006 Sustainability Reporting Guidelines (GRI-G3). The API/IPIECA Guidelines (2005) has also been referenced. The first sustainability report, 'Energising Lives', was released in 2007 and was prepared with reference to GRI-G3 and API/IPIECA Guidelines but was not in accordance to either of these guidelines. The data presented in this report may not be comparable to that published last year due to scope enhancement. The second report covers the sustainability performance of BPCL's six Strategic Business Units (SBUs) in India, namely Aviation, Industrial & Commercial (I&C), Liquefied Petroleum Gas, Lubricants, Refinery and Retail, over which we have direct control.

BPCL's 2008 Corporate Sustainability Report describes its efforts in a range of areas across the triple bottom line relating to the economic, environmental, and social performance of the company. It also describes our approach to corporate citizenship and performance on issues that are most material to our business operations.

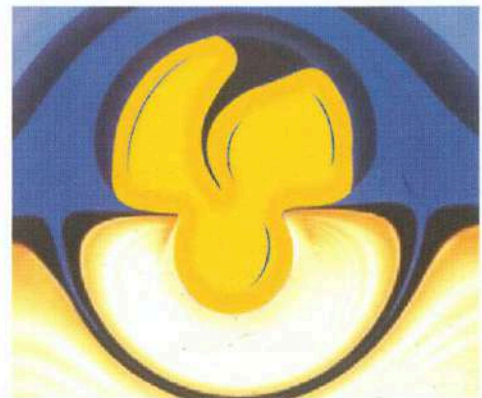
This report includes sustainability performance data for the financial years 2005-06, 2006-07 and 2007-2008. We plan to report our sustainability performance annually. We realize that the boundary and scope of this report does not account for BPCL's full triple-bottom line impacts. While the economic performance is for BPCL as a whole, the environmental and social performance is representative of the refinery and non-refinery SBUs. This excludes retail outlets, dealers and distributors for which only notable environmental and social initiatives have been showcased. Of the two subsidiaries of BPCL, only Numaligarh Refineries Limited (NRL) has been included in the reporting scope. Although we have not included the performance of Bharat PetroResources Limited (BPRL) and various Joint Ventures (JV), the report does make references to them where pertinent.

BPCL has engaged Det Norske Veritas AS (DNV) as the assurance provider for the contents of this Sustainability Report.



Energy Sustainance...
Corporate Sustainability Report 2007-08

Corporate Sustainability Report 2006-07 



Energizing Lives
Corporate Sustainability Report 2006-07

C&MD statement	4
Company profile	7
Products and services	8
Awards and recognition	11
BPCL at a glance	13
Organization structure	14
Product profile	15
Strategy	16
Stakeholder engagement	21
Materiality discussion	23
Corporate governance	24
Sustainability targets	26
Assurance letter	
and GRI application level	68
GRI Application level chart	70
Disclosure on management approach	71
GRI content index	73
We Speak	75
List of abbreviations	82

Economic Performance

Director-Finance	30
Economic performance	31
Contributing towards employeewell-being	32
Procuring goods and services locally	33
Direct economic impacts	34
Creating employment opportunities	34

Environmental Performance

Director-Refineries	36
Material management	37
Energy management	38
Climate Change & GHG emissions	40
Biodiversity management	41
Water management	42
Air emissions	43
Waste management	44
Spill management	45



Product Responsibility

Director-Marketing	52
Innovation	53
Product responsibility	55
Understanding the need of our customers	57
Provision of products & services information	58
Marketing communications	58
Product compliance	58

Social Performance

Director-HR	46
Social performance	47
Employee satisfaction & enhancement cell	49
Employee health and well-being	50
Employee development and growth	51
Human rights in investment agreements and supply chain	59
Provision of equal opportunities	59
Policies against child & forced labor	60
Security at our site	60
Operating within communities	61
Towards inclusive growth and people development	62
Proactive vigilance	66
Transparency in vendor dealings	67
Steering public policy & development	67
Stance on anti-competitive conduct	67
Compliance	67



C&MD Statement



Dear Reader,

It is a privilege to present BPCL's 2nd Sustainability Report. Meeting India's energy needs has been our mission over the last three decades. We approach this commitment with discipline, a long-term view and result-oriented attitude that is consistent with our values.

India is the fifth largest energy consumer in the world and with a growth of 9% in the Gross Domestic Product (GDP) in 2007-08, it registered a 7% growth in domestic demand for petroleum products during the year. However, the Indian oil & gas industry went through a turbulent year, due to high volatility in international crude oil and product prices.

The recently released *World Energy Outlook 2008* by the International Energy Agency (IEA)^[1] points towards a persistent dominance of fossil fuels – oil, gas and coal – in the energy mix; a rising share of emerging economies in global energy consumption; an increase in the consuming countries' reliance on imports of oil and gas; and an inexorable rise in global CO₂ emissions. It further predicts that China and India will account for over half the incremental energy demand by 2030.

Viewed through the prism of Sustainability, two things become amply clear from the recent turbulent conditions:

- The pendulum is now swinging to the Asian economies. India with its advantages in demographics, technology, talent and culture has a crucial role to play in these difficult times.
- The various challenges facing the world today cannot be addressed in the business as usual way, with a view on the short-term only. Innovative ways with a focus on the long-term- that can re-define tomorrow if required- must be devised to overcome the current challenges and convert them into opportunities.

Challenges and Opportunities

Providing affordable energy products and services that will power the lives of people is a major challenge in this era of severe liquidity constraints, volatile prices of crude oil in the international markets, climate change risks and limited proven fossil fuel reserves. As we gear ourselves to meet these challenges, we must start by acknowledging that BPCL is an energy company in India whose demand for energy is closely aligned with its GDP growth. Meeting this increased energy demand will take ingenuity, consistent performance and strategic partnerships. At the same time our company is constantly innovating towards reducing our carbon footprint.

We recognize that there is no clear path to achieving these dual goals nor are they necessarily incompatible with a sustainable progress. There is expected to be a continuing role for fossil fuels in the future energy mix and we aim to produce and use fossil fuels more efficiently, while scaling up and investing in new technologies that are required for high energy efficiency and low-carbon future.

• [1] [World Energy Outlook 2008: Summary](#), IEA, 12 Nov. 2008

Economic Scenario

The Indian economy did not remain immune to the global woes during the year. Inflationary pressures continue to remain a serious cause for concern. The volatility in prices of crude has resulted in a severe strain on the liquidity of oil marketing companies (OMCs). While the government issued oil bonds as a means of compensation for under-recoveries and upstream oil companies extended discounts the cash flows of OMCs were adversely impacted due to rising under recoveries. Notwithstanding these difficulties, BPCL's plans for strengthening its position in the market were firmly on track.

Improving performance in the downstream sector

BPCL performed credibly in all areas of operations inspite of the economic meltdown. The refineries at Mumbai and Kochi and Numaligarh together achieved their highest levels of crude throughput of 23.52 Million Metric Tonnes (MMT), as against 22.28 MMT in the previous year. Further, the refineries have also been successful in achieving higher levels of gross refining margins as compared to 2006-07. Both Mumbai and Kochi refineries have increased their respective capacities to process crude oils, with Mumbai being able to process 71 types and Kochi adding 3 new types to its oil processing basket.

New opportunities in the upstream sector

India has limited proven oil reserves and domestic oil production caters to only a small proportion of the total petroleum products demand. India imports approximately 71% of her crude needs. Thus, key responsibility of the company towards our stakeholders is securing additional reserves of energy. BPCL, through its fully owned subsidiary company, BPRL, has made forays into the upstream Exploration & Production sector since 2006. Today BPCL is regarded as a serious player in this sector having participating interest in 24 blocks both in India and abroad. The foreign ventures include Australia, East Timor, Oman, the North Sea, Mozambique and with new opportunities being evaluated in Brazil, West Africa, South-East Asia, etc.

Towards a low carbon future

We believe that to achieve the transition to a low carbon future, a two-pronged approach of energy conservation and alternative energy needs to be adopted. We promote energy conservation measures by improving process efficiencies, optimizing energy use, reduced travel time of products and personnel and by raising awareness of our employees and community members. As a testament to this effort, we have been able to achieve an energy savings of 1.55 million GJ in the reporting period.

We are cognizant of the fact that non-renewable energy production and usage has a large carbon footprint. Thus we have concrete plans to venture into alternative energy options such as bio-diesel, wind and solar energies on a large scale. We have set up a new company, Bharat Renewable Energy Limited (BREL), to enter into the biodiesel value chain. We have an ambitious plan to plant *Jatropha* trees on 1 million acres of wasteland and produce 1 million tons of biodiesel whilst providing employment for 1 million people by the year 2015.

This project is envisaged to promote *green collar jobs*, under the aegis of the National Rural Employment Guarantee Scheme of the Government of India. Additionally, a 1 MW capacity grid connected solar farm is in the process of being set up in the state of Punjab. Based on the success of this pilot scale project, BPCL will invest in similar projects in forthcoming years. Also, we have developed a prototype wind powered hydrogen fuel cell. Our company has entered into an agreement with the Indian Institute of Science (IISc), Bangalore in the frontier area of nanotechnology. Through this partnership we aim to understand the role of additives at nano-levels. This would help our R&D scientists to produce tailor-made cutting oils for different types of machining of metals and develop new generation solar photovoltaics.

Investing in people

We believe that investing in its employees is one of the fundamental responsibilities of an organization. At its core, all

businesses are about people; and an underlying understanding of the needs and aspirations of people in society is what will make a business thrive in the long run. This is more so in a highly competitive industrial environment such as the oil and gas sector. An approach any narrower than this may bring short term dividend but will come at the cost of long term value. There is no trade-off between doing well and doing good. It is not only possible but also necessary to do both.

We diligently stick to relevant safety guidelines. Though we have had no fatality this year within the plant boundaries, there is no room for complacency, and we continuously improve and update our systems and processes with regard to safety. The good health of the people working for us is a priority.

Working with communities

We are committed to the societies in which we operate in and understand that business success is not possible when the needs of society are ignored. BPCL has adopted 20 villages across India where various types of developmental activities are taking place. A noteworthy initiative is "*Project Boond*", related to natural resource management on the leeward side of the Western Ghats. It has been a huge success providing access to water to nearly 10,000 beneficiaries across 9 villages and also imparting new skills to them.

Our commitment and contribution to Sustainable Development as the singular path to attainment of sustained improvement in the lives of all stakeholders has been presented through various sections in this report. I hope this report – and the supporting information that can be found on our website – will help you judge for yourself how well we are living up to our commitment to contribute to a sustainable world.

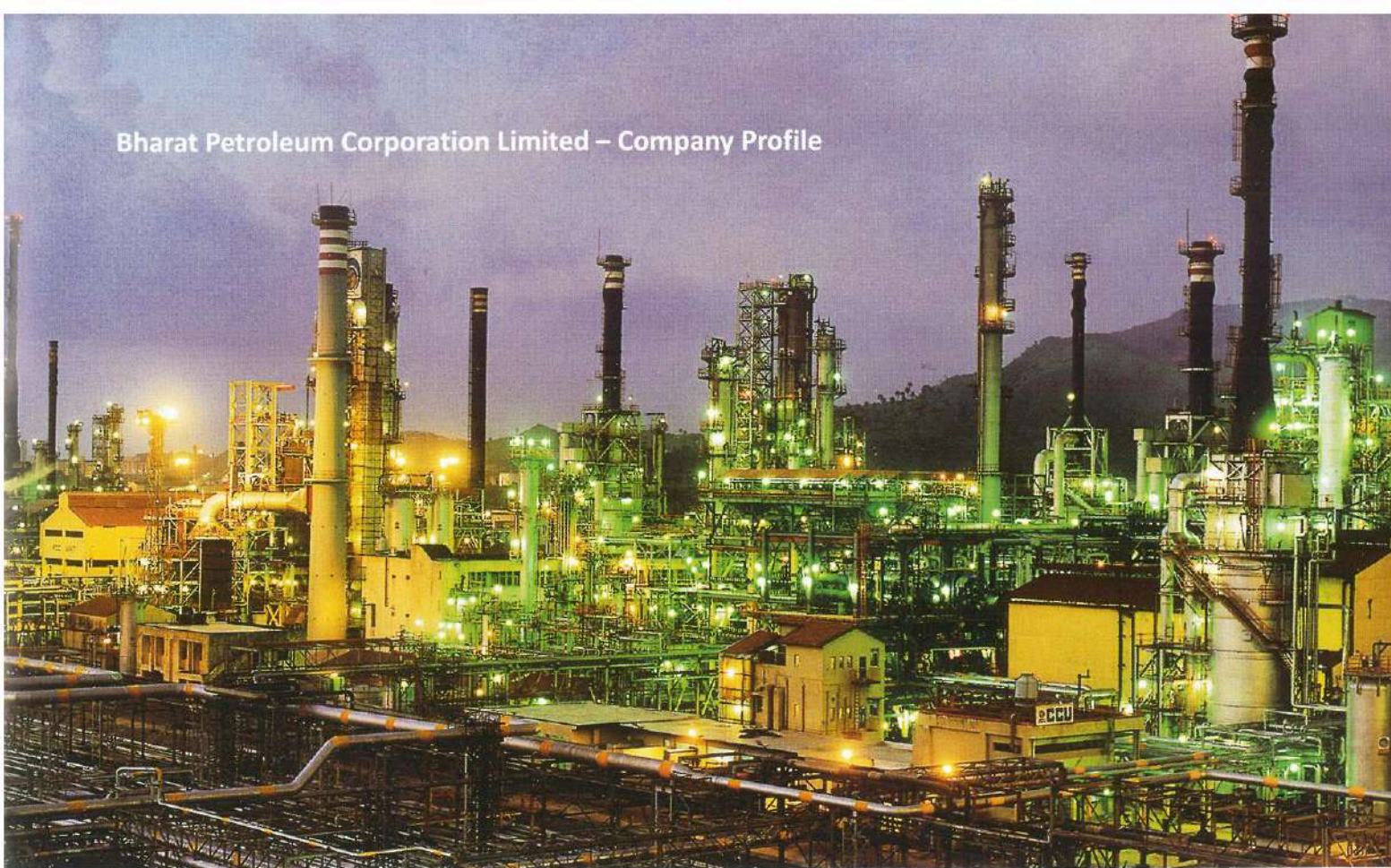
We would be happy to get feedback from you.



Ashok Sinha

Chairman and Managing Director

Bharat Petroleum Corporation Limited – Company Profile



Corporate Office: Bharat Bhavan - I, 4 & 6 Currimbhoy Road
Ballard Estate, Mumbai – 400 001

Chairman & Managing Director: Mr. Ashok Sinha

Number of employees: 14025
Quantity of crude processed: 23.52 Million metric tons
Market Sales: 26.08 Million metric tons
Sales turnover: Rs. 12,31,796.87 million
Total Assets: Rs. 2,81,806 million

Joint Venture companies:

- Petronet LNG Ltd.
- Indraprastha Gas Ltd.
- Sabarmati Gas Ltd.
- Central UP Gas Ltd.
- Maharashtra Natural Gas Ltd.
- Bharat Stars Services Pvt. Ltd.
- Petronet CCK Ltd.
- Petronet India Ltd.
- VI eTrans Pvt. Ltd.
- Bharat Renewable Energy Ltd.
- Matrix Bharat Marine Services Pte. Ltd.
- Bharat Shell Ltd.

Subsidiary Companies:

- Numaligarh Refinery Ltd (NRL)
- Bharat Petro Resources Ltd. (BPRL)

Products and Services

Product (Brand)	Sales ('000 tons)
Naphtha	1022
LPG (Bharat Gas, Bharat Metal Cutting Gas)	2933
Motor Spirit (Speed)	2914
Special Boiling Point Spirit	32
Benzene	87
Toluene	27
Polypropylene Feedstock	62
Regasified - LNG	905
Aviation Turbine Fuel	959
Superior Kerosene Oil	1637
High Speed Diesel (Hi-Speed)	11482
Light Diesel Oil	107
Mineral Turpentine Oil	102
Furnace Oil	1745
Low Sulphur Heavy Stock	600
Bitumen	653
Lubricants (MAK, MAK Ultima)	232
Others	287



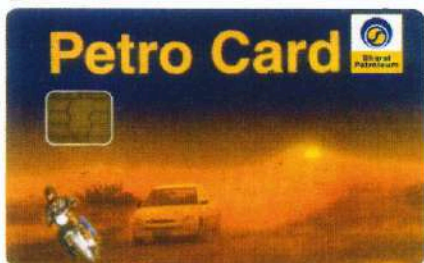
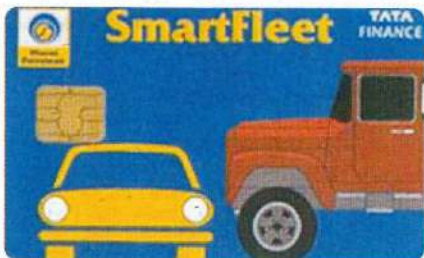
Products and Services*

Brands and Services	Description	Remarks
Highway Network Assurance Program (Ghar and Highway star Outlets)	Constitutes OSTS GHAR and Highway Star outlets and emphasizes on customer enablement enhancement	Contributed to an impressive 17.6% growth on highways for HSD. 21 Ghar Dhabas in operations with Rs. 23 million sales.
E-commerce	B2B portal enabling customer to place and order online, track the status of order, view dispatch information	
Pure for Sure	Ensuring quantity and quality of all products sold in the Retail Outlet	86% of all fuel volumes sold through PFS outlets, with total of 6226 ROs under the banner
Smart Fleet	Range of benefits for members like cashless transaction., MIS report, credit option, vehicle tracking system.	25,480 heavy vehicles enrolled in 07-08. The sale reached Rs. 63,630 million, 58% higher than last year.
Beyond LPG – Ad d on Service	Value added service to reach product at attractive offers to customers' doorstep	Turnover has more than doubled to Rs. 3480 million, with about 500 distributors engaging with this business
PetroCard	Loyalty programme for customers	1.682 million PetroCard customers
V-Care	Service stations for maintenance of cars at their Ros	26 stations added this year. The turnover was Rs. 14 million



Products and Services*

Brands and Services	Description	Remarks
In & Out Stores	Customer convenience stores at Retail Outlets	323 In & Out stores with aggregate retailing space of 187,631 sq. ft. Sales grew by 41% to Rs. 1092 million.
Quick Service Retail Outlets	ROs with tie-up swith food chains like McDonalds, Pizza Hut, Nirulas etc	Total turnover of Rs. 249 million, a growth of 40%.
Rural marketing vehicles	Spot LPG refueling to reach out to village customers	
E-Charge	Convenience of purchasing recharge cards of the cellular company and denomination of his choice at any point of time	
Customer Relations Centre	LPG consumers' forum for giving feedback and obtaining clarification	The CRCs are in each district
Carnet Card	Identification Card, which allows purchase of fuel at airports and ad hoc locations with convenience This card gives the private operator the convenience of a nationwide accepted card, which is accepted at many non-BPCL locations as well.	
Reticulated LPG system	Supply of LPG through pipeline network from a centralized cylinder bank or bulk installation to the customer's kitchen	



Awards and Recognition



- **Golden Peacock Environment Management Gold Award 2008** to Mumbai Refinery by World Environment Foundation, UK, under the large manufacturing category
- **Safety Innovation Award 2007** to Kochi Refinery by the Institution of Engineers (India)
- **Gold Award** in Petroleum refinery sector to Kochi Refinery by the Greentech Foundation for outstanding achievement in safety management
- **Environment Management Gold Award 2007** to Mumbai Refinery by the Greentech Foundation
- **Best Performance of Safety Committee Award 2007** to Kochi Refinery by the National Safety Council, Kerala Chapter
- **Environment Management Award 2007** to Cherlapally LPG plant by Foundation for Advancement of Science and Technology (FAST)
- **Punjab State Safety Award** to Lalru LPG plant by Labor Department, Punjab, for largest reduction in frequency rate of accident in chemical industry
- **Kerala State Pollution Control Excellence Award** to Kochi Refinery for making substantial and sustained effort in pollution control among large scale industries.
- **Oil Industry Safety Award** Second prize to Numaligarh Refinery in Refinery Sector
- **National Energy Conservation Award 2007 Silver Award** to Numaligarh Refinery by the Bureau of Energy Efficiency under the Ministry of Power, India.

- **TERI Corporate Environmental Excellence Award for 2007 and 2008** to Numaligarh Refinery for consecutive years.
- **All India National Safety Council Award** to Manmad and Borkhedi Retail units
- **British Safety Council Award** to Piyala LPG and Tondiarpet Lubes installation under the International Safety Scheme
- **Ramakrishna Bajaj National Quality Special Award 2007** to Mumbai Refinery for highest recognition in the manufacturing category
- **Petrofed Oil and Gas Marketing Company of the Year Award** to BPCL for excellence in enhancing performance and customer base while being responsible with stringent of health, safety and environment norms.
- **Excellent Water Efficient Unit Award-Beyond the Fence Award 2007** to BPCL at National Awards for Excellence in Water Management, conducted by Confederation of Indian industries.
- **Quest for Excellence Award** in the large manufacturing category in the World Class Winners of the International Asia Pacific Quality Awards 2008. BPCL is the first Indian oil company to win this award.
- **Asian Corporate Social Responsibility Award 2008** to BPCL for 'Boond-III' project in the Environmental Excellence Category by Asian Institute of Management with Intel.



Mr. G.S. Baveja, GM (HSE), receiving the award for Excellent Water Efficient Unit Award 2007, awarded by CII

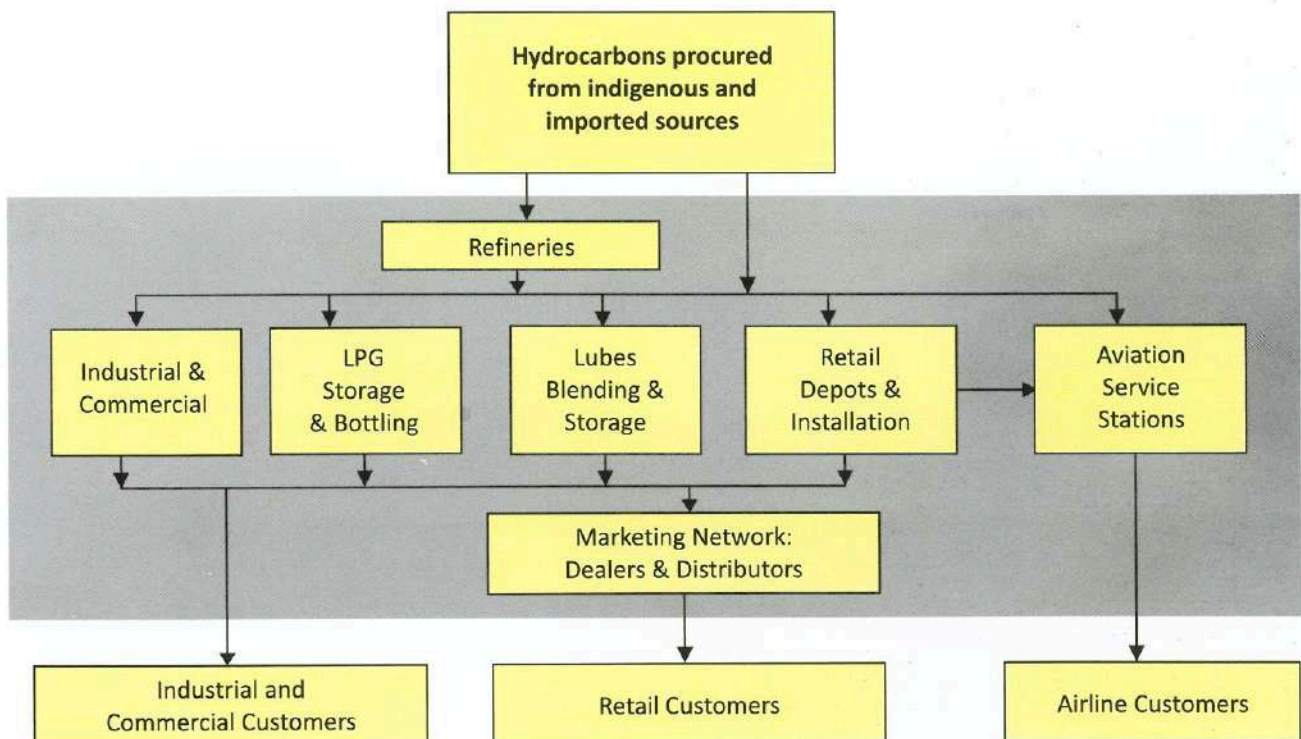


Mr. George Paul, GM (Brand and ARB) and Mr. Irfan Khan, TM (Retail) Delhi, receiving the Readers' Digest Most Trusted Brand Award 2008 for BPCL's premium brands and loyalty programs.

