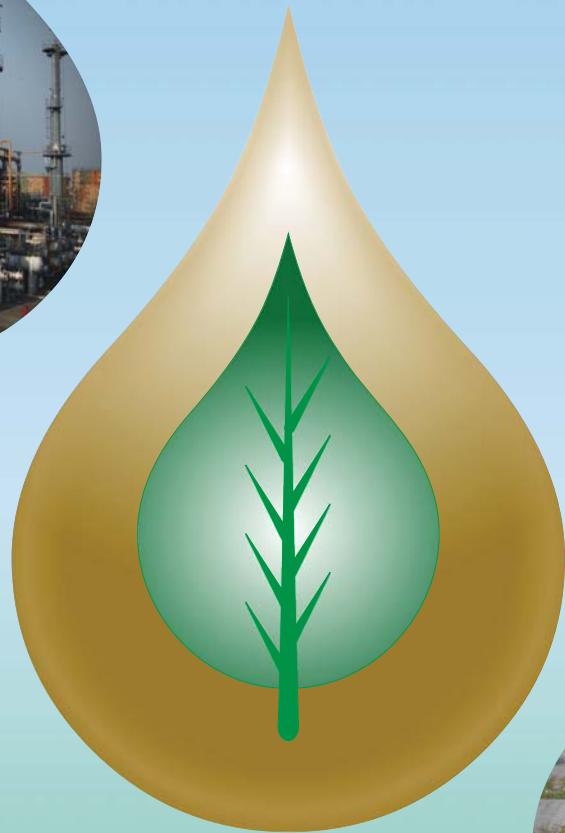


Sustainability

Report 2011



Attock Refinery Limited

Vision



Mission

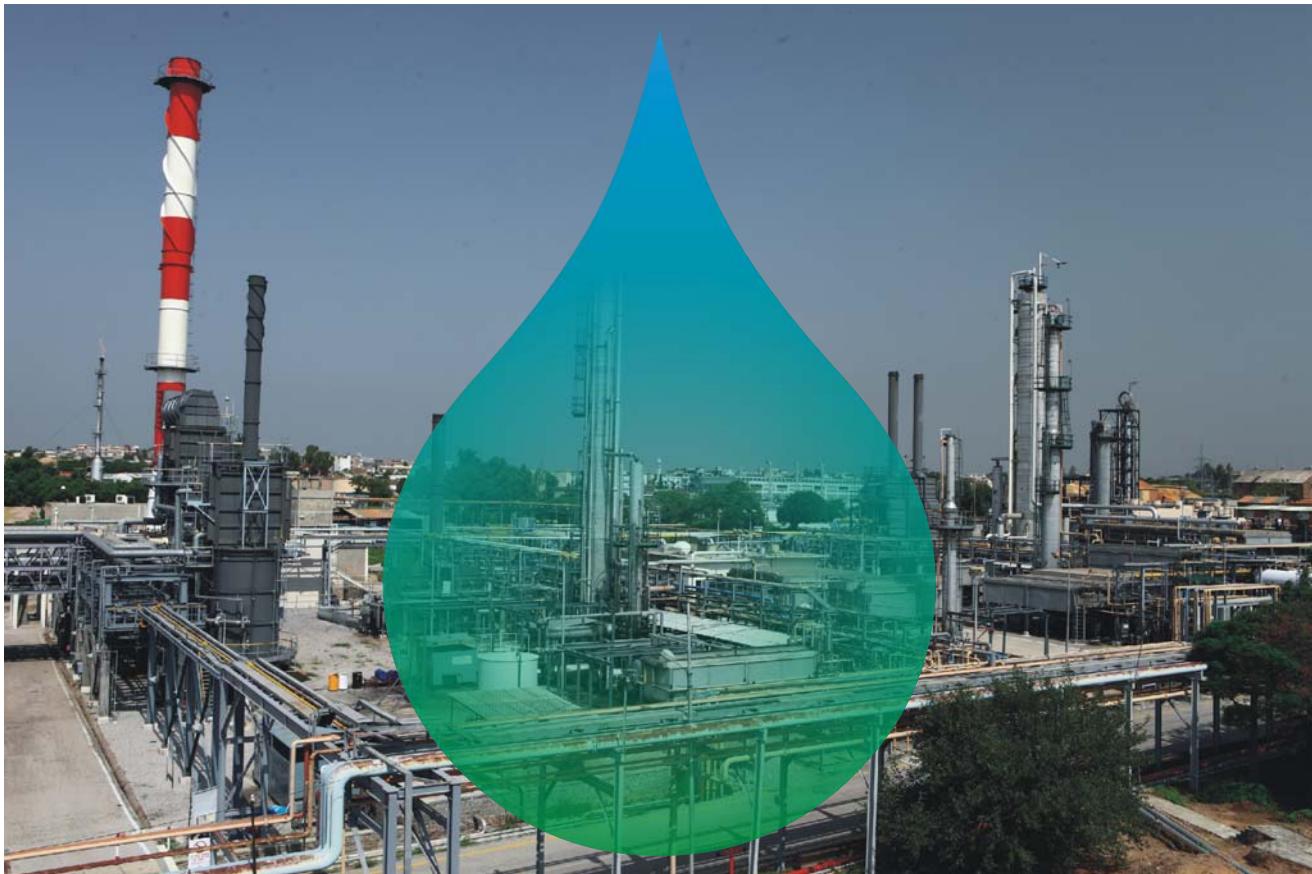


Our Core Values



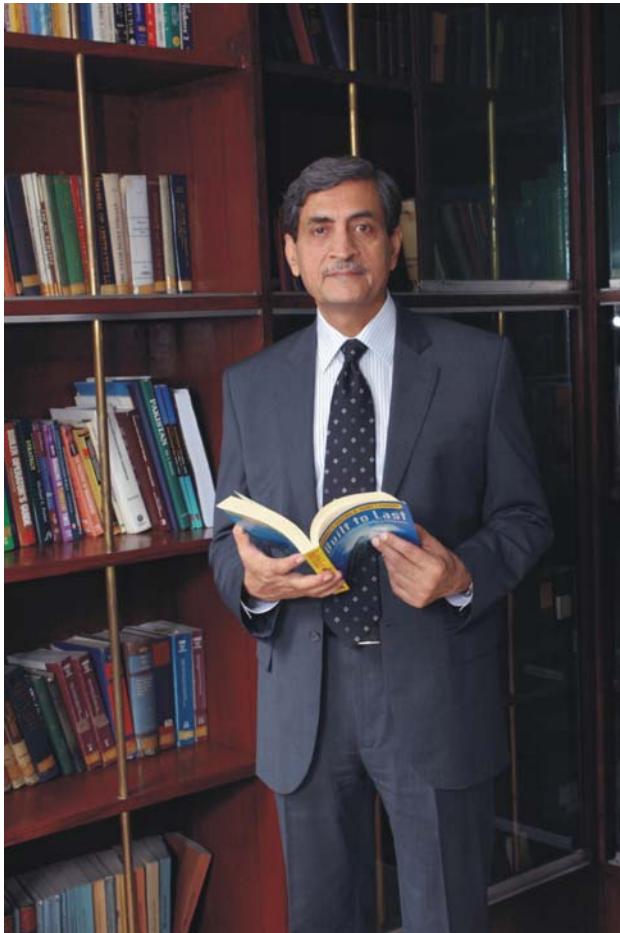
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Chapter 1



The Company

CEO's Message



We are accountable for delivering on our commitments relating to social, environmental, ethical, and economic responsibilities and opportunities.

In spite of the challenging business environment, we deliver our commitments based on business reliability strongly supported by our six core values, i.e., Integrity & Ethics, Quality, Social Responsibility, Learning & Innovation, Team Work and Empowerment.

One of the key challenges of sustainable development is that it demands vision and wisdom. While developments in knowledge and technology are contributing to economic development, they

also have the potential to help resolve the risks and threats to the sustainability of our social relations, environment, and economies. At ARL, our goal of sustainable development is to "meet present needs without compromising the ability of future generations to meet their own needs and demands." Organizations of all kinds have an important role to play in achieving this goal.

Our sustainability attributes are based on five pillars of strength, i.e., diversification, competitiveness, transparency/compliance, synchronized community & social responsibility services, and environmental protection. We realize that integrated approach to manage social, environmental and financial issues is a challenging task especially guarding the boundaries between legal and illegal, ethical and unethical, right and wrong, fair and unfair, good and poor quality.

In the previous sustainability report, we mentioned the future challenges of products specifications warranted by environmental concerns. With the view to address these challenges, three projects namely Preflash Unit, Isomerization Unit and Diesel Hydro Desulfurization Unit have been planned and are currently in bidding process. We are also enhancing the capability of our effluent treatment system to cater the future units load.

The safety of our employees, contractors and stakeholders remain paramount for us at all cost. Till date, we have achieved 8.0 million safe-man-hours without any loss time injury and our total accident/incident frequency rate (TAIFR) has decreased from index value of 12 to as low as 2.5 in last five years that clearly demonstrates our commitment towards safety.

Our sustainability attributes are based on five pillars of strength, i.e., diversification, competitiveness, transparency/compliance, synchronized community & social responsibility services, and environmental protection.

ARL is environment conscious company and one of our key performance indicators is compliance with National Environmental Quality Standards (NEQS). In line with our commitment to preserve Mother Nature, we have already applied to achieve green industry status from Federal Environmental Protection Agency.