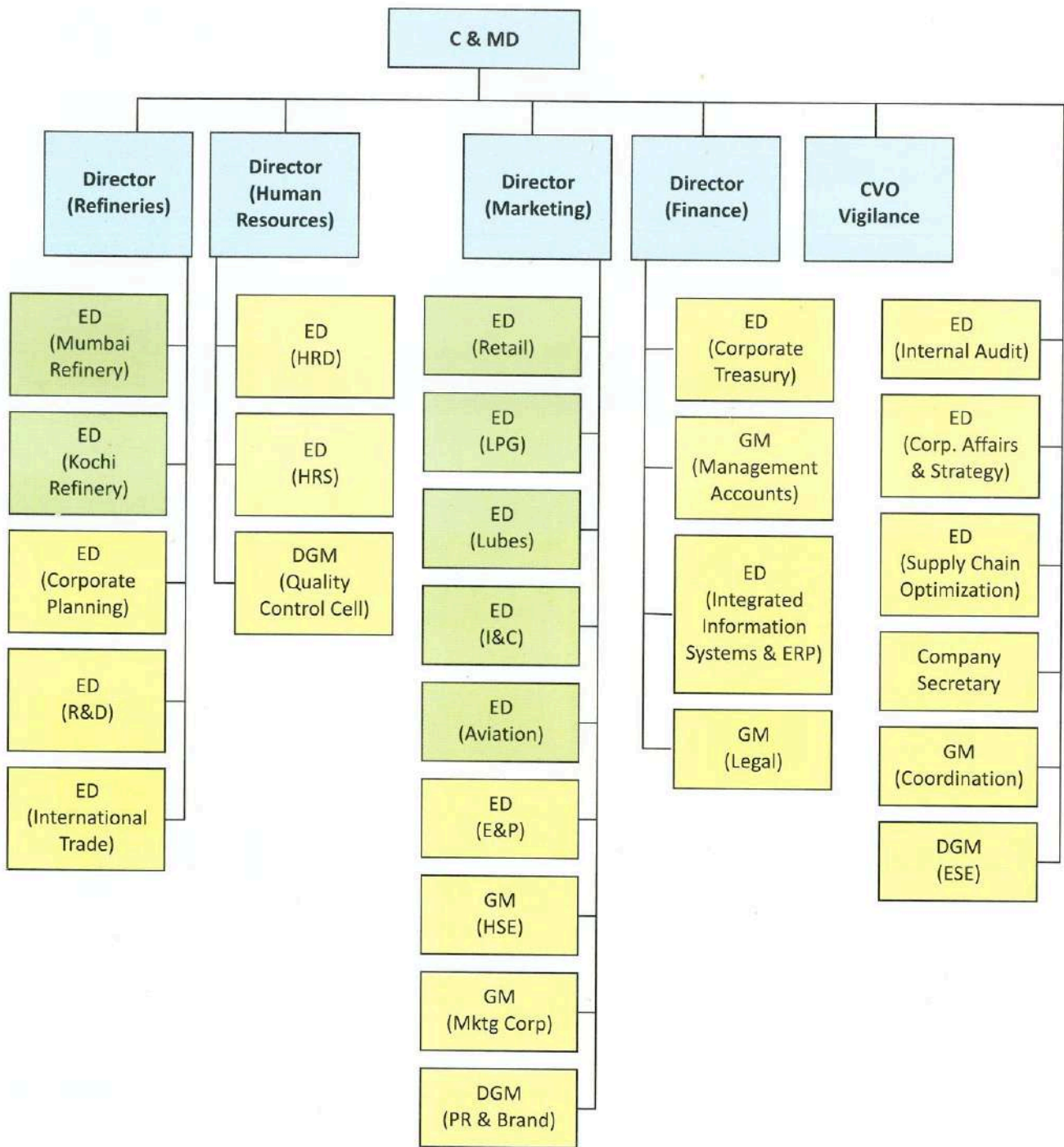
BPCL at a glance

- Erstwhile Burmah Shell in India was taken over by the Government of India on 24th January 1976 and was rechristened as Bharat Petroleum Corporation Limited (BPCL).
- Ours was the first company to process the newly found indigenous crude at Bombay High.
- We are India's second largest oil company, ranked 287th among the Global Fortune 500 companies.
- We are proud employers of 14025 individuals and also provide employment to thousands of contract workers across the nation.
- We have two refineries at Mahul and Kochi with an annual refining capacity of 12 MMT and 7.5 MMT, respectively. Our subsidiary at Numaligarh, has a capacity of 3 MMT per annum.
- We have a nationwide network of 12 installations, 126 depots, 48 LPG bottling plants, 22 aircraft filling stations, 8251 retail outlets (ROs) and 2137 LPG distributors. NRL has 108 retail outlets of its own.

Operational overview



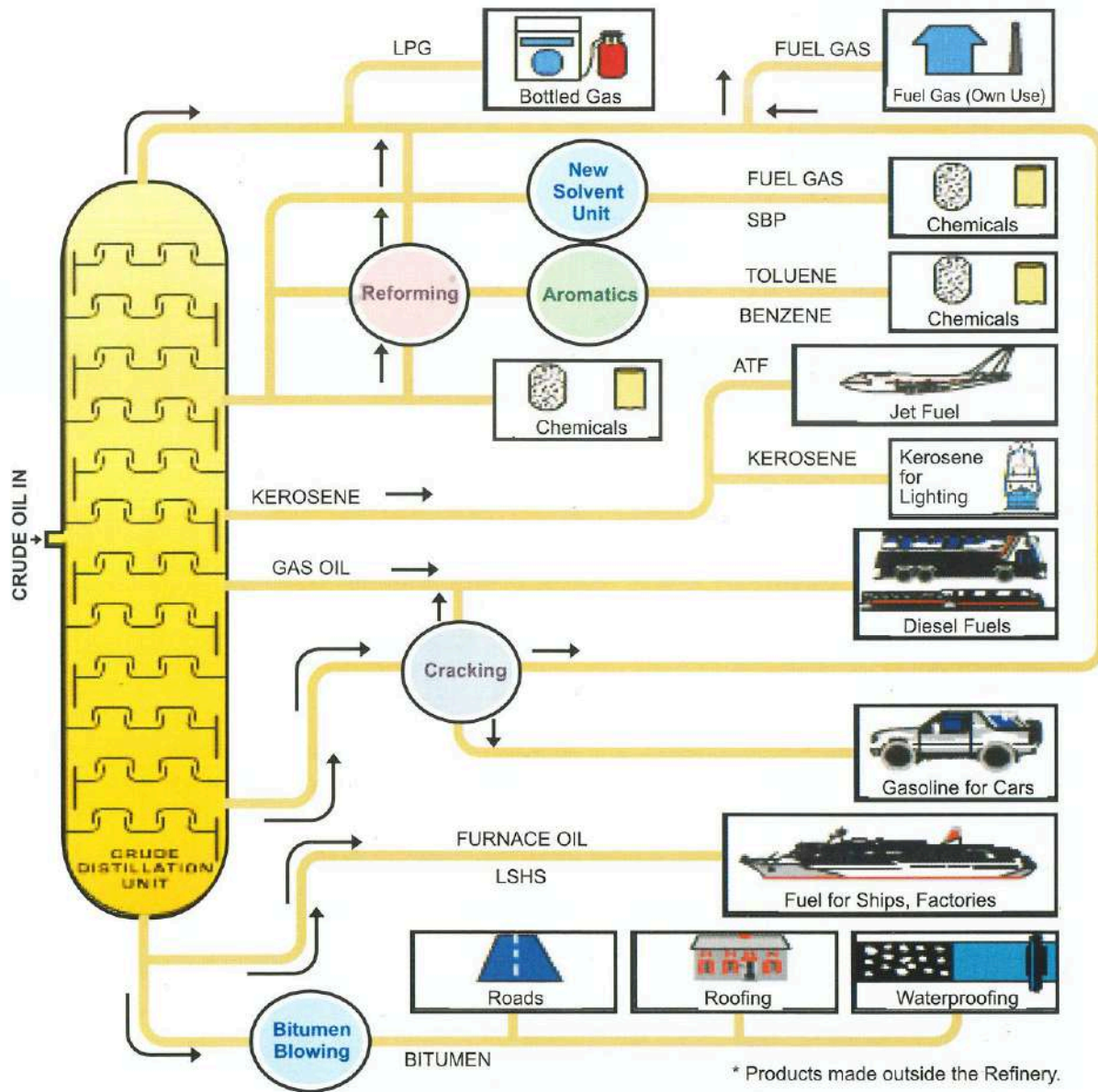
Organization Structure



In line with our Vision* to maximize competitive advantage and to broaden our business footprint the organization has been structured around six Strategic Business Units (SBUs). Entities play a vital role in facilitating, synchronizing and coordinating business activities.

*Please visit our corporate website for our Vision statements at http://www.bharatpetroleum.com/corporate/corporate_vision.asp

Product Profile



Products from BPCL and their uses

- Major products from our refineries are Motor Spirit (Euro II, III), LPG, ATF, raw petroleum coke, calcined petroleum coke and naphtha, Sulphur, SKO, Diesel (Euro II,III), aromatics (Benzene and Toluene)
- Our other products are Bitumen, 380 cst Fuel Oil, and BMCG and Furnace oil
- We have over 300 grades of lubricants available over 500 different packaging formats catering to the needs of our industrial and automotive customers

Strategy

Our 2007 Sustainability Report outlined our strategy of More Energy, Sure Energy and Responsible Energy. In line with this strategy, and as an integral part of the crucial energy sector, we are expanding our energy portfolio in a way that can ensure that the energy needs of the country are satisfied in a sustainable manner, thereby promoting economic growth. We are convinced that this approach results in creating business value which in turn helps make BPCL a highly competitive organization.

Our focus on producing more energy in a responsible manner that ensures steady and secure supplies is also aligned with the current and emerging trends in the oil and gas sector. The World Energy Outlook 2008 (WEO 2008), released recently, emphasizes that the future of human prosperity depends on how successfully two central energy challenges facing the world today can be tackled:

- Securing the supply of reliable and affordable energy;
- Effecting a rapid transformation to a low-carbon, efficient and environmentally benign system of energy supply

Our core strategy focuses on a concept of More Energy, Secure Energy and Responsible Energy.

More Energy

According to the WEO 2008, fossil fuels will account for 80% of the world's primary energy mix in 2030 in the Reference Scenario with oil remaining the dominant fuel, though demand for coal will rise more than demand for any other fuel in absolute terms. Due to continuing strong economic growth, China and India are expected to account for just over half of the increase in world primary energy demand between 2006 and 2030.

In India, fossil fuels, mainly oil and gas are the dominant energy sources constituting 45% of total energy consumption. Total domestic energy demand is projected to increase fivefold in the next 25 years, accounting for 12% of world energy demand. To maintain an average growth rate of 8%, an almost tenfold increase in energy capacity is required. During the last few years energy demand has been increasing with the growing population but the energy supply has increased at a slower pace.



As the world's fifth largest energy consumer, India registered a 7.6% growth in domestic demand for petroleum products in 2007-08. With domestic crude oil production stagnant at a level of 34 million tonnes per annum, imports rose by 9% during the year. In this context, BPCL has been focusing on producing more energy through a dual approach:

Increasing processing efficiency and crude portfolio of existing refineries

The current installed refining capacity of BPCL stands at 22.5 Million metric tonnes per annum (MMTPA). (This is excluding 3 MMTPA of its subsidiary NRL). During the year, the aggregate refinery throughput at our refineries in Mumbai and Kochi, along with the subsidiary company, NRL, was 23.52 Million metric tonnes (MMT), as against 22.28 MMT in the previous year. This was possible on account of all the three refineries achieving their highest level of crude processing in a single financial year.

Also the Mumbai refinery can now process 71 different types of crudes while the Kochi refinery has added 3 more types of crude oils to its oil processing basket.

Increasing refining capacity through capacity expansion of existing refineries and establishing new refineries

Investments are being made in capacity expansion and modernization projects at our refineries. The installed refining capacity of BPCL is slated to go up to 24 MMTPA after the completion of the capacity expansion and modernization project currently underway at Kochi refinery. This will be further augmented with the setting up of a 6 MMTPA refinery at Bina in the state of Madhya Pradesh, India. This refinery is a Rs. 103.78 billion project which is slated for commissioning in December 2009 and will help BPCL meet the requirements of the key markets in central and northern India.

Secure Energy

India imports more than 70% of its oil since the production of crude oil has been stagnant leading to dependency on crude oil imports. Increasing consumption and increases in oil price would add more pressure to the current account deficit. The security of supplies is being threatened due to two main reasons:

- The energy supply is vulnerable to geopolitical tensions with energy suppliers and energy transit countries;
- IEA findings of a detailed field-by-field analysis of the historical production trends of 800 fields reveal that though globally oil resources are plentiful but field-by-field production declines in oil production are accelerating. Supplies of easily accessible oil and natural gas will probably no longer keep up with demand after 2015. Even if oil demand remains static over next 22 years, the world needs to increase the production by around 45 million barrels per day (bpd).

With a view to securing its crude oil and natural gas requirements, BPCL initiated its venture into the upstream Exploration & Production sector in 2006 through its fully owned subsidiary company, BPRL. This strategic move was made keeping in mind that entry into the upstream arena would enable BPCL to realize the benefits of vertical integration and hedge its price risks. Presently, BPRL has participating interests in 24 exploration blocks; all of these being in consortium with other partners. Out of these blocks, 8 blocks are in India and 16 are abroad.

Given the nature of the oil exploration business, it will be some time before the results of the investments made will be known. In addition to carrying on the planned work program, BPRL has been looking for promising opportunities across the world. BPRL, in association with Videocon Industries Limited (VIL), has entered into an agreement to buy the entire stake of Encana Brasil Petroleo Limitada. With this, BPRL and VIL will farm into 10 offshore exploration blocks in Brazil. Similarly, BPRL and VIL have together farmed into an exploration block in Mozambique.

Both these deals will be completed after receipt of the necessary statutory clearances. New opportunities are being evaluated in countries/region like West Africa, Brazil, South-East Asia (excluding India), etc. Armed with a well balanced portfolio of assets, BPRL has drawn up ambitious plans with a committed investment of Rs. 15 billion on the projects on hand and ultimately aspires to be an operator.

Responsible Energy

Climate change and energy poverty are two of the major issues plaguing the world today. As per the WEO 2008 current global trends in energy supply and consumption are unsustainable and nothing short of an energy revolution is needed.

Tackling Climate change

The IEA estimates that on current trends, energy-related CO₂ emissions are set to increase by 45% between 2006 and 2030, reaching 41 Gt. Three-quarters of the increase will arise in China, India and the Middle East, and 97% in non-OECD countries as a whole. Further, the biggest single contributor to global emissions over the next two decades is likely to be the use of coal - the world's second-most important fuel after oil, accounting for 26% of energy demand. Stabilizing greenhouse gas (GHG) concentration at 550 ppm of CO₂-equivalent, which would limit the temperature increase to about 3°C, would require emissions to rise to no more than 33 Gt in 2030 and to fall in the longer term. The share of low-carbon energy – hydropower, nuclear, biomass, other renewables and fossil-fuel power plants equipped with carbon capture and storage (CCS) – in the world primary energy mix would need to expand from 19% in 2006 to 26% in 2030. This would call for investment equal to 0.2% of annual world GDP. The scale of the challenge in limiting GHG concentration to 450 ppm of CO₂-eq, which would involve a temperature rise of about 2°C, is much greater.

In such a scenario, the energy sector will have to play the central role in tackling climate change and contributing in the transition to a low-carbon economy. Accordingly, BPCL has chalked out its climate change strategy very clearly which includes the following elements:

- Strengthening energy security
- Increase refining position
- Setting up of LPG/CNG/LNG terminals
- Setting up of AutoLPG/CNG dispensing stations
- Strengthening retail stations/positions/services
- Laying cross country pipelines
- Using Oil Industry common carrier cross country pipeline for supplies
- R&D for alternate fuels (e.g. Bio-diesel, Hydrogen cells)
- Developing renewable energy sources, eg. Windmills / solar cells
- Forming joint venture for setting up of Bio-diesel value chain

Some of the major initiatives which are designed to augment BPCL's fossil fuel businesses by focusing on emerging frontier technologies in the field of energy include the following:

Renewables

With a view to meet these expectations, BPCL has made ambitious plans in terms of diversifying into other related areas. In its quest to achieve sustainable development, BPCL has entered the biodiesel value chain in a big way. One of the first projects being undertaken in the state of Uttar Pradesh would ultimately involve the plantation of jatropha plants in 1 million acres of wasteland and production of 1 million tonnes of biodiesel with employment being generated for 1 million people by the year 2015. With the State Government of Uttar Pradesh supporting the project and cost of saplings, including

cost of plantation being released from the National Rural Employment Guarantee Scheme, the project has taken off on a promising note. A new company, Bharat Renewable Energy Limited (BREL) has been incorporated as a joint venture with Nandan Biomatrix Limited and Shapoorji Pallonji Co Limited, which will be responsible for the collection and crushing of jatropha fruits, esterification etc. The total investment in the project is expected to be in the order of Rs. 22 billion. Success in this area can make a major contribution towards substitution of fossil fuels to the extent of the biodiesel produced. Also, this can be a means of providing the rural population with "green collar jobs" that yield employment and income generation opportunities on a sustained basis. BPCL is exploring the possibility of initiating similar projects in other states.

BPCL is also focusing attention on other renewable sources of energy. A 1 MW capacity grid connected solar farm is being set up in the state of Punjab. The objective is to generate electricity and make it available to the state grid. Given the climatic conditions prevailing in many parts of the country, experts believe that India is well positioned to generate significant amounts of solar energy. Tapping of this potential can go a long way in meeting the energy needs of the country in a clean and sustainable manner, therefore BPCL would like to contribute in this endeavor. Based on the results achieved in the pilot project, BPCL will further undertake similar projects at other locations.

BPCL has recently developed a prototype fuel cell based energy system using hydrogen as the fuel. The project involves the production of hydrogen by electrolysis of alkaline water. The hydrogen produced is supplied to a proton exchange membrane fuel cell, which in turn generates power. While the project is only a prototype, commercialization of the technology offers the potential for generation of clean, renewable and regenerative energy with the added benefits of reducing noise and air pollution. These initiatives are in addition to our ongoing efforts to generate power by setting up windmills at different locations. These efforts will contribute to generating renewable sources of power which can be used for meeting BPCL's captive requirements. We have also entered into an agreement with the Indian Institute of Science (IISc), Bangalore in the frontier area of nanotechnology. The initiative encompasses understanding the role of additives at nano levels, which would help our R & D scientists to produce tailor-made cutting oils for different types of machining of metals. The agreement also envisages evaluation of new nanomaterials for adsorption of clean gaseous fuels like natural gas and hydrogen for use in the transport sector.

Entry into these non-conventional areas is driven by our strong belief that these offer great potential in meeting the country's growing energy needs.



Jatropha Plant

Tackling energy poverty

Access to secure, reliable and affordable energy & energy products is a challenge for emerging economies. More than 40% of India's population or over 400 million people, mostly in rural areas, lack access to electricity. The country has a target of providing electric power for the nation by the year 2012, and the National Electricity Policy envisions raising the per capita availability of electricity by nearly 50%. Although the country has made significant progress towards the augmentation of its power infrastructure, still assured electricity is a dream for millions. BPCL is making an attempt to integrate its economic and social agendas so that sustainable development of alternate energy sources for reducing energy poverty is achieved. Taking advantage of India's solar potential, we are collaborating with IISc in the development of a new generation of solar photovoltaics. This project involves new generation of solar cells with new materials with higher efficiencies compared to conventional silicon solar cells.

Tackling water poverty

As the most essential life-sustaining substance and the most critical input to economies around the globe, water is the only commodity that has absolutely no substitute at any price. Yet for many parts of the world, securing clean drinking water is a serious problem. Population growth and water usage are already straining current water supplies as surface water supplies are polluted and groundwater supplies, which make up 99% of available freshwater, are mined beyond their natural rate of replenishment. The United Nations estimates that in the near future two-thirds of all countries will be "water stressed" with 1.8 billion people suffering from "absolute water scarcity." In emerging economies, the lack of clean water and inadequate sanitation is the leading cause of child mortality, and as per the UN estimates by 2015 at least \$24 billion needs to be spent on drinking water systems and \$142 billion on sanitation technologies globally. Global climate change further exacerbates the supply issue as climatic changes disrupt weather patterns causing drought and desertification.

Realizing that the water problem was looming large, BPCL initiated several water conservation projects, including Project Boond.



Stakeholder Engagement

The achievement of sustainable development goals requires interaction with various stakeholders— be it locally, nationally or internationally. In this context, we work in a constant process of interaction with many different stakeholder groups, including the Government of India, investors, business partners, industry bodies, regulators, customers, suppliers, employees, transporters, local communities and non-governmental organizations. We consider engagement to be key to fostering mutual understanding, trust and cooperation on material issues with our stakeholders.

Systematic stakeholder dialogue

We therefore systematically seek out dialogue with our stakeholders. Engagement takes several forms, with active and differentiated communication with various stakeholder groups being the hallmark of our engagement process. Also, the engagement is multi-layered being local, national or international based on the location of the stakeholders. We see it as an opportunity to adapt to new requirements at an early stage, avoid the associated risks and explore opportunities. The process acts as a catalyst to drive our sustainability agenda and has enabled the company to take greater account of a wide range of issues in its planning and decision making. It is on this bedrock of trust, core competencies, innovation and partnership that we have built our aspiration to be a leader in every business segment we operate in.

While the specific details of engagement with the different stakeholders are available in the relevant sections, a brief snapshot of the stakeholders and their issues addressed has been delineated below:

Government, Other Investors and Business Partners

The Government of India (GoI) is the most significant stakeholder for BPCL since it is a public sector enterprise and GoI's shareholding is about 55%. We engage with GoI through the Ministry of Petroleum and Natural Gas (MoP&NG) on many fronts notably:

- Business planning in alignment with MoP&NG directives, including regulatory bodies
- Management planning in alignment with GoI directives. e.g. Public Grievance Redressal, Monopolies and Restrictive Trade Practices, Right to Information Act, etc.
- Representation on various boards and committees e.g. Hydrogen Corpus Fund, Biofuels, etc.
- Replies to queries raised in the Parliament

For the other investors and business partners regular meetings are held with their representatives to take note of their inputs.

Industry Bodies

BPCL is actively engaged in public policy advocacy through representation on various technical and advisory committees for formulation of technical standards and specifications including safety standards. Some examples include:

- Scientific Advisory Committee (SAC) on Hydrocarbons at MoP&NG
- Chairman of Working Group on "Value of Quality Giveaway" constituted by CHT under the guidance of MoP&NG
- Various sub-committees constituted by Petroleum and Natural Gas Regulatory Board (PNGRB)
- Various committees of Bureau of Indian Standards (BIS)
- Principal Panelist in Steering Committee of Oil Industry Safety Directorate (OISD)
- Member of Safety Council of OISD under MoP&NG.
- Member of Personal and Administration Committee of Rajiv Gandhi Institute of Petroleum Technology

Customers

Our customer facing business units have embarked on an ambitious programme to interact regularly with the various categories of customers they serve, such as B2B and B2C. To meet this objective, the SBUs and their customer facing units conduct interactive programmes, workshops, discussions and campaigns to interact with customers.

Suppliers

Our suppliers are numerous and widely distributed across the country. Wedded to its values of 'Integrity in Thought and Action', BPCL took a significant step in its quest to enhance transparency and good governance by signing the Integrity Pact Program (IPP) with Transparency International this year. BPCL entered into a Memorandum of Understanding with Transparency International India on 10th January, 2008 for implementation of the IPP. IEMs have also been appointed to oversee the process of implementation and presentations have been made to a cross section of vendors (contractors/suppliers) in various SBUs/Entities to familiarize them with the Program.

Employees

Employees are another key stakeholder group and various issues raised by them are addressed by the HRS. In case their grievances are not suitably addressed, they are entitled to take up their concerns with the Employee Satisfaction Enhancement Cell (*this is discussed later in the report*).

Transporters

The truck transporters form a vital link for the off-take of products from our locations spread across the country. Regular safety classes are arranged for the truck crew and information is imparted by way of safety clinics conducted by our locations. The refinery and marketing groups sit with transporters to seek their feedback on various aspects like availability of facilities like drinking water, toilets etc.

Community

Over the years, BPCL has developed a mature approach to interacting with communities. Communities are selected on the basis of their socio-economic circumstances and their needs identified through discussions with local stakeholders. Local NGOs that are familiar and adept at working with these communities are identified to carry out work with the communities on behalf of BPCL. The activities are regularly monitored by our officials. In addition, our employees often go on visits to participate with the people. We provide medical benefits, vocational training, conduct workshops on health matters, construction of necessary infrastructural facilities, etc.

Dealers and Distributors

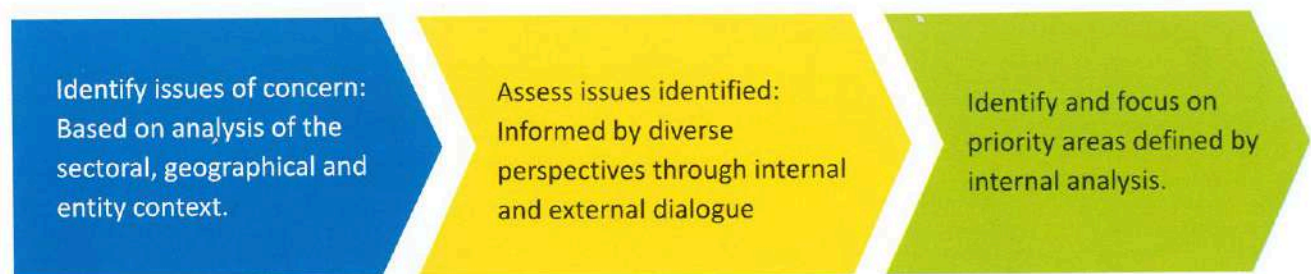
Dealers and Distributors are core to conducting our business smoothly. We have nearly 10000 Dealers and LPG distributors spread across the country serving our large customers base. Regular feedbacks are taken from our dealers and distributors about local market, customer complaints, challenges they face etc. and necessary actions are taken.

Materiality Discussion

At BPCL, materiality analysis is crucial for deciding significant issues for the business. Broadly, significant issues for BPCL are those that impact the organization or are relevant in one or more of the following ways:

- Gol and MoP&NG directives;
- Direct short-term financial performance;
- The company's ability to deliver on its strategy and policies;
- Best practices exhibited by peers;
- Stakeholder behaviour and concerns;
- Societal norms, particularly where linked to possible future regulation.

Although currently no formal process has been constituted for conducting this analysis, there are several informal internal processes that help delineate issues of significance to the organization. The key steps involved in the above internal processes for determining materiality at BPCL are the following :



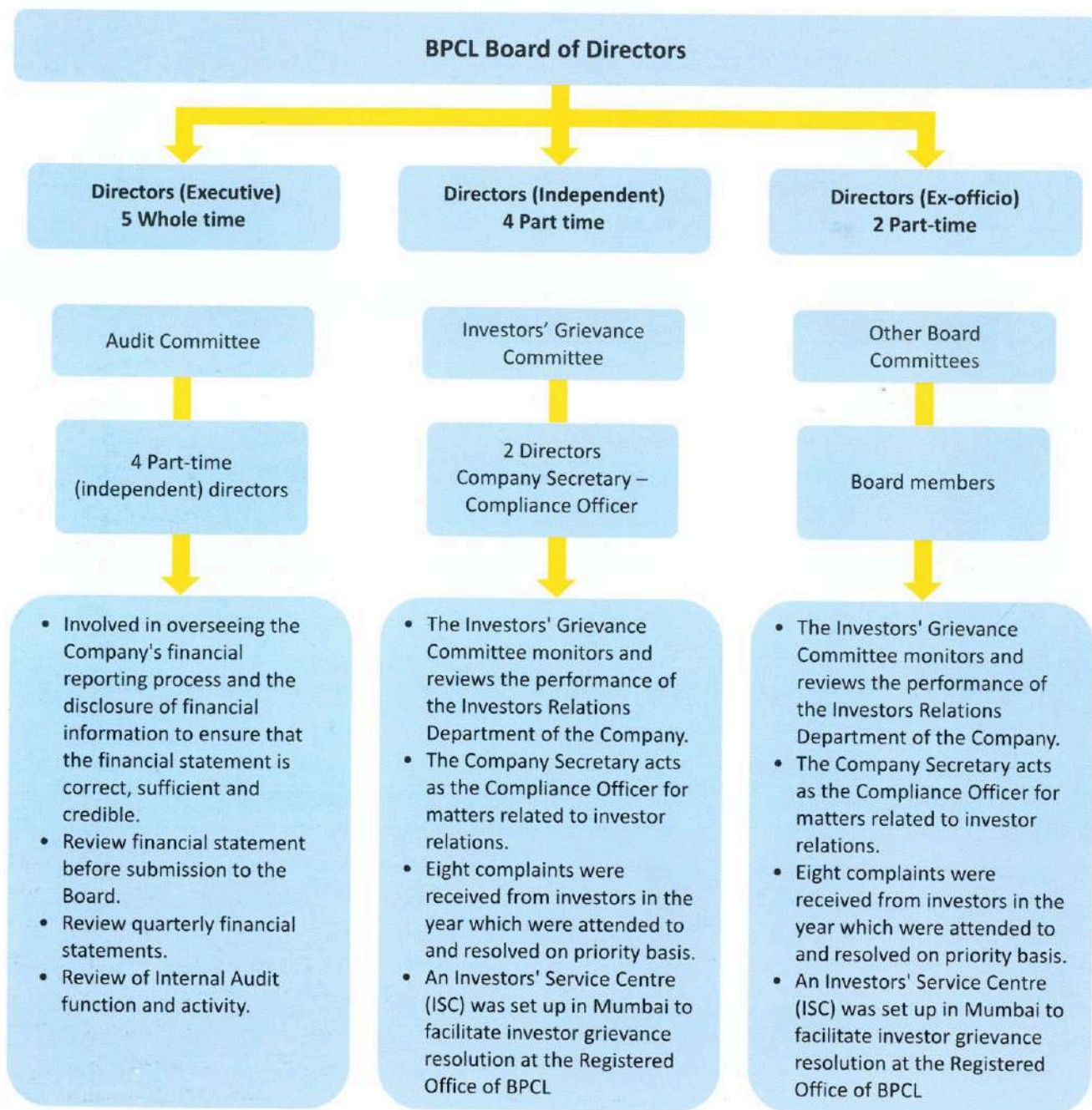
The material issues for BPCL are:

- Higher refining capacity and improved capacity utilization
- Secure supply of crude
- Diversified energy portfolio
- Safety
- Climate change
- Affordable energy services
- Community development

Material issues are discussed at various levels of the organization, such as at SBU and Entity level, management council level and at the highest level. The output of the internal materiality analysis is discussed at the highest level of our organization, the Apex Council, comprising of the C&MD and Directors. These material areas have influenced the development of our strategy. We plan to articulate sustainability goals based on relevant issues under each area in the future.

Corporate Governance

BPCL is committed to sound principles of Corporate Governance. Our corporate philosophy on Corporate Governance has been to ensure fairness to our stakeholders through transparency, full disclosures, empowerment of employees and collective decision making.



Board of Directors

As on 31st March 2008, the Board consisted of 11 directors, comprising both executive and non-executive directors. The directors represented on the Board are eminent people with decades of experience in their respective disciplines. Their selection is overseen by the MoP&NG. Eight Board meetings were held last year. The company has taken up the matter of the nomination of 3 additional part time (Independent) Directors as required under the revised Clause 49 of the Listing Agreement and Department of Public Enterprises (DPE) Guidelines on Corporate Governance with the Government of India.

Being a Public Sector Undertaking (PSU), appointment and remuneration of Whole-time Directors are determined by the Government through the MoP&NG. We have not introduced any Stock Options Scheme. We have appointed various committees inline with regulatory framework to protect shareholders' rights and address their concerns. The Audit committee and the Investors' Grievance committee are some of the committees incorporated. Shareholders can provide recommendations or convey grievances to the Investors Relations Department of the Company. Special Resolutions that require a response from a shareholder are decided on the basis of Postal Ballot as and when required.

We have a multi-disciplinary audit team which conducts internal audits in which sustainability aspects are included. The findings of the audit are shared in the audit committee meeting held periodically.



C&MD Mr. Ashok Sinha (center) with the four Directors (L to R) Mr. S. K. Joshi (Director - Finance), Mr. S. Radhakrishnan (Director - Marketing), Mr. R. K. Singh (Director -Refineries) and Mr S. Mohan (Director - HR)

Corporate Ethics

We conduct our business in accordance with highest ethical standards and in compliance with applicable laws of the country. The Board periodically reviews compliance to all laws applicable to the company. There is a well articulated code of ethics known as The Code of Conduct for Board Members and Senior Management Personnel of BPCL. The purpose of this Code, which came into force with effect from the 1st of January 2006, is to reflect business practices and principles of behaviour of the Board Members and Senior Management Personnel in affirming their commitment to Good Governance in line with the Company's philosophy on Corporate Governance. The Code of Conduct is posted on the website of the company. All the Board members and senior management of the company have affirmed compliance with the Code of Conduct in respect of the financial year ended 31st March 2008. Wedded to its values of '**Integrity in Thought and Action**', BPCL took a significant step in its quest to enhance transparency and reiterate its commitment towards good governance. On 10th January, 2008, a Memorandum of Understanding was signed in New Delhi between the company and Transparency International India (TII), to implement the Integrity Pact Programme (IPP).

*For complete Code of Conduct for Board Members and Senior Management Personnel of Bharat Petroleum Corporation Limited please visit http://www.bharatpetroleum.com/corporate/code_of_conduct

**TII is a non-profit and non-partisan organization which is involved in creating public awareness and promoting reforms on governance through its global network.

Sustainability Targets

BPCL received the ranking of Excellent Corporate amongst all PSUs for the year 2007-08 .All the targets set for 2007-08 were achieved. Our sustainability targets for 2007-08 and 2008-09 are as follows:

Parameter	2007-08	2008 -09
Financial		
Gross Margin/Gross block (%)	20.61	-5.2
Net profit/Net worth (%)	17.53	-45.08
Gross Profit/Capital Employed (%)	21.30	-15.46
Gross Margin (Rs. Crore)	4388.00	-1197
Gross Sales (Rs. Crore)	122837.71	125398
PBDIT / Total Employment (Rs. Lakhs/employee)	30.01	-8.26
Added value/Gross sales (%)	6.73	2.4
Internationalization of Quality		
Mumbai Refinery-Quality Assurance Benchmarking Product correlation scheme (%)	94	94
Kochi Refinery-Quality Assurance Benchmarking Product correlation scheme (%)	94	ISO 17025 Recertification of QC: on or before 31.10.08
Retail sector: Sale of MS through branded PFS outlets	80	85
Retail sector: Sale of HSD through branded PFS outlets	80	83
Market effectiveness (ratio)	1.12	1.17

Sustainability Targets (Contd.)

Parameter	2007 - 08	2008 - 09
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Customer Service/Satisfaction

Customer satisfaction Reseller - (MS/HSD) %	98	98
LPG (%)	96	96
Direct Consumers (%)	96	96
Aviation (%)	96	96

Human Resource and Development

Mentoring for new recruits at Entry level (Nos.)	164	150
Leadership Development (Nos.)	60	80
No. of non - management staff to be exposed to multi-Skilling / re-skilling courses (Nos.)	225	250

Research and Development

Development of novel Technology for clean fuels (%)	100	100
Development of formulation for auto/industrial lubricants (Nos)	6	6
Blending of ethanol (kl)	20075	40000

Sustainability Targets (Contd.)

Parameter	2007 - 08	2008 - 09
Progress on Projects		
Bina Terminal (%)	20	60
Bina Kota pipeline project (%)	15	60
Capital Expenditure / Greenfield Investments / Joint Ventures		
Utilization of Plan outlay (%)	90	90
Refining		
Mumbai		
Refinery Crude Throughput (Million tonnes)	12	11.5
Total distillates (% wt on crude)	71	72
Specific Energy consumption (MBTU/BBL/NRGF)	73	73
Kochi		
Refinery crude throughput (Million tonnes)	7.55	7.55
Total distillates (% w ton crude)	75	77.5
Specific energy consumption (MBTU/BBL/NRGF)	92	91

Sustainability Targets (Contd.)

Parameter	2007 - 08	2008 - 09
Marketing		
Market Share – motor spirit (%)	30.70	30.4
Market Share – High speed diesel (%)	24.50	24.60
Efficiency Specific Enterprise		
Average refining cost / tonne - Mumbai Refinery (Rs)	394	530
Average refining cost / tonne - Kochi Refinery (Rs)	404	535
Average marketing Cost/tonne (Rs.)	678	829
Safety		
No. of reportable accidents Per million man hours worked (BPCR+KR+Mktg) (frequency)	0.35	0.35
HSE training to employees in man - days (Mumbai Refinery)	1650	1650
Implementation of Safety audit Recommendations (Internal & External) at Mumbai Refinery (%)	90	90
One day safety and fire training for all employees in grade F And below for Kochi Refinery	100%	1400 mandays

NOTE: NRL's target is a composite score of 1-1.50 in 2007-08 and also in 2008-09

Mr. S. K. Joshi
Director - Finance



Our industry is going through challenging times. The year witnessed volatile crude oil prices and a strong domestic regulatory environment, leading to a liquidity crunch faced by the oil marketing companies. BPCL, as an integrated refining and marketing company, has had to carry a heavy burden. It is in times such as these that bring to the fore core sustainability challenges and reinforces our commitment to manage our business in a responsible way.

In the context of the energy needs of the country, BPCL plays an important role in ensuring a steady supply of energy products to the country. Accordingly, we have articulated several growth initiatives under 'Project Destiny'. We are examining new opportunities in alternate energy sources such as biodiesel and fuel cell technologies and are endeavoring to consolidate our presence further in the upstream sector.

We have made and continue to make significant investments in the upstream oil and gas sector. BPRL, our wholly owned subsidiary with committed investment of Rs. 15 billion, is carrying forward BPCL's plans in this area. Today, BPCL is regarded as a serious player in the Exploration & Production sector, having participating interest in 24 blocks, both in India and abroad and has an established relationship with international operators of repute.

On similar lines, we made initial steps into the biofuels arena, through Bharat Renewable Energy Limited (BREL). This will not only open up new avenues of resources in terms of feedstock diversification, but simultaneously create mass employment and put fallow land to good use.

New ideas are also being tested and tried in our retail business, so as to maximize the advantage that we possess by having established retail outlets spread across the country. As a result of aggressive marketing, the retail business was able to achieve an impressive growth of 13% compared to the previous year.

On another front, through Project Aryabhata – which is symbolic of our progressive ideas - we intend to entrench IT systems into our operations, which will help align and synchronize our business objectives. IT deployment will also significantly improve and streamline our risk management capabilities, in terms of reducing, and even eliminating, non-compliance costs through automation. One recent initiative is Bharat Retail Outlet Maintenance Application (BROMA), developed to provide transparency and a comprehensive solution for retail outlet complaint and management. Similarly, we have tied up with banks to provide IT enabled payment services through the National Electronic Funds Transfer (NEFT) Service. The response to these initiatives from our customers and business partners has been very positive.

Thus, strengthening core competencies whilst testing the waters for new, but aligned businesses, are the principles that BPCL employ while striving to manage the business responsibly.

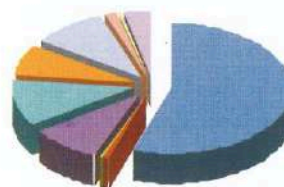
Economic Performance

We are primarily an energy processing and marketing company and a Public Sector Undertaking. The central government of India holds a stake of 54.93% in the company and the state government of Kerala has a shareholding of 0.86%. Although we export products to other countries, particularly those in the South Asian region, our focus on our principal and most important market, India, is unwavering. It is projected that the energy needs and the demand of the country will increase significantly in step with economic growth. The demand for oil and petroleum products is also expected to increase simultaneously. The Planning Commission of India has projected that demand for oil will increase by over approximately 20% from 2005-06 levels by 2012.

To meet the challenge of an evolving and growing market, we have designed and deployed various strategies that will help us not only to meet the energy needs but also fulfill our responsibility to our shareholders and contribute towards inclusive growth. Our revenues increased by about 12% though Profit After Tax (PAT) decreased by 12.26% when compared to previous years. Our total capital expenditure was Rs. 20.66 billion for the financial year 2007-08, as compared to Rs 18.34 billion during the year 2006-07.

During the year 2007-08, the average cost of Indian crude basket was significantly higher than the corresponding figure of the previous year. Due to volatility in crude prices, OMCs in India faced a considerable strain in their liquidity. Our profits have suffered due to the rising under-recoveries arising out of subsidies on SKO, domestic LPG, and also Motor Spirit and High Speed Diesel under-recoveries due to price regulation by the government. As a means to compensate this, Government of India set up a mechanism for sharing this subsidy burden. Out of the total under recoveries, one-third was shared by the PSUs in upstream sector through discounts on crude purchased, one-third by Government's Oil bonds and balance by OMCs.

**Shareholding Pattern
(as on 31.03.2008)**



■ Government of India - 54.93%
■ Government of Kerala - 0.86%
■ Unit trust of India - 0.30%
■ BPCl Trust for Investment in Shares - 9.33%
■ Life Insurance Corporation of India - 11.60%
■ Other financial institutions/Banks/Mutual funds - 7.30%
■ Foreign Institutional Investors - 10.13%
■ Private Corporate Bodies - 1.72%
■ NRIs/Overseas corporate bodies - 0.13%
■ Others - 3.70%

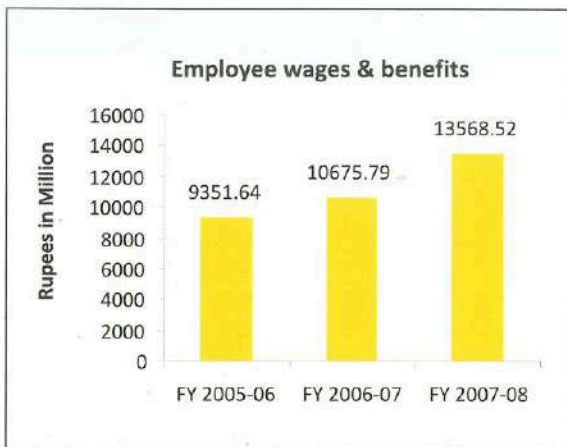
Table 1: Economic Value generated and distributed (BPCL consolidated)

Rs. Million

	FY 2005-06	FY 2006-07	FY 2007-08
Revenues	779155.2	991078.75	1125664
Economic Value distributed			
Operating costs	387492.38	504093.94	584081.84
Employee wages & benefits	9352.00	10676.00	13569.00
Payments to providers of capital	4473.79	11669.53	9159.32
Payment to government	214602.12	256872.56	273201.84

Contributing towards employee well-being

We realize that employees are our greatest assets and believe that contribution towards their welfare will promote creative thinking, thus leading to innovation. It is very important that we stay abreast with the latest technologies, practices, systems and thinking so as to maintain a competitive advantage in the oil and gas sector. Central to maintaining this competitive advantage is the well being and development of our employees. We contribute towards the welfare of our employees through contribution to Provident Fund, Gratuity schemes, medical insurance coverage, post retirement benefits and other long term benefits. This year we contributed Rs 13.6 billion towards employee remuneration and benefits. In addition to providing quality housing facilities to our employees, we also provide them with various recreational and infrastructural facilities on a case by case basis.



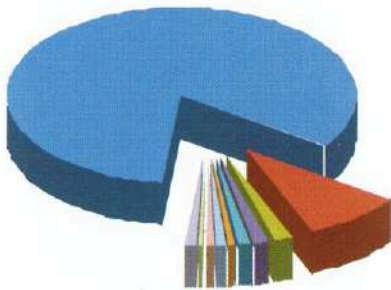
Mumbai Refinery staff colony was the recipient of "Glory of Mumbai Award" – 2007, instituted by Times of India recognizing our company's continuing commitment for greening and for excellence in living conditions of its employees.

Delhi Public School was set up at Numaligarh for children of employees at NRL. Meritorious children of non-employees are also admitted.

Procuring Goods and Services locally

Procurement of goods and services locally helps create livelihoods in the communities where we operate. We have considered goods and services procured in India as local. For procurements other than crude, approximately 90% of our materials, which include ethanol, additives, packages, chemicals and catalysts, are procured indigenously. Being a PSU, our procurement policies are pre-disposed towards sourcing goods and services from within India. However, due to limited crude reserves available in the country, we are compelled to rely heavily on crude imports. In 2007-08, over 66% of the crude processed by our Mumbai and Kochi refineries was of imported origins.

Distribution of each Rupee earned



Local economic development at NRL

NRL is located in the state of Assam, which is one of the seven states in the North Eastern region of India. This region had historically been isolated from rest of the India's growth story due to difficult terrain, lack of infrastructure and few access routes., By virtue of its remote location in the north-eastern part of the country, NRL has an intuitive policy which supports procurement of goods and services from local suppliers in the North Eastern region so that it can contribute to the local economy and its development. This policy, can often pose business challenges due to limited availability of local vendors and contractors who can provide the requisite level of services. Notwithstanding these constraints, NRL's efforts to procure goods and services from the region as far as possible, is evidence of our commitment to local economic development of the places in which we operate. In the financial year 2007-08, there were approximately 150 local suppliers from Assam supplying materials to NRL, and the economic value generated by NRL for the state of Assam was Rs. 145 million. The quantum of social benefits to local communities in and around NRL is estimated to be Rs. 84.82 million.

Direct Economic Impacts

"I found that there was a wider acceptance amongst the community of our social responsibility initiatives when we represented our principal BPCL. I am thankful to BPCL to give me this opportunity to undertake such initiatives"

Radhika, Prasanna Gas Service, Tamilnadu

Eastern Region: Direct and Indirect economic benefits

Direct employment provided by 12 retail installations/depots in the eastern region to tank lorry crews: ~1000

Number of contract workers (average per day basis): ~358

Jobs generated in the communities for eastern retail is approximately 1400. This excludes the number of suppliers and contractors and employees of BPCL.

It is estimated that total yearly outflow of money towards payment, in the eastern region of BPCL, amounts to approx. Rs.161 million.

Creating employment opportunities and sustainable communities

Guided by the MoP&NG, our hiring policy is designed to preferentially provide employment to citizens of the country. It also provides for fixed quotas for the differently-abled and members of economically backward classes and tribal communities. Campus interviews and written examinations are conducted for filling vacancies.

Philanthropy is intricately weaved in our country's culture, tradition and religions. We spent about Rs 37 million on charities and donations in this year. NRL spent Rs. 13.22 million on infrastructure for communities in the reporting period. The infrastructural developments included the renovation of more than 30 schools and colleges, the improvement of roads and drinking water facilities in its vicinity.

Availability of water throughout the year within village boundary is proving to be a boon. Skills developed during the project are becoming a source of livelihood for participating youths who are doing masonry work in the village and elsewhere”

- Villager, Mahuli village, Maharashtra

Project Boond : Infrastructure for water harvesting

We approached the Oil Industry Development Board (OIDB), Drought Relief Trust for funding a proposal to undertake projects for alleviating the drought situation in five villages on the leeward side of the Western Ghats in year 2005 and 2007. On approval from the OIDB, a well known NGO, Bridge Public Charitable Trust was identified to help implement the projects which included the repair and deepening of wells, the repair and building of bunds to capture and store rain water, building of weir dams and construction of water tanks.

We helped develop the capacities of the villagers in masonry, welding and plastering which would help in construction and maintenance of the water harvesting and storage structures. Community contribution was raised in the form of “Shram Daan”, or voluntary service. Villagers contributed a day’s work per week to the village and were paid for the remaining days of the week. This helped to check the seasonal migration of villagers, which is widely prevalent in these communities. We closely monitored the progress of the interventions and also interacted with the villagers, along with the NGO through an employee volunteering Initiative.

Based on the success of the Boond I and Boond II, projects under which were implemented between 2005 and 2007, we obtained OIDB’s support and engaged Bridge Public Charitable Trust for implementing similar projects in four villages under Boond III – Dhendanmaal, Takichiwadi, UMBERWADI and Rikamwadi village. The expenditure on Boond III was estimated at approximately Rs 2.5 million and most of the work was carried out in the reporting period. During this phase of the project, activities included repairs and leak-proofing of bunds & wells, construction of new underground bunds, KT bunds on streams, etc. BPCL employees also participated along with villagers in construction of some of the structures.

Having received a positive response from the villagers to these projects, we have decided to take this initiative to other parts of the country in the coming years.



Villagers and BPCL employee volunteers working together on bund construction



A weir constructed at Mahuli village under Boond II

Mr. R. K. Singh
Director – Refineries



During the year, efforts continued in making BPCL achieve the highest standards in the areas of health, safety, environment and security (HSES). Our refineries excelled in the area of safety: this year there were zero fatalities. Mumbai refinery achieved 5 million man-hours and Kochi Refinery achieved 8 million man-hours without any Lost Time Accident (LTA) during the year. Apart from extensive training to employees, concerted safety training of 14498 man-days imparted to contractual workers and supervisors played a significant role in achieving this milestone. Emphasis was also given through the year to security related preparedness at all locations across BPCL for enhanced industrial security. All operational locations were in a state of preparedness for dealing with security issues. We are committed to ensuring that people who work for us go back to their families safely each day.

On the environment front, a notable initiative was the commissioning of a Single Point Mooring (SPM) facility, located 19.4 km offshore, at Kochi refinery to facilitate crude transfer. This facility has allowed us to bring in very large crude carriers, thereby achieving freight economics. Being a closed system, the likelihood of oil spillage is also minimized. At Numaligarh too, we have invested in the development of a pipeline from the refinery to Siliguri which will reduce the leakages associated with transportation through rail and road. The Mahul refinery continues to maintain the same stringent emission limits inspite of employing heavier crude while increasing the refining capacity to 106.2%. In all these efforts, the concomitant environmental impacts have been reduced.

We are deeply aware of our carbon footprint and have been evaluating several options for alternate and non-renewable energy sources. BPCL has been one of the first Indian oil companies to successfully employ wind energy for generating 5 MW power. This project is expected to reduce nearly 80,000 tonnes of CO₂ emissions and is currently at an advanced stage of registration as a CDM project at UNFCCC. We are also exploring the possibility of availing 100,000 Verified Emission Reductions (VERs) from environment friendly projects. In recognition of the need to further strengthen and orient our sustainability efforts, we have plans afoot to recover hydrocarbons from oily sludge wastes and recover waste heat, in an effort to conserve energy where possible and minimize leakage losses through pipeline development.

BPCL is increasingly cognizant of water being the “next fossil fuel” and is seriously studying its water footprint. Rainwater harvesting is being undertaken at Mahul refinery and several SBU locations. We plan to extend this initiative across the country by next year.

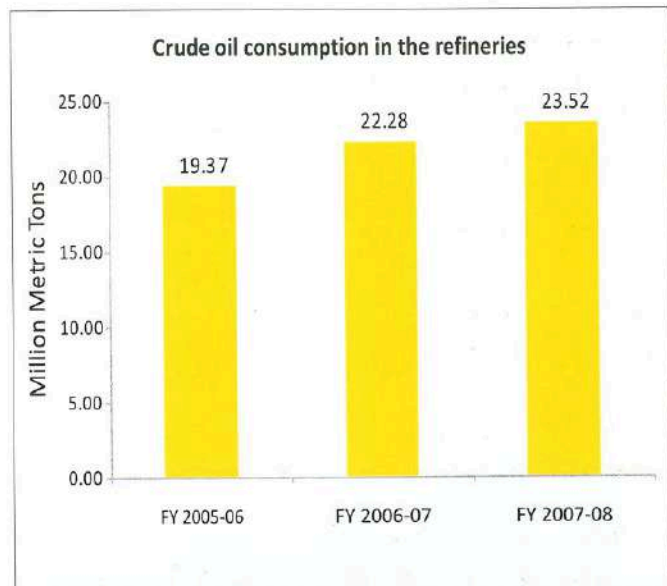
We continue to reinforce our steadfast belief that HSES issues should always remain at the top of our agenda with a single-minded focus on zero harm being BPCL’s constant objective.

Fossil fuel extraction, processing and usage has large and far-reaching implications on the environment which sustains life on Earth. We face the dual challenge of balancing environmental implications of our operations and product offering and our responsibility towards our shareholders and the communities that are directly dependent on us. We have very limited influence on the product usage by our customers, but since energy conservation and efficiency is embedded in our organization's policy we engage with our customers through various modes of communication to raise awareness regarding implication of fossil fuel usage and the need for conservation.

We are committed to achieve the highest standards of environmental performance within our control. The core objective of our R&D centre has been towards achieving greater energy efficiency in our processes and research on commercialization of available renewable energy technologies. Our establishments across the country continue playing an important role in Responsible Care, the chemical industry's global voluntary initiatives for continuously improving their health, safety and environmental performance and to communicate with stakeholders about their products and processes. Our refineries have received certifications for Environmental Management Systems (EMS) and many awards and accolades for excellence in environmental performance. We are all committed to continue making concerted efforts for excellence in environmental conservation.

Material Management

The global demand for oil has seen a significant increase due to the growing economies of China and India. In 2007-08, our crude throughput level increased to 23.52 MMT, a 5.5% increase from the previous year. Our methanol consumption at Mahul refinery was 6297 MT and key semi-manufactured goods or parts consumption for this year was 250.40 MT (excluding NRL), for our Refinery SBU. Semi-manufactured material consumption for the Lubes SBU was 16598 tons. Packaging material consumption was reduced at our refineries and lubes units to 24887 MT by 16945 MT from the previous year. Though we do not reclaim packaging materials of the products various products that we sell, however our approach towards reuse of LPG cylinders and strategy of increasing reticulated LPG has helped us to decrease our material footprint. We have so far connected 30148 households through the LPG Reticulated System. Technologies for reuse of oily sludge are being experimented with at our refineries to reduce crude consumption. Our refineries reuse slop oil in the crude refining process.



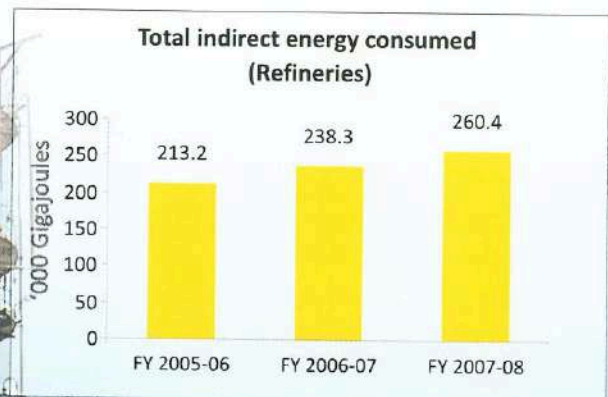
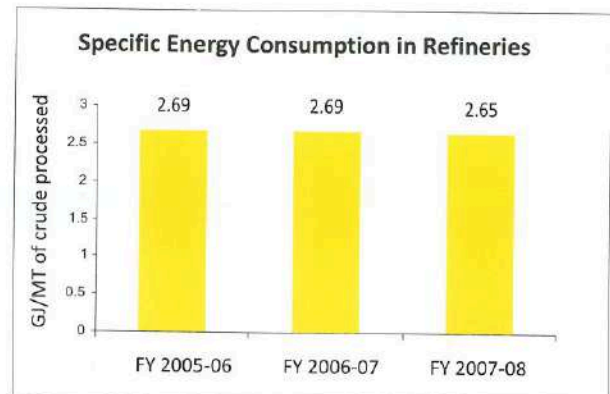
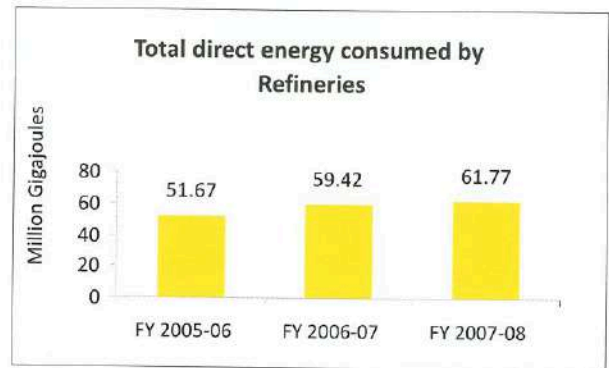
Energy management

BPCL is committed to decreasing its energy consumption in its processes and has adopted a two-pronged strategy to achieve this objective :

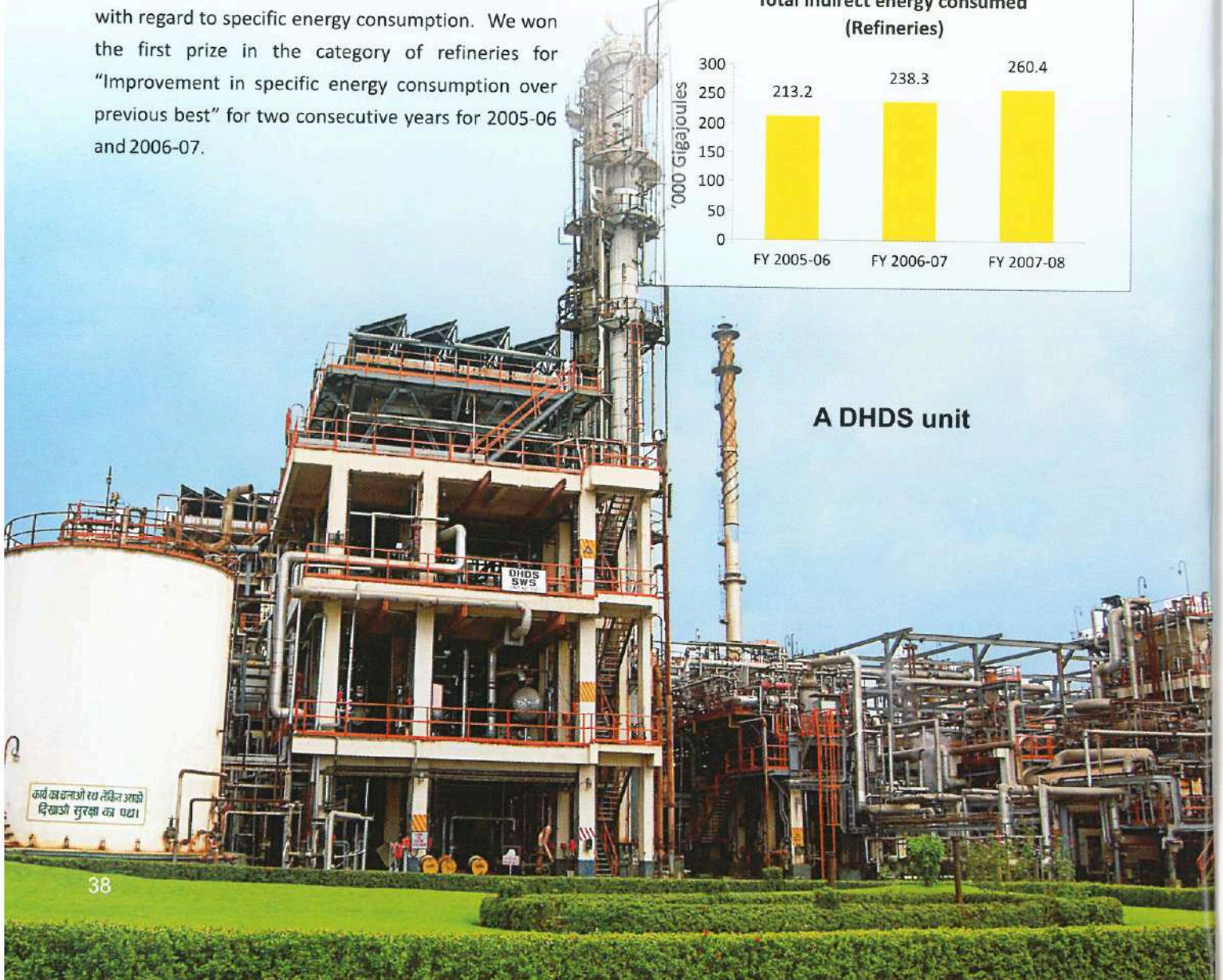
- By fostering innovation which will help to develop scientifically sound and practical solutions to achieve energy efficiency.
- By increasing the renewable energy percentage in our energy mix.

NRL achieved the lowest specific energy consumption this year at 66.1 MBN. The fuels used in the refineries and lubes plants to generate energy for consumption in various processes are *inter alia*, coke, fuel gas, refinery gas, naptha and HSD. We are also dependent on electricity providers to meet our total energy requirements.

Our Mumbai refinery has one of the best track records with regard to specific energy consumption. We won the first prize in the category of refineries for "Improvement in specific energy consumption over previous best" for two consecutive years for 2005-06 and 2006-07.



A DHDS unit

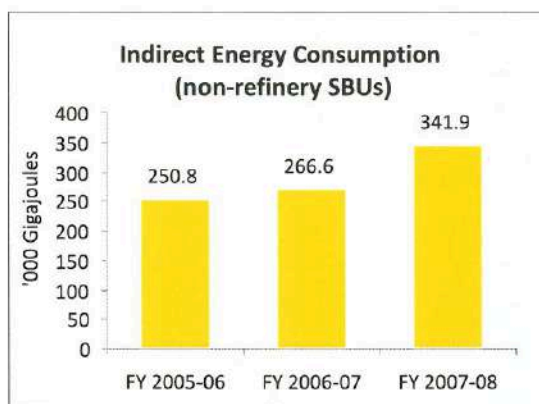
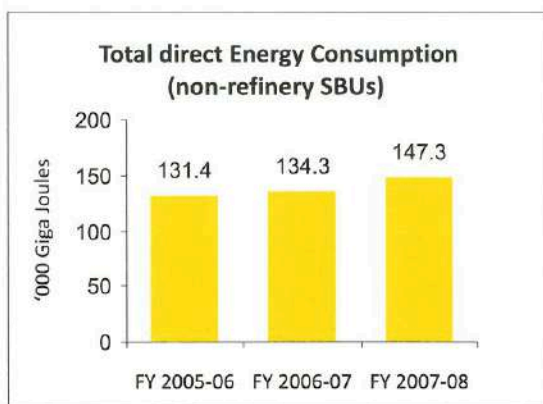


Wind based hydrogen fuel cell for yard lighting at LPG bottling Plant at Bangalore

Intense research is being carried out the world over to find effective ways to generate hydrogen from renewables. To stay on the vanguard of technology development we decided to test-bed a small wind based, hydrogen fuel cell technology concept.

A prototype was developed wherein Hydrogen is produced by electrolysis of water. The energy required for electrolysis is generated by using a small 5 KW wind energy generation system. The electrolyser was developed locally by our engineers. The Hydrogen produced had a purity of 99%. This system is now used for yard lighting at the location. The benefits of such a standalone renewable system are that, it does not contribute to resource depletion, atmospheric pollution and that there is minimal noise generated from the wind energy generation system.

Total direct energy consumption for non-refinery SBUs was 1473245 GJ and the indirect energy consumption was 341945.3 GJ in the reporting year. The major fuel used in the non-refinery SBUs is diesel for power generation. Energy conservation at our refineries has been a major focus area this year. We have taken many energy conservation initiatives across our various units. In the refineries, energy conservation initiatives resulted in total energy savings of 1545232.7 GJ which is approximately 5 times the energy savings realized last year. We celebrate oil conservation fortnights every year at our refineries, retail installations, LPG bottling plants, AFS and many retail outlets. During this time we spread awareness on energy conservation and efficiency measures, conduct poster and slogan competitions and also give awards to innovative ideas.



Energy Benchmarking

The LPG SBU sets benchmarks for specific energy consumption at its sites on a yearly basis. The best practices are shared and the initiatives are adopted and phased in across the bottling plants. Our LPG bottling plants at Nashik and Loni have achieved the lowest specific energy consumption in their respective regions. Specific energy consumption at Nashik was 9.34 KWh/MT and Loni was 10.42 KWh/MT. The various energy saving interventions that these plants implemented include:

- Reducing idling time of air compressors and switching it off at lunch breaks.
- Effective leakage control in air compressors
- Timer based operations for borewell
- Automation of chain conveyors
- Seasonal regulation of lighting time of high mast towers and watch towers which are meant for visibility and security of premises at night time.

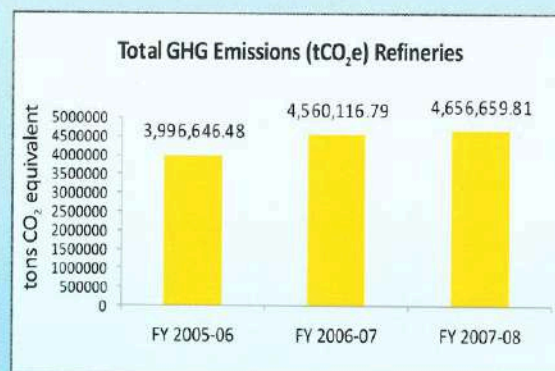
Climate Change and GHG emissions

Fossil fuel consumption is associated with a significant amount of Greenhouse Gas (GHG) emissions. It is estimated that around 60% of GHG emissions are from combustion of fossil fuel. We understand that apart from the reputational risk associated with it, climate change can affect our business through financial, operational and societal risks as well. BPCL is cognizant of the implications that climate change can have on the financial performance of the company. Therefore, being a forward looking company, we are working on realigning our businesses to meet this challenge. We have constituted Clean Development Mechanism (CDM) and Carbon Capture cells to look at ways of reducing GHG emissions and earning credits for it and also to evaluate possibilities for capturing carbon. We are aware of the limitations of fossil fuel availability in coming years as well as the sustainability risks associated with day-to-day businesses dependent on fossil fuels. We have adopted a multi-dimensional strategy to address challenges of energy security for the rapidly growing Indian economy and combating climate change. The strategies are:

- Continual improvement in our operational efficiencies
- Investments in R&D for commercial applications for renewable energy technologies and alternative fuels (explanation given in the innovation chapter)
- Forming strategic partnerships for developing renewable energy value chain (C&MD statement and JVs)
- Awareness raising with regard to efficient utilization of energy (energy audits, kitchen queen, website etc.)

GHG emissions reductions

- We have proactively started initiatives and undertaken projects to reduce the GHG emissions.
- Setting up of LPG/CNG terminals/stations
- Strengthening retail stations/positions/services
- Laying cross country pipelines
- Using Oil Industry common carrier cross country pipeline for supplies
- Increase refining position
- Venturing into renewable energy sources, eg. Windmills / solar cells
- R&D for alternate fuels (e.g. Bio-diesel, Hydrogen cells)
- NRL has got its 12 MW steam turbine generator project registered with the UNFCCC and the company stands to avail the benefits of carbon credits of 42 TMT per year for a period of 10 years starting 1st December 2008. It has also started a project for substitution of Naphtha by Natural Gas as fuel and feed in the refinery.

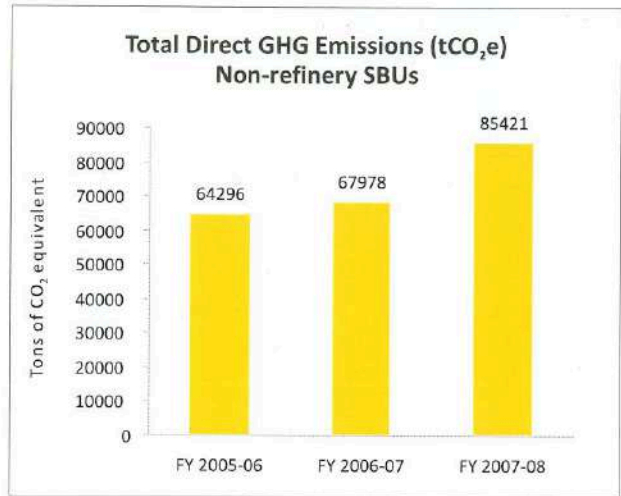


This graph includes emissions resulting from direct and indirect energy consumption for Kochi, Mumbai and NRL. The emission data also includes flare gas emissions for Kochi and Mumbai Refinery. Grid emission factor of 0.81 tonnes per MWH has been used for Mumbai and NRL and 0.72 tonnes per MWH for Kochi (CEA CO₂ Baseline Database ver 4.0, dated September 2008)

We have estimated our total direct GHG emissions based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Our total GHG emissions for non-refinery SBUs was 85420.56 tons of CO₂ equivalent. We have been one of the first oil companies to utilize non-conventional energy sources. 454503 KWH of energy in the reporting period was generated through wind-mills located in the state of Tamilnadu.

Biodiversity Management

BPCL operates in a variety of ecosystems since the operations are spread across India. None of our plants are situated in any notified environmentally fragile area. Our subsidiary NRL, spread over an area of 1000 acres, is located approximately at a distance of 35 km from the world famous Kaziranga National Park. We diligently follow the rules set by the Government of India for setting up of industries in sensitive ecosystems. In addition to various environmental management initiatives, NRL has installed a twin flare system with non-illuminating ground flare so that it doesn't distract the animals in the Kaziranga National Park, particularly at night. This is unique to the country.



This graph includes electricity produced from wind-mills. Since the percentage of electricity produced by wind-mills is small when compared to BPCL's non-renewable energy footprint, separate treatment of electricity generated from wind-mills has not been done.

National Grid emission factor of 0.79 tonnes per MWH (CEA CO₂ Baseline Database ver 4.0, dated September 2008) has been used.

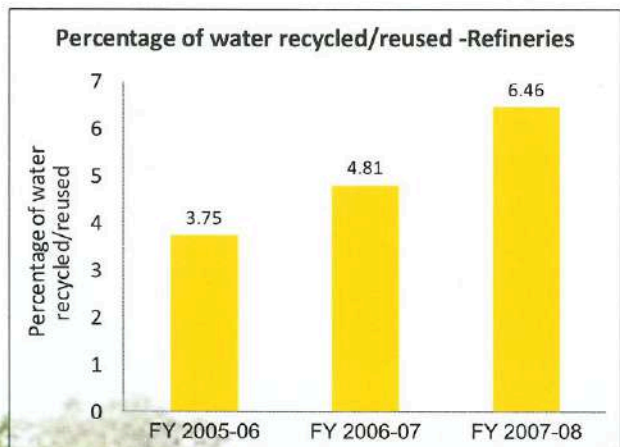
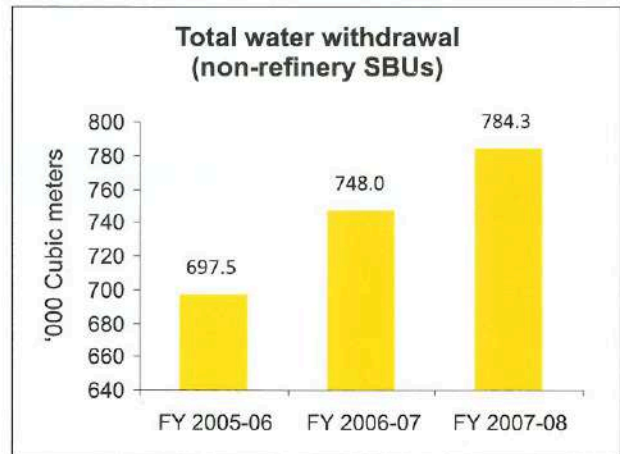
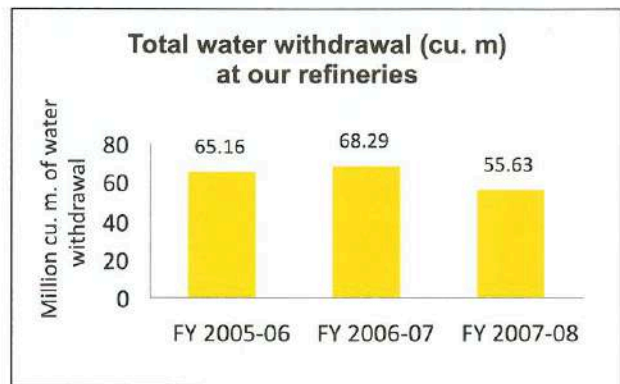
The data includes electricity consumed by Mumbai-Manmad-Manglya Multiproduct pipeline

NRL uses a non-illuminating ground flare



Water Management

We are aware that freshwater is a scarce resource, and that water can be a limiting resource. In addition to the water supplied by the municipal authorities, we take surface water from rivers, seas and groundwater. We are committed to reducing our water footprint by increased operational efficiencies, timely detection of leaks and increasing focus on reuse and recycle. We also promote rain water harvesting at all our locations. Our Mumbai Refinery is located near the sea, and we withdraw water from the sea as per the amount set by the state pollution control board. Kochi Refinery and NRL, by virtue of their location near the rivers Periyar and Dhansiri respectively, are dependent on these rivers for their raw water intake. This year we were able to reduce total water intake at our refineries by 12.6 million cubic meters. At Mumbai refinery we have replaced one of the four sea water based cooling towers with a freshwater based one, effectively reducing water withdrawal. This initiative has significantly contributed to a decrease in the total water consumption. Our refinery at Kochi built a rainwater-harvesting pond spread over an area of 5 acres with a capacity to collect 25000 m³ of rainwater. This water is used for watering the green belt which consists of about 6000 trees and also for fire-water make up. Another contributing factor for the reduction in water consumption is the increase in the percentage of water being reused / recycled across our refinery locations.



Many of our plants, depots and installations use groundwater for their operations. However, many of these, excluding the refineries, currently do not have comprehensive monitoring mechanisms for measuring groundwater consumption accurately and reliably. In the near future we intend to implement systems to capture groundwater withdrawal and consumption. This year our water withdrawal (surface & municipal supplies) for the non-refinery SBUs has been 7,84,295.81 cubic metres*.

Air emissions

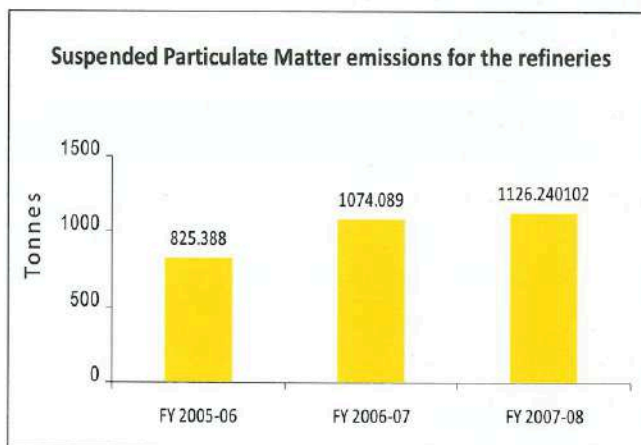
BPCL has implemented cost effective new technologies and adopted new operating practices to reduce air emissions and meet all regulatory requirements. We are working towards reducing the emissions of volatile organic compounds (VOCs), sulfur dioxide (SO₂), and nitrogen oxides (NO_x) from our refineries.

To reduce fugitive hydrocarbon emissions from equipments and pipelines in process units and offsite areas, a comprehensive monitoring and control program is in place. At Kochi Refinery, we commissioned a facility for desulphurization of vacuum column off gas this year. It is one of the few refineries in India that has taken this initiative. With this facility we were able to increase energy recovery from waste heat, reduction of SO₂ emission from the vacuum heater and corrosion prevention. A reduction furnace was also installed for converting ammonia generated in the sour water stripper in DHDS to Nitrogen, thereby reducing NO_x emission in the refinery. We have low NO_x burners installed in all our refinery furnaces to minimize pollution because of nitrogen oxides. NRL has provisions for continuous online stack monitoring for all its major stacks.

The systems of monitoring air emissions parameters uniformly across the refineries are currently in the process of upgradation. Hence, we are unable to present data pertaining to air emissions comprehensively. We will be reporting on these parameters in our future reports. We are also in the process of phasing out Ozone Depleting Substances (ODS) consumption as per the directives laid down by the GoI.

Gasoline Sulphur Reduction at Mumbai Refinery

The use of a Gasoline Sulphur Reduction (GSR) catalyst additive can significantly reduce gasoline sulphur levels in an FCC without the need of a separate unit for hydro-desulphurization. BPCL's R&D unit identified a suitable GSR additive and dosage for Mumbai Refinery which has resulted in a reduction of 30% in gasoline sulphur emissions.



The values reported in the graph is for Mumbai and Kochi Refinery

* When compared to overall water footprint of the organization, water consumption that is not being reported here is less than 5% of the total water consumption that has been stated in this report.

Waste Management

The treated effluent from the treatment plants is discharged as per consent and the quality is monitored to ensure that it meets the regulatory requirements. At our refineries, of our total water withdrawal of 55.6 million m³, we discharged 37.10 million m³ of treated water conforming to the prescribed regulatory limits of effluent water quality. To ensure that effluent does not contain any traces of oil we run it through oil-water separator and the recovered oil is used back. We envision making all our units zero discharge units.

The wastes generated at our locations of operations are categorized into hazardous, non-hazardous, bio-degradable and non-biodegradable wastes. Some of our units also use bio-remediation for bio-degradable hazardous waste. The non-hazardous waste is disposed of as scrap. The bio-degradable non-hazardous waste is used to make manure or vermicompost. The non-biodegradable hazardous wastes generated are disposed as per the rules and regulations prescribed by the respective State Pollution Control Board (SPCB) under the aegis of the Hazardous Wastes Management & Handling Rules, 1989 as amended in 2003. FCC catalyst fines, ETP chemical sludge, spent molecular sieves, spent catalyst (Cobalt-Molybdenum, Nickel), oil-contaminated soil, oily sludge from crude tanks, waste bituminous oil, waste transformer oil, lead acid batteries and oil barrels are the major types of hazardous wastes generated at our refineries. From our refineries, this year, we disposed a total of 638.81 tons* of hazardous waste and 306.9 tons of non-hazardous waste. The number of lead acid batteries and dry batteries disposed by Mumbai refinery were 135 and 250 respectively.

Lead acid batteries, waste containers, used oil & oily sludge form a substantial composition of hazardous wastes generated at non-refinery SBUs. In 2007-08 we generated 4055.59 MT of hazardous wastes. A total of 6901 waste containers & oil filters also constitute our total hazardous waste generated in this year. Apart from these 765.22 kilolitres of waste oil was also generated in 2007-08. Tank bottom sludge available at various locations is an area of concern for all of us. Hence, its disposal in an environmental friendly manner is very essential. Bio-remediation of this sludge has been permitted by certain SPCBs. Locations that have been granted permission have begun bioremediation of sludge. At other locations sludge is disposed of through incineration carried out by authorized/approved parties of respective SPCBs.



* The lead acid batteries disposed in Kochi refinery given in tonnage is included in the total hazardous waste disposed. The data includes solid and liquid hazardous waste.

Compliance

During the reporting period there were no significant monetary fines paid or non-monetary sanctions levied.

Spill Management

Our company is committed to the prevention of spills from our operations. We are continuously upgrading our systems with timely replacement of equipments and comprehensive inspection and surveillance programs. We have 24-hour monitoring of the cathodic protection systems and regular leak detection and repair. We periodically conduct acoustic emission testing technique for integrity assessment of high pressure critical pipelines. We have installed sluice gates and oil traps wherever required and applicable in storm water channel in our refineries and installations. This is a preventive measure to eliminate any possibility of oil carry over due to some accidental causes. We also follow the OISD guidelines with regard to construction of our sites to contain spills. To prevent spillage during tank lorry loading we have equipped the company owned vehicles with bottom loading arm. This prevents spills, VOC emissions and reduces static charge. We currently measure and report significant spills. There were only two significant oil spills in this year amounting to approximately 411 kilolitres of oil spill at Irumpanam installation (Kochi Refinery) and Hyderabad AFS. Apart from reporting to the regulatory authorities we have immediately carried out the salvage operations to avert any major damage to the environment.



Bottom loading arm

The new Single Buoy Mooring (SBM) facility that has been installed offshore near Kochi is a step towards reducing crude spills and leakages. Its salient features include:

- Reduced oil pollution risks and fire hazards near harbor area
- Eliminated risks of grounding of tankers due to siltation in channel / near berth
- Under buoy hoses are of double carcass eliminating chances of spillage by early detection of failure of any one carcass.
- Reduced probability of oil spillage due to less number of tankers.

Single Buoy Mooring (SBM) facility at Kochi



Mr. S. Mohan
Director - Human Resources



BPCL has always put "People above Oil" and attributes all its achievements to its people.

It is in our organization's interests that we look after our people, enable their growth and provide support in the best possible way.

Our people's needs, interests and concerns naturally evolve over time and it is thus, important for us to keep pace with them. In terms of professional development, our well-established central and regional learning centers conduct programs for skill upgradation that are precise and linked to business priorities, enhancing employees' ability to drive change.

Attracting and retaining employees is a key challenge in this highly competitive environment. BPCL has geared up to this challenge and is striving to make our work environment more informal and approachable and has also started a mentoring process. A newly introduced initiative that has met with resounding success is the face-to-face counselling for the employees and their families.

BPCL is also working towards promoting diversity in the workforce. We recognize that there is much to do in this area, but with the provision of facilities such as crèches for mothers, set up of sexual harassment committees, etc. we are moving in a positive direction.

The community is another key stakeholder for BPCL and we have consistently strived to work with different communities for their welfare. Several community development programs were undertaken during the year in the adopted villages. Care has been taken that these do not remain one-time efforts; rather, sustainability of these initiatives is key, factoring in the needs of the community and its cultural sensitivities. We helped transform 9 villages near Kasara Ghat in Thane district of Maharashtra from water scarce to water positive as part of Project Boond, a collaborative venture with an NGO, The Bridge Trust and with financial assistance from Oil Industry Development Board. For this initiative, BPCL has received several awards.

We also encourage our people to pursue their passions. Sports has been an area in which we have focused on. In a country in which sports are often neglected, BPCL has taken it upon itself to encourage promising sportspersons by providing them employment with our company. Some of India's best sportspersons such as Saina Nehwal (Badminton), Anup Shridhar (Chess), Devendra Joshi (Billiards) amongst many others are BPCL employees.

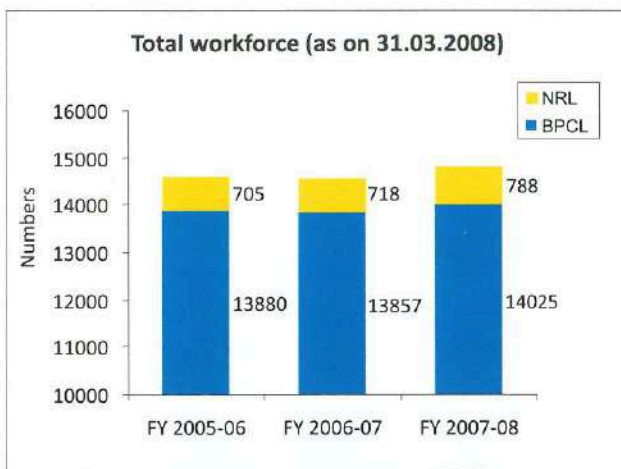
Sustainability is not only inbuilt into the organization by virtue of statutes, commitments and values; but it is also deeply embedded in our DNA in terms of the way we actually operate and the respect we give to our people, ensuring always that people remain above oil.

Social performance

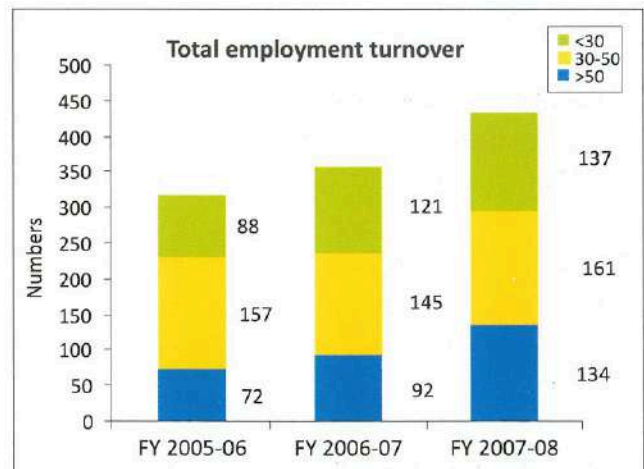
BPCL has always put "People Above Oil" and attributes its achievements to its people. Systematic engagement with our employees is deeply entrenched within our operations. This helps us know our people better, impart multidimensional skills and reward their performance. We treat our people with dignity and respect.

We believe in unity in diversity which is the existential reality of India. Concurrent with our policy of employing people based on merit, irrespective of their backgrounds, our workforce is representative of the variety of cultures that make up India.

Though our employee turnover is within the industry average, we are facing the challenge of retaining skilled and experienced manpower in this highly competitive environment. We have geared up to this challenge and we are constantly focusing on fine-tuning our HR policies. About 3% of our employees sought newer opportunities and we bid farewell to them. We respect the right of our employees to associate and express their opinions freely. We give all our employees full rights to be members of workers' unions and currently approximately 90% of our employees are represented in collective bargaining agreements.



Data for 2007-08 includes NRL data and excludes data for NRL GET



Data for 2007-08 includes NRL manpower turnover data



To ensure that the needs of our employees are addressed, we maintain a healthy relationship with the various unions that represent our employees. The management cadre of employees is represented in the Oil Sector's Officers Association (OSOA) and the non-management cadre is represented by a number of workers' unions, specific to the region in India. Any operational change is discussed with the unions and only after consensus is reached do we make any changes in carrying out regular day-today business schedule and process. Our certified standing orders and long-term settlement conditions contain clauses related to operational changes and grievance handling procedures.

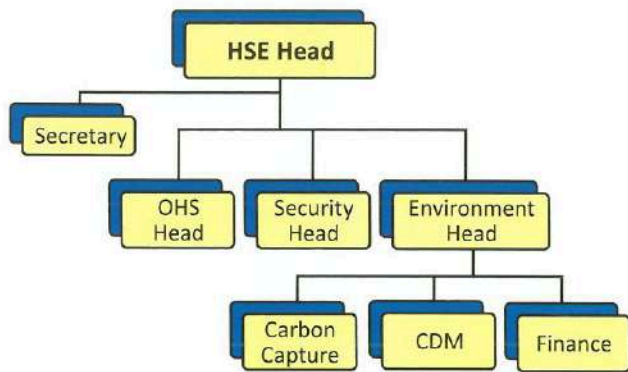
HSE Cell

We have developed a culture that intrinsically places a premium on health, safety and environmental standards which cuts across the organization. Our locations have also been recognized with various safety awards, including the coveted British Safety Council award. In order to encourage improved health, safety and environmental performance, an internal HSE&S Award was constituted three years ago. The response to this competition has been so overwhelming that it is now a full-fledged, multi-criteria award and has encouraged healthy internal competition amongst our locations.

To ensure that our locations not only meet basic HSE regulations and industry standards but also develop additional capabilities, HSE regional coordinators are responsible for the development of an HSE target list that is passed on to each location.

We conduct trainings regarding occupational health and safety for employees during induction process, truck and lorry drivers, contractor's workmen and supervisors. We have formal joint management-worker health and safety committees at all our sites where the management and workers have equal representation. Our intense focus on safety has paid rich dividends and we have had no fatalities in the last 3 years in our refineries. Mumbai refinery achieved 5 million man-hours and Kochi Refinery achieved 8 million man-hours without any Lost Time Accident (LTA) during and the year and. NRL reached 10.29 million LTA free man-hours since its last LTA in Feb 2002. Across the organization, there were only 53 lost time accidents that resulted in 355 man-days lost.





HSE Cell Structure



Safety talks are frequently held with the workforce

Setting Annual HSE Targets and Calendar

Being in the hazardous industry category, safety, health and environmental standards are of high importance. In addition to conducting mandatory trainings and meetings, we encourage our locations to go beyond compliance. For this purpose, HSE targets which include a schedule of trainings, workshops, safety meetings, safety courses, safety talks, wellness sessions, etc, are developed by our regional HSE coordinators for each of the sites that fall within their region. Many of these sites have begun to maintain a calendar in accordance with the targets that have been set for them. Regional HSE coordinators monitor the performance of each site. At the end of the year, inputs received from each location regarding their activities are put together, best practices are shared across locations and new targets are devised for the following year.

HSE&S Awards

The internal HSE&S Awards were constituted with the aim to create a forum through which the best performing plants/supply locations can exhibit their activities and achievements. This not only serves to motivate improved HSE&S performance from all locations, but also helps share best practices and inculcate a new culture across the organization.

The third HSE&S Award has multiple categories in order to accommodate the various types of operations that we own and/or operate. The evaluation criteria includes Health and Hygiene, Safety, Environment, Security, Training, Management Systems related performance and initiatives.

The provision of these awards has spurred healthy competition amongst our locations to improve HSE&S performance whilst maintaining superior operational performance.

Employee satisfaction and Enhancement cell

With the objective of making BPCL "A Great Place to Work", the Employee Satisfaction Enhancement (ESE) cell was formed in the year 1998. The objective of ESE Cell is to lay down a framework for prompt redressal of genuine grievances of all employees of the company. Beyond merely handling grievances on a case by case basis, the ESE Cell proactively works towards improving the systems and processes.

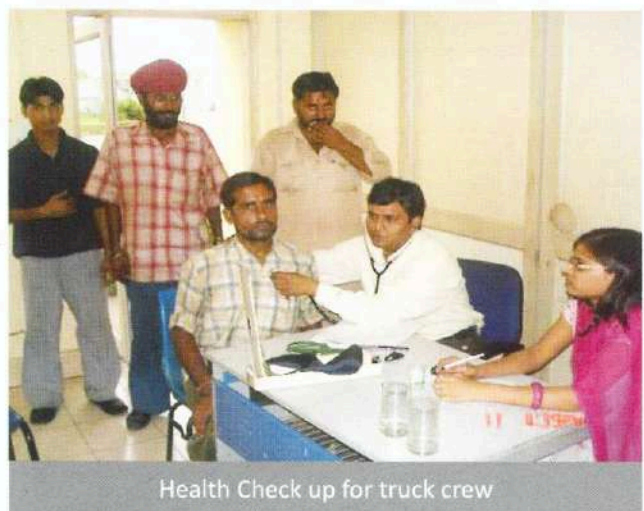
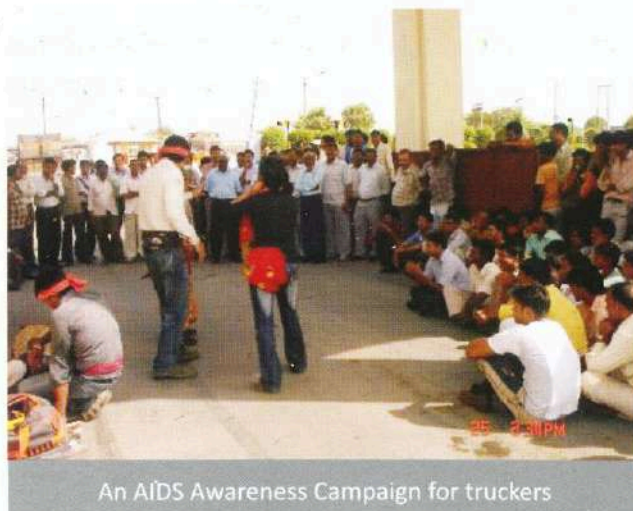
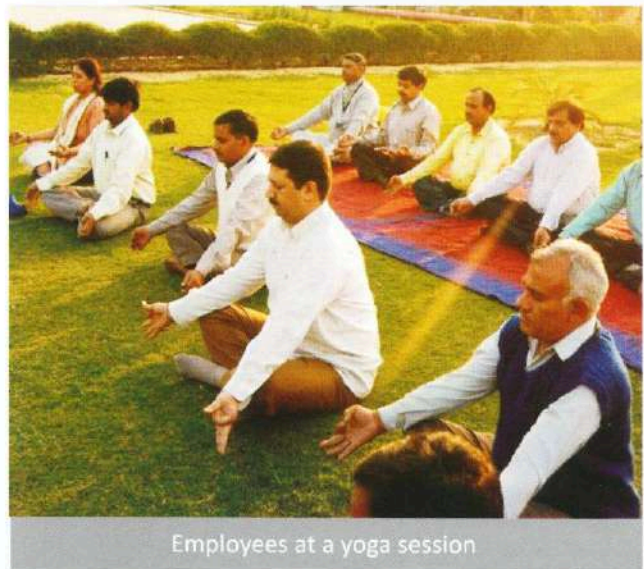
Based on the data that is acquired from the various grievances received over the years, such as the nature of grievances, source of grievances, trends, etc, the ESE Cell proposes systemic, procedural and policy related improvements aimed at making us more employee friendly and simultaneously reducing the likelihood of employees feeling aggrieved. Some of the major grievances received by the ESE cell refer to:

- Transfer requests
- Performance Management System related issues
- Promotion related issues
- Inter-personal issues
- Personal problems
- Delay in sanction of loans
- Late receipt of benefits/reimbursements
- Salary anomalies

27 complaints were resolved by the ESE Cell in 2007-08. The cell has also taken a number of initiatives to improve employee satisfaction and overall attitude, such as the conduct of Yoga/Pranayam classes, team building exercises during location visits, provision of counsel to desirous employees, the launch of an intranet website where employees can share their thoughts/concerns and also provide their feedback to the ESE.

Employee Health and Well Being

The health and well being of our workforce is of prime importance to us. We conduct complete health check-up for all our employees once a year and we conduct regular health camps for our PCVO crew and contractual employees. We also carry out health check ups for employees working in hazardous areas of our refineries and lubes locations every six months.

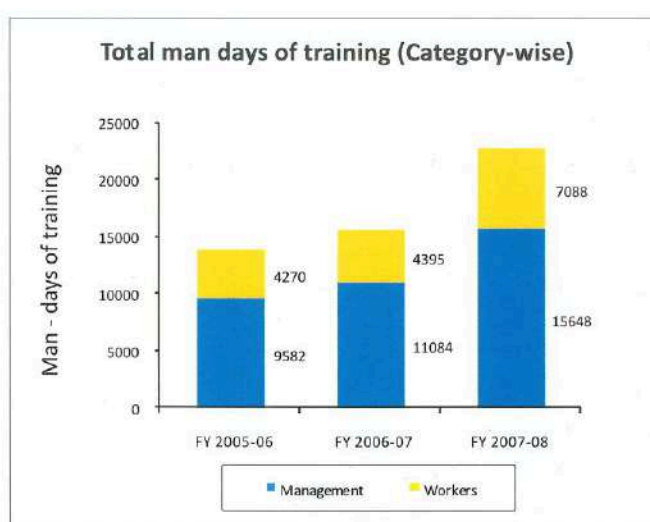


We are aware of the fact that today's life style is stressful and most of our locations have taken up health and well being initiatives in one or another form. We provide counseling for life-style diseases - diabetes, hypertension, etc. for our employees. We conduct stress management sessions, yoga, meditation etc. at our many locations.

Truck and lorry crew form a key part of our business and we rely on them for our business success. We are aware that truck crew and lorry crew are in high risk category to HIV/AIDS infection. We were amongst the first companies in India to sign the ILO Charter on HIV/AIDS. We conduct AIDS awareness training and provide treatment expenses on a case by case basis and balancing related factors. We tie up with respected NGOs that help in awareness creation and provide quality counselling and treatment to HIV infected people.

Employee development and growth

At BPCL, taking care of employees' intellectual and growth needs and the promotion of a cohesive work culture is important. Our employees are given the opportunity to work in different SBUs based on preference and career needs. Regular performance appraisals reward strong performance, identify training needs and help our people set objectives in terms of career progression and performance targets that are of mutual benefit to them and our company. With a view to differentiate performance and reward high performers, we introduced a Performance Related Incentive Scheme in 2003-04. Since then, quarterly career development reviews are conducted for all employees apart from the year end performance appraisal. To benchmark performance against the highest standards, we had identified competencies which set apart outstanding performers.



Data for 2007-08 includes NRL training man-days. Data excludes training imparted to trainees/apprentices

We have set up a 'Development Centre' for our employees. Through the 'Development Centre', competencies and developmental potential of the participants are assessed by trained professionals using a diagnostic process. Annually we conduct 3-day workshops for our pre-retirement colleagues so that they are well advised before entering retirement life. The workshops are conducted by external experts and cover topics such as sound financial management and preventive health maintenance. The family of the retiree is also invited in these counseling workshops.

BPCL invests in training and development to enable all employees to perform to the best of their ability and to support their career progression. We work hard to attract and retain the best and the brightest people at BPCL and to help them develop their potential. The Bharat Petroleum Learning Centre at Mumbai and the Regional Training Centres are used for imparting training on new initiatives and for skill upgradation of employees. In 2007 - 2008, we delivered 22736 man-days of learning and development to 9885 employees at all levels and inputs were given both in functional and managerial areas.

We do not discriminate in respect of hiring, remuneration, access to training, termination or retirement, based on race, caste, national origin, religion, disability, gender, union membership, political affiliation and age.

Mr. S. Radhakrishnan
Director – Marketing



The customer is a focal stakeholder who can determine the sustainability of the organization. We at BPCL are aware of this and the customer, therefore, is central to our business strategy.

Our business is closely associated with *energizing lives* through marketing of fuels to customers. However, since the nature of fuels we market is so diverse, we need to understand a variety of customers, which include truck drivers, car owners, domestic households, aviation companies and industries. Further, India is on the path of development and through this journey, we anticipate that the needs of our customers will, but naturally evolve. It is thus imperative that we evolve with them.

Our customers are sensitive to the efforts made by us in the domains of their health & safety and environmental protection. One of the major initiatives taken up is the provision of health checks at an increasing number of retail outlets for our truck drivers. More than one lakh truck drivers have been covered by this initiative, which stems from our concern for the health of the customers that we serve. It is also synergistic with our business goals, by creating a deeper association between our customers and the business. Rainwater harvesting is being taken up at new big format retail outlets. There has been a concerted effort to reduce emissions from storage tanks, a step that will reduce losses and lead to an environmental and commercial benefit, while simultaneously reducing associated health risks to our customers and employees. Multipurpose retail GHAR outlets were conceived and started in order to provide our customers a one stop shop for all their needs on their commutes, which has been highly appreciated by the targeted customers. We are also diversifying our product and services portfolio – an exercise in which our R&D centre is intensively involved. One of the most significant outcomes of this effort is the development of a new product, Bharat Metal Cutting Gas, which we believe is a breakthrough in metal cutting processes and is also environmentally more efficient. Many industrial customers, in domestic as well as international markets, have evinced interest in such new products.

Besides efforts in offering new products and associated services, our attention to the quality of products that we provide and the accuracy of the quantity that is provided, along with an emphasis on courteous, fast and efficient service, is unwavering. This quality is delivered through all our outlets in addition to our 'Pure for Sure' certified retail networks. By nurturing this sense of trust, in terms of quality and reliability, we are simply strengthening bonds with our customers, bonds that will only make our business more sustainable.

Innovation

BPCL's primary market, India, has diverse needs. These needs, in times of rapid economic growth, are changing, and the changes are reflective of the rural-urban divide. A large section of Indian society, typically in rural areas, has seen few changes in their basic needs. On the other hand, there is a smaller, increasingly urban, burgeoning section whose needs have seen a sea change over the past decade. Our role as an OMC is to serve the needs of the people that fit both sections. For the former rural section, we see it as our responsibility to bring to them products and services that will help them benefit from the economic growth story that is unfolding in India. Whereas for the latter, we are tasked with the responsibility to swiftly meet and stay in tune with the rapidly changing demands of society. This calls for innovation, particularly in product development and positioning.

Apart from the challenges set by the changing demands of society, we cannot lose sight of certain constraints within which we operate. Two key constraints are:

- India's high and anticipated increasing dependence on imported sources of oil and gas to meet the growing needs of the Indian population and,
- Serious environmental concerns, in terms of climate change, natural resource depletion, waste generation, pollution, etc.

To successfully overcome these challenges calls for innovation.

BPCL is no stranger to innovation - be it in terms of business strategy, marketing, operations or technology development. Initiatives such as setting up of multiplex cinemas, *dhabas* and other customer attractions at strategically located ROs, tying up with garages across the country for the use of our MAK lubricants, and the Beyond LPG initiative are examples of how we are exploring new ways to maximize business potential and bring quality products and services to our customers.

MAK Garages

Mechanics play an important role in the upkeep and maintenance of vehicles thereby acting as an agent for keeping pollution under check and minimizing vehicular impact on the environment.

With an objective to support independent garage owners to improve their skill, competency and infrastructure and help make them credible professionals, we rolled out the concept of MAK Garages. BPCL's MOU with MAK Garage ensures the provision of owners with our support in the supply of MAK lubes as required by the garages. This has been an out of the box initiative that has proven to be of mutual benefit to garage owners and workers and us.

At the end of the year we had 626 MAK Garage partners who have benefitted from our support while we enjoyed their loyalty to our products and brand.



MAK Garage employees with BPCL officials

In the aviation business, time is a premium. Flotation suction failures in the airport hydrant system can severely affect flight schedules. In order to detect a potential problem in the system, our Delhi AFS team developed an online floating suction monitoring system to reduce delays. This innovation was patented by us in January 2008.

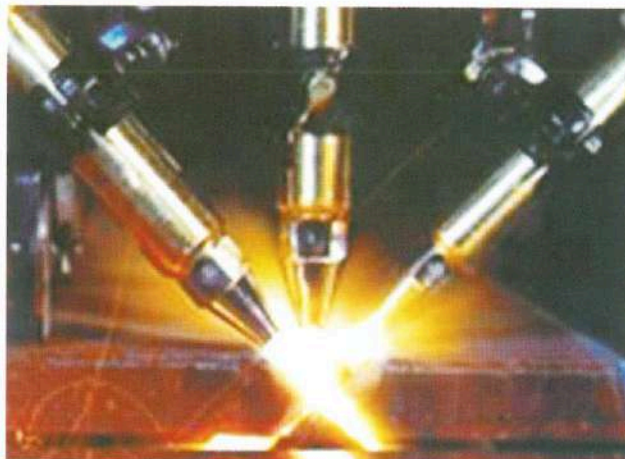
In terms of the research, development and deployment of environmentally sound solutions and technologies, significant progress has been made recently. Individual business units and the R&D unit have worked on developing new technologies. BPCL spent Rs. 256.4 million on Research and Development in 2007-08. Some of the highlights include the development of Bharat Metal Cutting Gas, development of a Mercaptan reduction catalyst and demonstration of the use of Wind based hydrogen fuel cell yard lighting. Further, along with the Indian Institute of Science (IISc), Bangalore, we are conducting research on Copper, Iridium, Gallium and Selenium (CIGS) photovoltaics that do not use silicon and that have higher energy efficiencies. We are also looking at means of using crude oil efficiently by developing new products from crude.

Bharat Metal Cutting Gas

World over, cutting of metal has traditionally been done using an Oxy-Acetylene mixture. Acetylene is expensive and not easily available. In response to this situation, after painstakingly studying and testing for alternatives, we came up with Bharat Metal Cutting Gas (BMCG) as an ideal substitute for Acetylene. BMCG offers unmatched economy. It cuts faster while consuming less oxygen compared to LPG and Acetylene, which means significantly reduced overall cost per unit length of cutting surface.

Further, the consumption of BMCG is lower per unit cut in comparison with acetylene, with indirect CO₂ emission reductions.

BMCG is also a safer substitute to Acetylene. It is non-toxic, non-injurious and has no torch backfire or dangerous by-products. Since its flame is less luminous, it is less harmful to the eyes. With better surface finish and operator friendliness, BMCG has quickly become the preferred choice for various industries in India and abroad for sheet metal cutting, brazing, pre-heating, post weld treatment, case hardening and glass moulding.



Mercaptan Reduction Catalyst

Pollutants such as mercaptans and sulphur containing compounds are invariably present in refinery fuel gas, LPG, naphtha, gasoline, kerosene and ATF. In response to the possibility of more stringent environmental regulations, Indian Institute of Petroleum (IIP) and BPCL jointly developed the Thoxcat ES catalyst to reduce mercaptan content in the LPG stream. The LPG Merox plant at Mumbai refinery processes LPG at an average rate of 450 MT/day. This is equivalent to extraction of approx. 260 kg mercaptan per day.

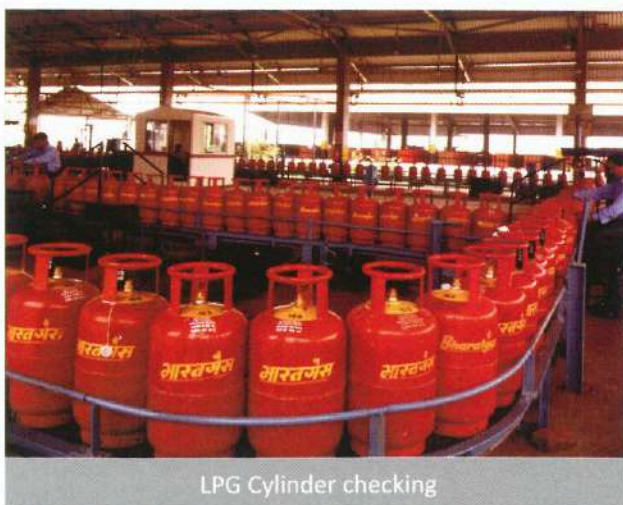


Customized formats of retail outlets are being opened across the country that are designed to serve local needs of customers. The adjacent image is of an RO specially designed to cater to the needs of truckers on the highway and provides various services such as eateries, rest areas, etc.

Product Responsibility

BPCL strives to provide its customers with the best products and services. Distillates of crude oil and lubricants are our major product categories. We are aware that usage of these products result in large scale green house gas emissions which result in global warming. Though we are yet to conduct studies to assess the environmental impacts of our products and services through its entire life cycle, we ensure that there is no compromise in terms of the quality of products and services that we provide. In fact, many our cylinders go through random-selection based rigorous checks for deviations in quality and component standards at our laboratories, many of which, including all three of our refinery laboratories, are ISO 17025 certified by the National Accreditation Board for Testing and Standards (NABL). Wherever product manufacturing or packaging is outsourced to third party vendors, we ensure through rigorous testing and vendor visits that there is no deviation in quality standards.

Through our 2137 distributors, we provide 25 million LPG cylinders to households across the country. Special care is taken to ensure that our LPG cylinders are rigorously checked and tested for safe use. Thorough checks are carried out for our lorries used for product distribution which include the most basic verification of valid drivers' licenses, validity of mandatory OISD 154 driver training, availability of fire extinguishers, legible and conspicuous emergency information on truck bodies, tyre conditions, etc. For our retail operations, in co-ordination with other Indian oil and gas PSUs, we maintain an operational fleet of Emergency Rescue Vehicles (ERV) to minimize potential damage caused in case of tank lorry accidents.



Product Assurance – LPG Cylinders

New cylinders are received from manufacturers that have been approved by the office of the Chief Controller of Explosives, Nagpur. These cylinders are inspected and certified by certification agencies according to standards prescribed by the BIS (Bureau of Indian Standards) at the manufacturers' premises. The manufacturer then supplies cylinders directly to our various plants along with the certificate issued by BIS.

On receipt of the new cylinders at the LPG bottling plant, they are subjected to checks as per our in-house quality assurance plan. After passing these tests, cylinders are sent for filling, after which a number of thorough checks are conducted prior to dispatch to the distributor or customer. The checks include quality, quantity and body leaks checks.

Quantity Check : Cylinders are weighed on automated machines. If a cylinder is found to be incorrectly filled it is sent for product evacuation and refilling.

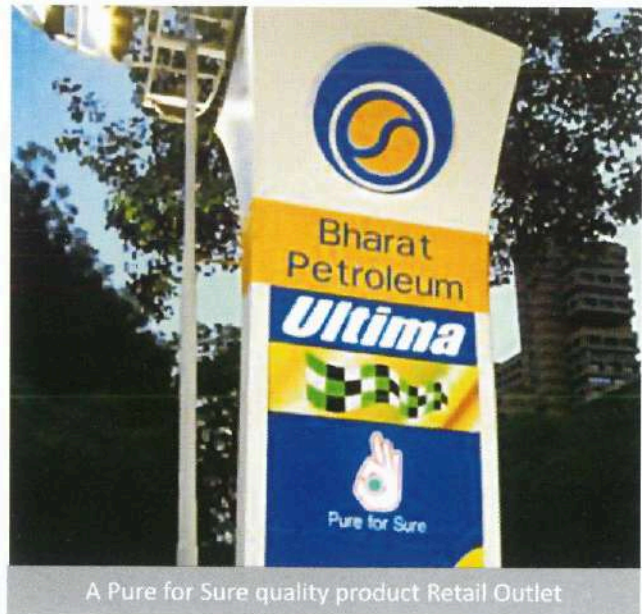
Quality Check: Cylinder valves and O-rings are checked for quality standards. In case of a defective valve, the product is evacuated and the cylinder segregated. The valve is replaced with a new valve, and then sent for refilling. In case of a defective O-ring, it is replaced with a new one.

Body leaks : Cylinders are inspected for body leaks by passing the cylinders through a water bath. Leaky cylinders are crushed and disposed off as scrap.

Only after the cylinders quantity and quality checks are they sealed and dispatched to our distributors. Additionally, nearly 2% of the checked cylinders are rechecked on a random basis before dispatch.

We have developed a culture that intrinsically places a premium on the health, safety and environmental standards at our manufacturing locations. Beyond our boundaries, we recognize that with a vast distribution network, the maintenance of the highest safety and standards to ensure minimal health, safety or environmental risk is of prime importance. We will report the sustainability impacts due to transport of products, goods and materials used for our operations in our future reports.

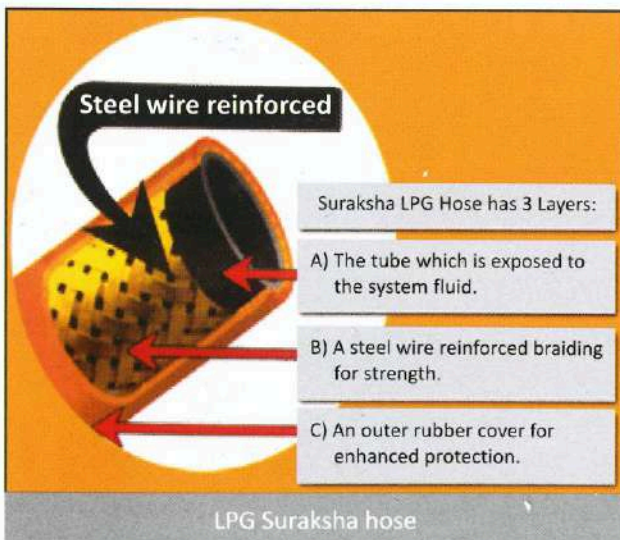
We do not compromise with the quality of the product that our customers receive. 78% of our retail network is under the banner of "Pure for Sure" (PFS) which undergo third party certification and 86% of our retail fuel product volumes this year were through PFS stations. 48% of the energy stations of NRL are third party certified under the Quality & Quantity protocol which has 100 different parameters for inspection. This underscores the trust, the brand loyalty and the relationship that we have established with our customers and dealers through the assurance of quality and quantity of our products.



A Pure for Sure quality product Retail Outlet

Fuel vapors are released to the air while dispensing fuels at retail outlets. Not only does this result in fuel loss, but the inhalation of these vapors can cause discomfort to both customers and operators. Although there are no rules and regulations mandating the capture of these vapors, last year we took the initiative to install new vapor recovery systems, at some of our petrol pumps. Not only do these units partially recapture fuel vapor, but also reduce the discomfort caused to our customers and personnel. We will monitor the benefits of this initiative as and when it is deployed in other retail outlets.

The safety and reliability of the hoses that were used to connect the LPG cylinder to stoves at domestic households has been a matter of serious concern. Many incidents of gas leaks have taken place due to faulty or poor quality hoses. We have partnered with other oil companies and the LPG Equipment Research Centre to develop a new hose (Suraksha) that would significantly reduce the chances of accidents. This steel braided LPG Suraksha hose is rodent proof, flame, abrasion, ozone and flame resistant and has a longer lifetime. As part of our "Beyond LPG" programme, it has been promoted by our distributors and many customers have taken to and purchased these new hoses.



Understanding the needs of our customers

Customer satisfaction is key for an oil marketing company like ours, since our viability is inherently linked to the satisfaction of the customers we serve. Due to the large range of our products the spectrum of our customers varies from retail fuel and LPG consumers to large Airline operators and giant manufacturing industries. Thus, each of our SBUs has devised multi-dimensional channels of gauging customer satisfaction of our products and services.

For petroleum and LPG consumers, there are multiple channels of receiving customer feedback, which include direct communications with the dealer/distributor or the sales officer, written feedback through customer feedback registers at retail outlets as well as comments that can be directed to us centrally through our website. India is a geographically and culturally diverse country, thus, many of the decisions that need to be taken whilst addressing customer satisfaction concerns are taken at the local or territory levels, under the aegis of our central framework. This helps us provide, as far as possible, customized service to our patrons. Nationwide or regional surveys are also conducted by our SBUs as and when required. For instance, our Aviation SBU is in constant touch with its clients and periodically encourages its airline customers to provide feedback on various parameters which include ratings of the service quality levels, timeliness, quantity reliability, personnel competence, client customer relationship and a host of other criteria.



Provision of product and service information

For all our products and services, information and labelling are in accordance with the applicable laws and regulations of the country. We provide information about the contents of the package, safe use of product or service, and disposal methods. As a standard preventive measure labels are checked on a random basis after packaging and sealing of our products.

We make an earnest effort through both, formal and informal means, to educate our customers on detailed product specifications and correct product use. For example, industrial customers who buy our MAK lubricants are given an Industrial Lubes and Fuels Handbook which guides them about product content, specifications and ideal usage. Under the Right to Information Act, 2005, we are also bound to provide information to the applicant.

Marketing Communications

In regard to adherence to laws, standards and voluntary coders related to marketing communications, including advertising, promotion and sponsorship, as a PSU, BPCL takes precautions so that the audience is not misguided by its campaigns. Our Brands department is responsible for the corporate campaigns that we run. Moreover, the legal department is consulted in case of concerns regarding legislation, standards and voluntary codes concerns.

We received three awards from the Association of Business Communicators of India (ABCI) this year. ABCI awards reward excellence in performance in all forms of Business Communications and are given annually. We bagged Silver Awards for the Table Calendar and Corporate Website Promotions and received the Bronze Award in the External Magazine category.

Product Compliance

There were no recorded cases of non-compliance with applicable regulations concerning life cycle health and safety impacts of products in the last year. Neither was there any recorded case of non-compliance with regulations concerning product and service information and labeling in the reporting period, nor were there any recorded non-compliance concerns with respect to our marketing communications. No fines were incurred for non-compliance with applicable laws regarding the provision and use of products and services.



Human Rights

Human Rights in Investment Agreements and Supply Chain

India has unambiguous laws against abuse of human rights of individuals. BPCL's significant investment agreements in India include human right clauses as mandated by Government. The nature of our operations necessitates the hiring of contract workers for various forms of work. Tenders and contracts signed by us and which are common across business units in India have clearly articulated terms and conditions. Through our contracts, our suppliers and contractors are bound by the laws of the country and the local statutes and are thus obliged to respect the human rights of their workers. Hence our contracts include human rights considerations such as minimum wage policies, working hour stipulations, dispute settlements, etc. At any time through the contract period, the contractor can be asked to furnish records of any of the contractual laborers at the site. If a contractor is found to be violating any laws, including those pertaining to human rights of a contract worker, we reserve the right to terminate the contract with immediate effect.

Provision of equal opportunities

Our corporate vision, which includes our ideals to 'Make BPCL a great place to work', to 'Be an ethical company' and 'Make people the source of our improvement' are reflected in the policies relating to our employees. Essentially, without fair practices, attaining our vision will be impossible.

The notion of discrimination between our employees on any basis, be it religion, sex, race, colour, age, political affiliation, is not tolerated. We are an equal opportunity employer and appoint staff solely on the basis of merit and abilities. Any case of discrimination can be raised to the appropriate personnel and the case is resolved through appropriate channels. There was no complaint lodged or concern raised by any employee on the grounds of discrimination this year.

As per government rules and regulations, we have special reservations and concessions for employing persons with disabilities and for people belonging to the Scheduled Caste (SC), Scheduled Tribe (ST) and Other Backward Categories (OBC) in the organization. At the end of the calendar year 2007, we were able to mainstream 210 differently-abled people and 31% of our total employee strength belonged to the SC, ST and OBC categories. We aim to increase the representation of people from these categories in our workforce in the coming years.

Our policies against child and forced labor

Child labor, forced labor or compulsory labor is non-negotiable at BPCL. Before employing a new recruit, a background check of the individual is carried out that includes checks for proof of age. Our employees work with us of their own volition. We take special care that our contractors do not engage children or forced laborers on our projects. Our contracts include clauses in which the contractor can be asked to furnish workers' documents for reference at any time. If a serious violation is found, including instances of child or forced labor, the contract may be terminated. Some of our sites have put up prominent signs indicating our stance against child labor.

Security at our sites

The majority of our security personnel at our sites are ex-army servicemen who have been selected and approved by the office of the Directorate General Resettlement. These security professionals are not only highly competent at discharging their duties of being vigilant of activities that can potentially disrupt business operations, but are also sensitive to issues of child labor, etc. At our Mumbai and Numaligarh refineries, we have a special tie up with Central Industrial Security Force (CISF), and armed guards have been deployed at Kochi refinery to provide security. The CISF is a highly disciplined paramilitary force established by the Government of India. The CISF personnel are particularly watchful of suspicious activities in the plant premises, misappropriations by employee and contract workers and young laborers entering the premises. They conduct thorough physical checks of visitors and employees entering plant premises after seeking permission. If any doubt arises in case of a young laborer, they may alert their senior officers and also check for documented age proof and other related information.

Our Society

Operating Within Communities

At BPCL, Corporate Social Responsibility is embedded in the company's philosophy. We are firmly rooted in our country's culture of *daan* (voluntary giving) and believe in the ethos of co-evolution. We engage with communities that lie in the vicinity of our operations, either directly or through our vast dealer and distributor networks. We contribute significantly towards the creation of livelihood and employment opportunities in the communities we operate. We have earmarked a part of our profit-after-tax towards a wide range of public benefits throughout the country. Our core community activities are systematically planned at the corporate level, whereas those carried out by individual locations or regions are conducted on a case by case basis and is dependent resource availability within the local entity. We are aligned with the country's vision of inclusive growth and our developmental interventions are targeted towards the vulnerable sections of society – the differently-abled, women, people below poverty line, and indigenous/tribal communities. NRL set up a gender budgeting cell in 2005, which ensures that women are benefited from the schemes implemented by the company in the area of community development. Under Swanirbhar Achani (Self Help programme), NRL extends help to self help group comprising both men and women and has provided grants of Rs 50,000 per group to 50 different groups in the last two years.



Corporate Approach to Engaging with Communities

- A community is selected based on its socio-economic circumstances
- The key needs are identified through discussions with local stakeholders
- Based on the needs, an active and responsible local NGO partner is identified
- A plan for development/conduct of activities is devised with the NGO in accordance with the inputs from community beneficiaries and stakeholders
- The NGO is charged with the execution of the project based on the formally agreed plan
- The progress of the project is regularly monitored through site visits by our officials and through progress reports

Towards Inclusive Growth and People Development

BPCL adheres to Government directives during all phases of project implementation. The Government has identified certain types of projects that necessarily require the conduct of Environmental Impact Assessment (EIA) studies to assess potential impacts of the project. These studies typically address concerns of the communities that are associated with the project. The Single Point Mooring (SPM) facility at Kochi that was implemented and operationalized this year is one such project in which the conduct of an Environmental Impact study was needed. Based on the results of this assessment, we have constructively engaged with the communities, which largely include local communities, located in the vicinity of the project and taken up numerous developmental activities for their benefit.

Even where impact assessments are not mandated, in line with our company's philosophy and based on our corporate approach, we engage with the local communities. Also, we make an effort to maintain this contact throughout the period of our operations. We also follow all applicable provisions laid down under the National Policy of Rehabilitation and Resettlement, 2007 for our projects in India which might impact communities.

To achieve the goal of inclusive growth, we consider it essential to impart livelihood skills to the vulnerable sections of the communities which will empower them to carry on the business of life. Over the past year, we have conducted many livelihood workshops for Self Help Group (SHG) members, to train and equip villagers with income-generating skills. These workshops and training sessions were conducted across India. Through these activities we are sowing the seeds of self reliance in various regions across the country.



**Our Orange City Retail Outlet at Nagpur
employs differently-abled people**

Construction of New Operation Theatre at Taluk Hospital, Tripunithura

The Taluk hospital at Tripunithura that renders medical services to many poor people in its area. It is also located in the vicinity of the Single Point Mooring facility at Kochi. We thought that the construction of an operation theatre and labor room would be of great benefit to the poor. Patients would benefit from these new facilities for which a sum of Rs 2.5 million was invested by us.

Infrastructure Facilities for Government Hospital, Ernakulam

Ernakulam General Hospital is one of the largest Government Hospitals in the District and caters to the needs of the poor from all parts of the district and adjoining districts. It is as an important lifeline for the people in the area. However, the supporting infrastructure of the hospital was poor. We spent approximately Rs 3.4 million for the development and improvement of the supporting infrastructural facilities such as covered pathways, ramps, seating and resting places, etc, which has improved the experience of patients visiting the hospital.



Improved supporting infrastructural facilities at Ernakulam General Hospital



Villagers using a new tap installed at Elamkunnappuzha Panchayat

Drinking Water Supply Scheme for Elamkunnappuzha Village

Elamkunnappuzha village has historically suffered from severe water shortages. A sizeable portion of the land is marshy and the water available is brackish. Thus, people have had to depend on water supplied by tankers and scarcely present public taps. Due to short supply of water, community members had to walk long distances to collect water. When our new Offshore Tank Farm Facilities came up in the vicinity of this Panchayat, we decided to implement a water scheme for public benefit. A distribution line, which connected to the main water line of Kerala Water Authority, was laid over a length of 13 km through the Panchayat. Now water is easily accessible to 22 wards of the Panchayat. Many public taps have been installed for the benefit of villagers. This effort has benefitted approximately 3200 families. Although the project incurred a cost of approximately Rs. 2.3 million, we are pleased this has brought much relief to the people that inhabit the village.

Staying in touch with our neighbors

The health and welfare of members of the communities in which BPCL operates is important to us. We have conducted several activities for the benefit of the general public, especially those from the local area and belonging to below poverty line category.

At Kochi, multi-specialty and eye medical camps were conducted in the Ambalamugal Medical Aid Society (AMAS) this year. Approximately 1000 people attended the camp and received appropriate treatment. Operations were conducted on patients for major ailments like heart diseases, cancer and gynecological diseases. 29 Cataract operations were conducted and spectacles were distributed to 270 people.

The medical camp for physically challenged persons attracted people with various problems. 90 physically challenged people including children with cerebral palsy were provided orthopedic aids like below-knee and above-knee artificial limbs, splints, crutches, wheel chairs, tri-cycles, special chairs, therapy mats and walkers. A significant amount was spent for these medical camps.



An elderly woman being treated at a medical camp set up by BPCL

Partnering with our community : SBM at Kochi

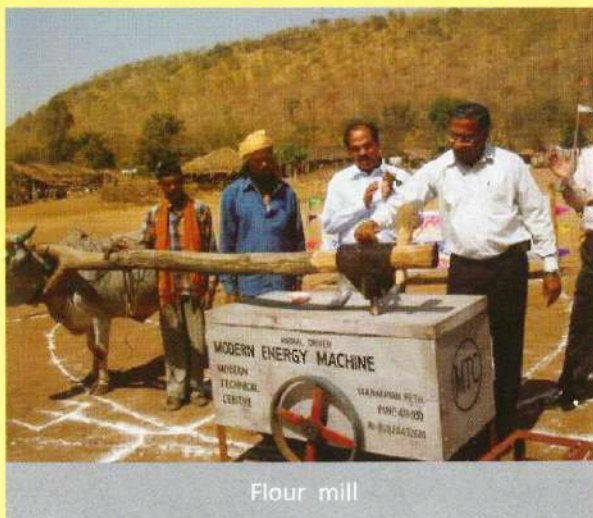
Before carrying out the Single Point Mooring (SBM) project at Kochi, an approved external agency was appointed by us to conduct an Environmental Impact Assessment (EIA) study. In due course of this evaluation, inputs were taken and participation was sought from local bodies, civic authorities, fishermen's cooperative societies and other relevant community stakeholders. To meet the specific environmental and social concerns of this project, environmental management and social development plans were developed and the interventions suggested. In response, we took up a number of community development activities for the benefit of the neighbouring communities. These included:

- Set up of an operation theatre and labor room at Tripunithura,
- Upgrade of infrastructural facilities at the Government Hospital at Ernakulam, and
- Set up of a drinking water supply scheme for Elamkunnappuzha Village among other activities.

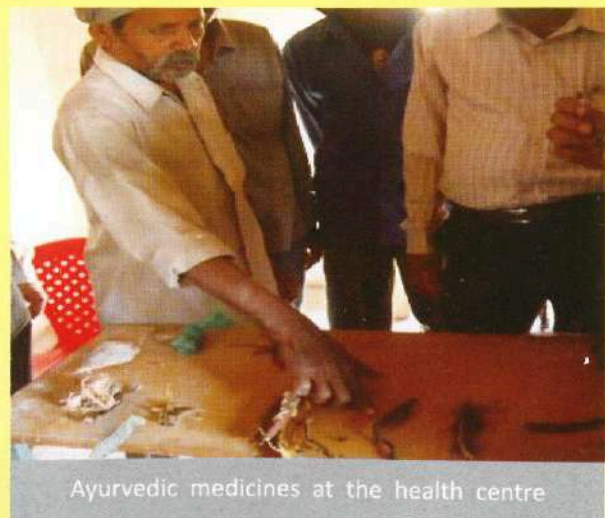
Although there has been a remarkable improvement in electrification across the country, with over 82.3% villages electrified by the end of this year, the reliability of electricity is a concern. Karjat and Washala in Maharashtra, areas through which our Mumbai-Bijwasan product pipeline passes through, suffer from serious electricity shortages. Unreliable electricity hampers the education of school going children and the day-to-day lives of villagers. To address this situation, we helped install 30 solar lamps in the adjoining villages between 2005 and 2007. Having received a positive response from the villagers, we went ahead and installed 15 additional solar lights at a cost of approximately Rs 0.38 million. This has, in a small way, helped improve the quality of life of the villagers. At NRL, through the "Gyanjatra Scheme" (educational tour) class ten students from villages within a 10 km radius were sent on an academic educational tour along with two teachers from each school. This scheme was introduced this year and around 250 students were sent to Delhi and Agra. In our role as a responsible corporate citizen, we conduct such activities across the country.

Flour Mill: Easy access to food

The absence of a rail line or roadway to their village meant that members of Neelgarh in Madhya Pradesh walked a minimum of 16 km about thrice a week to the flour mill to grind wheat. Recognizing the acute need to alleviate this problem, we helped the villagers set up a flour mill at the village which is rotated by using draught power. It also acts as a fodder cutter and electricity generator. Now the villagers need not endure the ordeal of walking long distances for grinding wheat. An Ayurvedic health centre was also established for serving the medical needs of the villagers.



Flour mill



Ayurvedic medicines at the health centre

Helping people earn a livelihood

India has approximately one-fourth of its population living below poverty line. This need to be included in the nation's growth story. Since philanthropy and charitable activities can only play a limited and often temporary role in ameliorating their circumstances, we have begun to impart traditional crafts training to women belonging to SHG. The traditional crafts differ in various parts of the country and our courses were selected in accordance with the business potential of the respective region. For this purpose, women in Lucknow (in the state of Uttar Pradesh) were trained in chikan karigari, a traditional art of embroidery. In Kasabkhede and Pahi villages in Maharashtra, women were trained in the art of zardozi work. In a village in West Bengal, sericulture skills have been imparted to villagers. At NRL, SHGs have received grants and financial backing for their operations.

Proactive Vigilance

In order to deal with potential incidents of corruption, BPCL has established systems to not only deter corruption, but also to detect, report and act effectively against corruption across the organization. The vigilance function in our company is an integral part of our operations and it operates as per the guidelines of the Central Vigilance Commission (CVC) of the Government. The concept of "Vigilance for Corporate Excellence" is at the centre of the department's operations and a "Proactive Vigilance" approach is adopted.

At the time of induction, all officer trainees and management trainees are briefed on the role and significance of vigilance. Vigilance officers address meetings at BPCL locations across the country to create vigilance awareness among our employees. Surprise and informed vigilance inspections are conducted by our officials across the organization, retail outlets, LPG distributorships, etc.

Every year we conduct a Vigilance Awareness Week across all our locations and each officer renews her or his commitment against corruption. This year it was held from November 12th to 16th, 2007. During this week our C&MD and eminent personalities interact with stakeholders and employees through seminars and talks to educate them on the importance of transparency in decision making to ensure the prevention of corruption.

We have a 'whistleblower' policy where formal channels of reporting incidents of corruption have been established through which the 'whistleblower' remains anonymous.

Further, to facilitate registration of vigilance related complaints, a separate link was made operational in June 2007, which has now been further improved by linking it with the Corporate On-Line Complaint Handling System.

A vigilance report is submitted to the Chief Vigilance Officer for necessary actions on a monthly basis. The vigilance report consists of the progress of the complaint received or deviation observed. Corruption related cases are dealt by the Vigilance Office and appropriate actions are taken*. In an effort to keep vigilance officials up to date with the latest issues, we routinely nominate them for training courses conducted by some of the most reputed institutes, such as the Central Bureau of Investigation (CBI) Academy, Institute of Public Enterprise and National Institute of Criminology and Forensic Sciences, etc.

* For more details visit the Chief Vigilance Commission's website at CVC@nic.in

Transparency in Vendor Dealings

We have leveraged technology to enhance greater transparency in our dealings with our various stakeholders. Guidelines and procedures relating to the allotment of retail outlets and LPG distributorships as well as tender related information have been made available on our corporate website. A Vendor Portal has also been developed for customers, dealers, distributors, suppliers, contractors, transporters, etc, which can be accessed for viewing information pertaining to them.

Steering Public Policy and Development

Being a crucial player in the oil and gas sector of the country, our employees are present in various advisory panels, boards and committees constituted by the Government. We are represented at various levels by several officials on the boards and committees of, *inter alia*, the OISD, BIS, NSC and Chambers of Commerce. We set standards and guidelines ethically and in a bipartisan manner, considering the best available and achievable improvement options. We are members of the World Energy Council, World LPG Association and international bio-fuels forum amongst other national and international forums.

Stance on Anti-competitive Conduct

Our company is committed to fair practices and does not partake in any form of anti-competitive behaviour. We are under the purview of Competition Commission, set up under Competition Act, 2002. We are signatory to Transparency International's Integrity Pact Programme (IPP), which is a voluntary code. If a signatory to the pact influences or colludes with competitors or engages in unfair practices while bidding for and/or executing a contract, IPP would be violated.

Compliance

As a listed company, our business units and entities are required to track and report on compliance with all applicable regulations, as per Clause 49 of Stock Exchange Board of India (SEBI). All our businesses units and entities are compliant with applicable regulations in the reporting period 2007-08.



ASSURANCE STATEMENT

Introduction

Det Norske Veritas AS ('DNV') has been commissioned by the management of Bharat Petroleum Corporation Limited ('the Company') to carry out an assurance engagement on the Company's Corporate Sustainability Report 2007-08 ('the Report') in its printed format against the Global Reporting Initiative (GRI) 2006 Sustainability Reporting Guidelines Version 3.0.

Bharat Petroleum Corporation Limited is responsible for the collection, analysis, aggregation and presentation of information within the Report. Our responsibility in performing this work is to the management of Bharat Petroleum Corporation Limited only and in accordance with terms of reference agreed with the Company. The assurance engagement is based on the assumption that the data and information provided to us is complete and sufficient. DNV expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this assurance statement.

Scope of Assurance

The scope of work agreed upon with Bharat Petroleum Corporation Limited includes the following:

- The full Report as well as references made in the Report to the annual report and corporate website;
- Review of the Report against Global Reporting Initiative (GRI) 2006 Sustainability Reporting Guidelines Version 3.0, and confirmation of the Application Level;
- Reporting boundary as set out in the Report;
- Verification of economic indicators in the Report, based on data from audited financial accounts;
- Visits to the Company's head-office in Mumbai and 13 other locations in India.

The verification was carried out during December 2008.

Independence

DNV did not provide any services to Bharat Petroleum Corporation Limited during 2007-08 that could conflict with the independence of our work. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

Verification Methodology

Our assurance engagement was planned and carried out in accordance with the DNV Protocol for Verification of Sustainability Reporting, which is based both on the GRI Guidelines and the AA1000 Assurance Standard (2003). DNV took a risk-based approach throughout the assurance engagement, concentrating on the issues we believe are most material for both the Company and its stakeholders.

As part of the verification we have:

- Challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the data management system, information flow and controls;
- Execution of the audit trail on selected claims and data streams to determine the level of accuracy in collection, transcription and aggregation;
- Examined and reviewed documents, data and other information made available to us by the Company;
- Visited head-office, 2 refineries, 6 retail installations, 3 LPG bottling plants and 2 aircraft filling stations;
- Conducted interviews with 76 representatives (including data owners and decision-makers from different divisions and functions) of the Company;
- Reviewed the Company's approach to stakeholder engagement;
- Performed sample-based audits of the mechanisms for implementing the Company's own sustainability-related policies, as described in the Report;
- Performed sample-based audits of the processes for generating, gathering and managing the quantitative and qualitative data included in the Report;

Reviewed the process of acquiring information and economic data from the Company's 2007-08 certified consolidated balance sheet.

Conclusions

In DNV's opinion, the Report provides a fair representation of the Company's policies, strategies, management systems, initiatives and projects. The Report meets the general content and quality requirements of the Global Reporting Initiative (GRI) 2006 Sustainability Reporting Guidelines Version 3.0, and DNV confirms that the GRI requirements for Application Level 'A+' have been met.

- **Materiality:** The Company has demonstrated internal processes that are effective in bringing out issues of significance, and these issues are covered in the report. DNV recommends that the Company strengthens formal processes for stakeholder engagement and assessing materiality in order to better understand, manage and improve its sustainability performance.
- **Completeness:** Based on our review and within the reporting boundary defined by the Company, DNV is not aware that the Report omits relevant information that would significantly influence stakeholder assessments or decisions or that reflect significant economic, environmental and social impacts. The completeness of quantitative data reported can be further improved in certain environmental parameters.
- **Accuracy:** The data measurement techniques and bases for calculations have been adequately described to DNV. Although no systematic errors have been detected, DNV has identified some manual errors which have subsequently been corrected. The Company is committed to continually improving the quality of data and is in the process of adopting a more structured data management system. In the final form of the report, DNV has not found material inaccuracies in the data verified or instances where data is presented in a way which significantly affects the comparability of data.
- **Neutrality:** DNV considers the information contained in the Report to be balanced. The emphasis on various topics in the Report is proportionate to their relative materiality.
- **Comparability:** The information in the Report is presented in a format that allows users to see positive and negative trends in performance on a year-to-year basis. We recommend that the Company aligns the presentation of its performance indicators with the units specified in its corporate goals and targets.
- **Responsiveness:** The Company demonstrates an active commitment to dialogue with selected stakeholders. The engagement process can be further strengthened by formally documenting the expectations on sustainability expressed by stakeholders through different engagement channels.

Opportunities for Improvement

The following is an excerpt from the observations and opportunities reported back to the management of Bharat Petroleum Corporation Limited. However, these do not affect our conclusions on the Report, and they are indeed generally consistent with the management objectives already in place.

- An internal verification mechanism should be developed to further improve the reliability of data as well as help improve internal communication on sustainability reporting.
- Specific goals and targets for environmental aspects should be developed and disclosed to help implement the Company's commitment to environmental responsibility.
- A systematic and documented process for identifying and engaging key stakeholders on issues of concern should be implemented. A concurrent formalised process of assessing materiality will strengthen the Company's management of sustainability issues.

For Det Norske Veritas AS

Signed:





Santhosh Jayaram
Lead Verifier
Manager: Corporate Responsibility Services
India & Sri Lanka
Det Norske Veritas AS

Signed:



Dr Helena Barton
Service Area Responsible: CR Report Verification
Det Norske Veritas AS

GRI Application level check

		2002	C	C+	B	B+	A	A+
		In Accordance						
Mandatory	Self Declared			Report Externally Assured		Report Externally Assured	✓	
	Third Party Checked			Report Externally Assured		Report Externally Assured	✓	
Optional	GRI Checked							

Indicator Protocol	Disclosure on Management Approach
<p>Economic</p>	<p>To meet the challenge of an evolving and growing market, we have designed and deployed various strategies that will help us to meet the energy needs and fulfill our responsibility to our shareholders and contribute towards inclusive growth. Being a public sector organization, our procurement policies are pre-disposed towards sourcing goods and services from within India Our hiring policy is designed to preferentially provide employment to citizens of the country.</p> <p>We contribute significantly towards the creation of livelihoods and employment opportunities in the communities we operate in and earmarked certain percentage of PAT towards community contribution. We also provide for fixed quotas, aligned with the requirements of GOI, for the differently-abled and members of economically backward classes and tribal communities.</p>
<p>Environmental</p>	<p>We are committed to achieve the highest standards of environmental performance within our control. The core objective of our R&D centre has been towards achieving greater energy efficiency in our processes and research on commercialization of available renewable energy technologies.</p> <p>We have adopted a two-pronged strategy to achieve the objective of reducing our energy footprint:</p> <ul style="list-style-type: none"> .By fostering innovation which will help to develop scientifically sound and practical solutions to achieve energy efficiency. .By increasing the renewable energy percentage in our energy mix <p>We have very limited influence on the product usage by our customers, but since energy conservation and efficiency is embedded in our organization's policy we engage with our customers through various modes of communication to raise awareness regarding implication of fossil fuel usage and the need for conservation. We are committed to enhance our efforts for excellence in environmental conservation.</p>
<p>Labor Practices and Decent Work</p>	<p>BPCL has a firm belief that human resource is the most important resource of the organization and therefore seeks involvement of people across the organization. Training and development is an important thrust area and we invest significantly towards training our employees. We do not discriminate in respect of hiring, remuneration, access to training, termination or retirement, based on race, caste, national origin, religion, disability, gender, union membership, political affiliation and age. We place a premium on health, safety and environmental standards and we are committed to making continued efforts to achieve the highest standards in the area of HSE.</p>

Indicator Protocol	Disclosure on Management Approach
<p>Human Rights</p>	<p>Our corporate vision, which includes our ideals to 'Make BPCL a great place to work', to 'Be an ethical company' and 'Make people the source of our improvement' complement our employee policies. Our contracts are designed in a manner through which our suppliers and contractors are bound by the laws of the country and the local statutes and thus are obliged to respect the human rights of their workers.</p>
<p>Product Responsibility</p>	<p>Customer satisfaction is very important for a marketing company like us. Due to the large variety of our products, we have a broad spectrum of customers, therefore each of our SBUs has devised multi-dimensional channels of gauging customer satisfaction of our products and services. Product quality and safety is intricately embedded in our operations and we adhere to all applicable statutes regarding product labeling and transportation.</p>
<p>Society</p>	<p>We operate as per the guidelines of the Central Vigilance Commission (CVC) of the Government of India to manage risks due to corruption. The concept of "Vigilance for Corporate Excellence" is at the centre of all the departmental operations and a "Proactive Vigilance" approach is adopted.</p> <p>Our policy advocacy and lobbying stance is that we take special care to set standards and guidelines ethically and in a bipartisan manner, considering the best available and achievable improvement options.</p>

GRI Content Index

This index pertains to the Global Reporting Initiative (GRI) 2006 Sustainability Reporting Guidelines, Version 3.0, and the American Petroleum Institute/International Petroleum Industry Environmental Conservation Association (API/IPIECA) sustainability reporting indicators.

Reported

Not Reported

	GRI Indicators <i>Core indicators in italics</i>	API/IPIECA Indicators	Pages
Standard Disclosures			
Strategy & Analysis	1.1, 1.2		16,17,18,19,20
Organizational Profile	2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10		8,9,10,11,12,13,14,15
Reporting Parameters	Report Profile 3.1, 3.2, 3.3, 3.4		2
	Report Scope & Boundary 3.5, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11		2
	GRI Content Index 3.12		
	Assurance 3.13		
	Governance 4.1, 4.2, 4.3, 4.3, 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10		24,25
	Commitments to External Initiatives 4.11, 4.12, 4.13		25,37,67
	Stakeholder Engagement 4.14, 4.15, 4.16, 4.17		21,22,23
	Management Approach and Performance Indicators 5		70,71
Economic	Economic Performance <i>EC1, EC2, EC3, EC4</i>	ECO-1, ECO-2, ECO-A3, ECO-A2	31,32,40
	Market Presence <i>EC5, EC6, EC7</i>	SOC-A3, ECO-3	33
	Indirect Economic Impacts <i>EC8, EC9</i>	SOC-A4	33,34,35
Environmental	Materials <i>EN1, EN2, EN 27</i>	ENV-A5	37
	Energy <i>EN3, EN4, EN5, EN6, EN7</i>	ENV-5, ENV-A8	38,39
	Water <i>EN8, EN9, EN10</i>	ENV-A7	42
	Biodiversity <i>EN11, EN12, EN13, EN14, EN15</i>	ENV-A9	41
	Emissions, effluents and waste <i>EN16, EN17, EN18, EN19, EN20, EN21, EN22, EN23, EN24, EN25</i>	<i>ENV-1, ENV-2, ENV-3, ENV4, ENV 6, ENV-A1, ENV-A2, ENV-A3, ENV-A4, ENV-A6</i>	37, 40,41,43,44,45,55,56
	Products & Services <i>EN26, EN27</i>	ENV-A5	37,55,56
	Compliance <i>EN28</i>		44
	Transport <i>EN29</i>		55
	Environmental Protection expenditures <i>EN30</i>	ENV-6	37

	GRI Indicators <i>Core indicators in italics</i>	API/IECA Indicators	Page No.
Social			
Labour Practices and Decent Work	Employment <i>LA1, LA2, LA3</i>		47
	Labor/Management Relations <i>LA4, LA5</i>	SOC-6	47
	Occupational Health & Safety <i>LA6, LA7, LA8, LA9</i>	<i>H&S-2, H&S-3, H&S-4</i>	29,48,49,50
	Training & Education <i>LA10, LA11, LA12</i>	<i>SOC-5, SOC-A2</i>	49, 51
	Diversity & Equal Opportunity <i>LA13, LA14</i>		51
Human Rights	Investment & Procurement Practices <i>HR1, HR2, HR3</i>		59
	Non-discrimination <i>HR4</i>	<i>SOC-4</i>	59
	Freedom of Association & Collective Bargaining <i>HR5</i>	<i>SOC-7</i>	47
	Child Labour <i>HR6</i>	<i>SOC-7</i>	60
	Forced and Compulsory Labour <i>HR7</i>	<i>SOC-1, SOC 7</i>	60
	Security Practices <i>HR8</i>	<i>SOC-9</i>	60
	Indigenous Rights <i>HR9</i>	<i>SOC-A6</i>	59
Society	Community <i>SO1</i>	<i>SOC-8, SOC – A5, SOC-A7</i>	61, 62, 63, 64, 65
	Corruption <i>SO2, SO3, SO4</i>	<i>SOC-2, ECO –A1</i>	22,25,66
	Public Policy <i>SO5, SO6</i>	<i>SOC-3, SOC-A1</i>	67
	Anti-Competitive Behaviour <i>SO7</i>		67
	Compliance <i>SO8</i>		67
Product Responsibility	Customer Health & Safety <i>PR1, PR2</i>	<i>H&S-5</i>	55,56,57,58
	Product & Service Labelling <i>PR3, PR4, PR5</i>		57
	Marketing Communication <i>PR6, PR7</i> , Customer Privacy <i>PR8</i>		57
	Compliance <i>PR9</i>		58

“We speak”



**Mr. Sanjay Krishnamurthy,
(ED, SBU Head - Retail)**

“In a nation which is on a growth path, we need to participate in it.”
“Sustainability is about enabling people to grow better and live better.”

“In retail, our challenge with logistics is to actually make sure that all our installations function at world standards.”

“The key is to make people believe that this is something that they have to protect and instill a sense of pride in their activities.”

“Proper application of technology results in more efficient operations.”

“We aim to make the customer’s life that much better... because, if he survives, we survive.”

“You have to reverse engineer older outlets. We need to embed sustainability considerations in while designing new systems.”



**Mr. S. K. Jain,
(ED, SBU Head - LPG)**

“Our LPG plants are now virtually garden plants.”

“Driver health and training exercises are regularly conducted by us.”

“Oil zapper project is moving ahead – taking it up on a big scale.”

“Without community engagement, you cannot start anything.”

“Our community initiatives are tailored to meet local requirements.”

“We speak”



Mr A.K. Bansal
(ED - Corporate Affairs)

BPCL has embarked upon a five year journey which has been articulated in ‘Project Destiny’ (2005-06 to 2010-11) and is focused on increasing revenue and profits. Core constituents include biofuels, renewable electricity sources and supply chain management.

“Seventy five percent of Sustainability is about maintaining what exists and the remaining twenty five percent is about bringing in new dimensions for growth” (e.g. Bina Refinery in Madhya Pradesh, renewables – biofuels and power)

“Our focus on supply chain management will help us save vast sums of money.”

“We don’t intend to become a power company, our forays in to the renewable power sector is a result of our awareness of the impact of our operational impact as large consumers of electricity.”

“For pioneering initiatives, if financial returns are not satisfactory, they must provide compensatory learning or economic (public) benefits, otherwise they cannot be taken up.

“If you don’t do it, you will never do it”



Mr. K.K. Gupta
(ED, SBU Head - Lubes)

“We do business to make money and we must put it back in to society”

“Some of our products are ahead of regulations; this helps us build a better brand, stay ahead of competitors and reduce our impact on the environment.”

“Sustainability is part of business.”

“Our intention is to focus on the end to end usage of lubricants in the industry.”

“As a country we are starved of energy.”

“We speak”



Mr. D.M. Reddy,
(ED, SBU Head-Industrial & Commercial)

“In addition to factors such as quality, we build our brand on the basis of our products’ environmental performance.”

“Positive environmental performance is an integral component of ethical business.”

“The environmental benefits that could have been reaped by the ambitious fuel quality standards set by the country have not been achieved because infrastructure, such as the roads, vehicles, etc has not kept pace with these changes in fuel standards.”

“Encouraging our people to pursue their passions gives them a sense of belongingness to the organization.”



Mr. P. S. Bhargava
(ED – Mumbai Refinery)

“At Mumbai Refinery, reducing our water footprint has been a primary focus area. We have a Special Purpose Vehicle with ILFS through which we plan to buy treated water from Navi Mumbai Municipal Corporation and transport it via Mahul pipeline replace sea water used in the refinery with treated sewage water.”

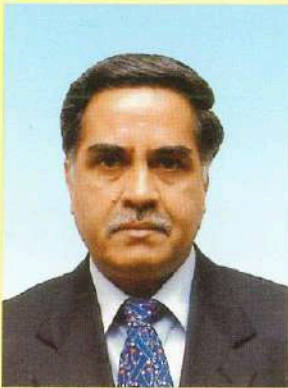


Mr. R M Gupta,
(ED - Engineering and Projects)

“The high attrition rate has significant impact on sustainability by impacting the execution of ongoing projects and reduces possible opportunities.”

“A key sustainability issue is the safe transportation of our products with minimal spills and leakage.”

“We speak”



Mr. S. Vardarajan
(ED - Corporate Treasury)

“The environment is an important criteria in any industry, but more so in the energy sector because of the nature of our operations”

“Our levels of understanding of our sustainability impacts are high and so is our commitment.”

“From the finance side, generation of paper is one of the most important issues. A fundamental shift has been taking place in terms of minimizing paper use. Internally, it is easy as we’re a technologically savvy company, but at interfaces with others along the value chain it is more challenging.”

“We believe that at every stage, application of technology has led to more profitable, efficient and sustainable operations.”



Mr. E. Nandkumaran
(ED - Kochi Refinery)

“KRL has been always responsible towards the communities adjoining the plant boundary. While commissioning the SPM facility at Kochi, 3% of the project cost was allocated for CSR activities, and the utilization of the funds was done by the state government.”

“We are grounded to the realities of the state and an example to this can be our contribution to an NGO that looks after the welfare of captive elephants including routine medical-check-ups for the pachyderms. Free insurance for all mahouts upto Rs. 0.1 million is also given provided they take good care of the elephants.”

“We speak”



Mr. S. P. Mathur
(ED, SBU Head - Aviation)

“The participation of people involved in the field, where real time decisions are made, is key for sustained organizational growth.”

“The major sustainability issue for energy producers is that, however may energy be produced, it has an associated environmental footprint; so prudence must be exercised when formulating future energy strategies.”



Mr. Srikant S. Gathoo
(ED, HRS)

“BPCL is an organization that provides its people a lifestyle and not merely a career.”

“We attribute our ability to retain talent to the sense of assurance that our employees have that their company will take care of them in times of crisis.”

“We never move away from applying a people-centric approach, within or outside the organization, for doing business, which has been our ace up the arm.”

“Our major community focus areas will be water harvesting, education, HIV and other health programmes.”

“We prefer a preventive approach than a curative one and seek to solve community problems at the source.”

“If we touch water, we touch the lives of the people... If quality water is made available, it benefits the vegetation, agriculture, cattle, health of the people, peoples’ economic well being and development.”

“Our people who go there (to participate in community programmes) get grounded with real issues of the real people.”

“We keep looking for smarter ways for cutting down costs by improvements in employee behavior and practices.”

“We speak”



Ms. Dipti Sanzgiri
(ED, HRD)

“Our people are offered opportunities to work in various business units and functions based on their interests and core competencies.”

“BPCL extends benefits to not only our employees, but also their families”

“Employees have ample opportunities for career development through internal and external training programmes”

“During times of rapid economic growth, the impact of higher attrition rates was softened due to the bench strength we had groomed over the years”

“The Employee Enhancement Cell has introduced a new programme, ‘Roshni’, to help employees and their families beat stress and maintain a healthy work-life balance”



Mr Amitabh Sengupta
(GM – HR – Mumbai Refinery)

“We have a continuous responsibility for supporting lives of local people”



Mr K.V. Seshadri
(GM-Operations)

“Quality and safety has to work across the organization, it cannot be restricted to a few areas.”

“We speak”



Mr. G. S. Baveja
(GM, HSE)

“We are in the business of providing energy & have a considerable outreach to the customer base across the country. Thus, sustainability initiatives taken by us will have long term benefits.”

“Towards sustainability, safe and secure operations are of paramount importance for us. Awarding best safety practices is an annual feature, where we reward the locations for their best safety measures and performance. We also look at ways to encourage reporting of “near-misses” by instituting awards for Locations for such initiatives. Through improved reporting of near-misses, opportunities for improvement and learning will keep growing, thus improving the Safety.”

“our team is fully equipped and knowledgeable to continuously disseminate information on the subject. Our team is propagating the message of ‘Needs for tackling Climate Change’ at all levels through presentations. People across the corporation are being sent for various

programmes on subject matter. Many initiatives are being taken to conserve energy in all our operations.”

“In future, we intend to work out in definitive terms on mapping a detailed carbon footprint for our operations. The process may involve the use of high technology software and may result in altering our processes and procedures.”

“Raising awareness leads to a whirlpool of thoughts. This dialogue on sustainability performance has the power to provoke and convert thoughts to action in areas like energy and water conservation, community engagement and other aspects of sustainability.”



Mr. H. B. Kakade
(Chief Manager, HSE)

“Various projects that have not been registered under mechanisms such as the CDM are still being undertaken because of their environmental benefits. BPCL understands that all these initiatives are the key to tackling climate change.”

“We have projects at various stages in the pipeline for carbon emission reduction and carbon credit revenue generation under the CDM cycle. These include ceramic coating and fuel switch (from liquid to gaseous fuel) at Mumbai Refinery, fuel switch at Kochi Refinery, a 5 MW wind farm project in Karnataka and a 1 MW project at Lalru, Punjab.”

“...cross-country pipelines that are used for shipment of our products should also be considered for CDM benefits as this is a highly efficient mode of transportation.”

“The possibilities for availing carbon credits at the upcoming state-of-the art Bina Refinery will also be assessed in due time. For this purpose, we will engage with the CDM team at Bina Refinery for knowledge sharing, etc.”

“The world must move towards renewable and other clean forms of energy. The UNFCCC through its international mechanisms must play a greater role in facilitating this.”

“Currently, in the field of Carbon Capture and Storage, storage is not feasible or possible for individual companies. Options for storage may include government owned and run storage facilities that may be commonly used. I also foresee Companies working together to make carbon capture and storage more feasible.”

List of abbreviations used in the report

ABCI	Association of Business Communicators of india
AFS	Aviation Filling Station
AMAS	Ambalamugal Medical Aids Society
API	American Petroleum Institute
Approx	Approximate
ATF	Aviation Turbine Fuel
BIS	Bureau of Indian Standards
BMCG	Bharat Metal Cutting Gas
BPCL	Bharat Petroleum Corporation Limited
Bpd	Barrels per Day
BPRL	Bharat PetroResources Limited
BREL	Bharat Renewable Energy Limited
BROMA	Bharat Retail Outlet Maintenance Application
CCS	Carbon Capture and Storage
CDM	Clean Development Mechanism
CIGS	Copper,Iridium, Gallium, Selenium
CISF	Central Industrial Security Force
CNG	Compressed Natural Gas
CO2	Carbon dioxide
CO2-eq	Carbon dioxide equivalent
CVO	Central Vigilance Officer
DGM	Deputy General Manager
DHDS	Dihydrogen Disulphide
DNV	Det Norske Veritas
DPE	Department of Public Enterprises
E&P	Exploration and Production
ED	Executive Director
EIA	Environmental Impact Assessment
EMS	Environment Management System
ERVs	Emergency Rescue Vehicles
ESE	Employee Satisfaction Enhancement (Cell)
FCC	Fluid Catalytic Cracker
GDP	Gross Domestic Product
GET	Graduate Engineer Trainee
GHG	Greenhouse Gases
GM	General Manager

List of abbreviations (contd.)

GoI	Government of India
GRI	Global Reporting Initiative
GSR	Gasoline Sulphur Reduction
HRD	Human Resource Department
HRS	Human Resource Services
HSD	Hi speed Diesel
HSE	Health Safety and Environment (Cell)
HSES	Health Safety Environment and Security
I&C	Industrial and Commercial (SBU)
IEA	International Energy Agency
IIP	Indian Institute of Petroleum
IISc	Indian Institute of Sciences
ILO	International Labor Organisation
IPCC	Inter-governmental Panel on Climate Change
IPIECA	International Petroleum Industry Environmental Conservation Association
IPP	Integrity Pact Program
IT	Information Technology
JVs	Joint Ventures
KWH	Kilo-watt hour
LPG	Liquefied Petroleum Gas
LTA	Lost-time Accidents
MBN	MBTU/BBL/NRGF (MBN), where the term MBTU refers to total heat value of fuel and loss in thousand BTU, BBL refers to barrel of crude processed and NRGF is a derived factor that depends upon actual intake in both primary and secondary processing units as per industry standard
Mgmt	Management
Mktg Corp	Marketing Corporate
MMBPL	Mumbai Manmad Manglya Multiproduct pipeline
MMT	Million Metric Tonnes
MMTPA	Million Metric Tonnes Per Annum
MOU	Memorandum of Understanding
MPandNG	Ministry of Petroleum and Natural Gas
MRTP	Monopolies and Restrictive Trade Practices
MW	Megawatt
NABL	National Accreditation Board for Testing and Standards
NEFT	National Electronic Funds Transfer
NGOs	Non-governmental organisations

List of abbreviations (contd.)

Nox	Nitrogen Oxides
NRL	Numaligarh Refinery Limited
OBC	Other Backward Categories
OIDB	Oil Industry Development Board
OISD	Oil India Safety Directorate
OMCs	Oil Marketing companies
OSSA	Oil Sectors' Officers' Association
PAT	Profit After Tax
PCVO	Professional Commercial Vehicle Owners
PFS	Pure For Sure
PSUs	Publi Sector Undertakings
R&D	Research and Development
Rs	Rupees (Indian Currency)
RTI	Right to Information
SBU	Strategic Business Unit
SBM	Single Buoy Mooring
SC	Scheduled Castes
SKO	Superior Kerosene Oil
SO ₂	Sulphur Dioxide
SPM	Suspended Particulate Matter
ST	Scheduled Tribes
TII	Transparency India International
TJ	Tera-joules
UNFCCC	United Nations Framework Convention on Climate Change
VERs	Verified Emissions Reductions
VIL	Videocon Industries Limited
VOCs	Volatile Organic Compounds
WEO	World Energy Outlook

SHARE YOUR OPINION

We welcome any feedbacks or enquiries about BPCL's sustainability Report.
Kindly contact :

Mr. G. S. Baveja
General Manager (HSE)

E-mail : bavejags@bharatpetroleum.in

Corporate Office:

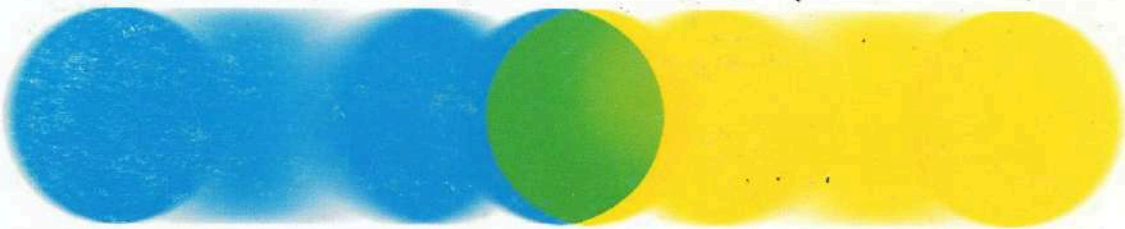
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Bharat Bhavan - I
4 & 6 Currimbhoy Road
Ballard Estate
Mumbai – 400 001



Please note

Certain statements included in this Report contain forward-looking information to provide value added account of our sustainability activities. These forward looking statement relate to the Company's strategy, operations, performance goals and targets and business plans, including research and development and investments in the countries, sectors or markets in which it operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Company's control or can be predicted by the Company. The Company undertakes no obligation to update any forward-looking statements to reflect subsequent events after the publication of this report.

The colours that stand for us...



make the colour that we stand for



Bharat Petroleum Corporation Limited