In adherence to our core values, my team is committed to work even harder to provide a healthy workplace which should have a positive impact on adjoining communities. On the social front we have continued our endeavors for the benefit of community. As part of community welfare policy our hospital is providing community services in the shape of free medical camps, blood donation campaigns and free or discounted rate services for poor and needy persons of the surrounding community. In addition, ARL is supporting women development activities in the neighboring vicinity, providing potable water to the surrounding villages

of Morgah, Nai Abadi, Kotha Kalan, Jhamra, and free fuel, utilities and maintenance support to the area schools, mosques and organizations for special persons.

We reiterate our continual commitment to remain a socially responsible company by extending full support to Sustainability leading to fair business practices globally.



M. Adil Khattak

December 08, 2011

Executive Summary

Attock Refinery Limited (ARL's) Sustainability Report 2011 reviews the company's progress and performance during the year. The summary includes precise and complete description of ARL's stakeholders, their needs, how we key in to comply with their needs and our future strategy.

The report is designed as per the guidelines given in Global Reporting Initiative (GRI-G3), Accountability-1000 (AA1000), Social Accountability (SA-8000), ISO Management Standards and ARLvision, mission and core values.

Perhaps the most critical aspect of successful sustainability programs is having active participation in all realms. ARL's social, environmental and financial performance for the year 2011 is given in detail along with information on core and additional GRI indicators. Just like the previous years, an encouraging update on the ARL short / mid / long term plans is provided in the report.

ARL has continued initiatives in the field of Corporate Social Responsibility (CSR). Various welfare activities for the benefit of surrounding community include vocational training, financial and dowry assistance, Medical assistance through private patient poor fund, Free Medical camps for community and health awareness sessions for women.

Our Health, Safety & Environment (HSE) performance in year 2011 compared with last year's has improved considerably. Transition of ARL traditional emergency response plan to scenario based emergency response plan was a successful venture. An information on some of the new projects conceived this year is provided for e.g., installation of new effluent treatment plant to cater the future expansion load and to comply with the national environment quality standard, study the compliance level of non-priority parameters of National Environment Quality Standards (NEQS) for

petroleum refineries. In addition activities like, engagement of customers and community for the celebration of events like World Environment Day, World Biodiversity Day and Safety Week is given. ARL also planted many species of trees in the surrounding communities such as in Gulshanabad, Schools and other educational institutions.

During the year 2010-11 prices of crude oil mostly showed a rising trend, but due to better product prices, the gross refiner's margin remained favourable. Accordingly, profitability of the Company has improved significantly in comparison to the last year. Net profit for the year was Rs 2,185 million (June 30, 2010 : Rs 126 million). This includes profit from non refinery operations of Rs 1,068 million (June 30, 2010 : Rs 602 million).

In order to make the report credible, statements from the reports of our third party assessors like ISO14001, OHSAS18001, ISO9001, ISO/IEC 17025 and financial accounts has been reproduced in the last chapter.



About this Report

Scope

Attock Refinery Limited (ARL) is dedicated for sharing information about its sustainability priorities, goals, initiatives and performance. Sustainability report aims to provide economics, social and environmental accomplishments, challenges and our response. The report illustrates ARL commitment to good governance, transparency and highlights the method of recognizing and evaluating the needs, expectations of stakeholder's and providing actionable outcome. We communicate our performance to our stakeholders through annual sustainability report.

Reporting Year

ARL's social and environment performance data is for the calendar year 2011.

Economic and financial data correspond to fiscal year July 2010 to June 2011.

Information Credibility

Credibility of the information given in the report is the sole responsibility of ARL management. All the information provided is thoroughly checked and confirmed Business Review and Assurance department having documented checks and control system. The same is cross verified by SGS (Pvt.) Limited for Occupational Health, Safety and Environment, Pakistan National Accreditation Council for Quality of Testing Services and M/S Ferguson & Company for Financial Accounts.

Report Format and Core Sustainability

Principles

There are no significant changes in the size and structure of organization since last year. ARL site at Morgah, Rawalpindi encompasses 196 acres area for the plant and 136 acres for residential colony. This report identifies key sustainability aspects of our business of crude oil refining for production of Liquefied Petroleum Gas, Unleaded Premium Motor Gasoline, Solvent Oil, Kerosene, Aviation Fuels,

Mineral Turpentine Oil, Jute Batching Oil, Diesel Fuel oil, Low Sulfur Furnace Fuel Oil, High Sulfur Furnace Fuel Oil, Cutback Asphalts, Paving Grade Asphalt and Polymer Modified Bitumen.

ARL after sales services and business meetings with customers is being used to identify areas of improvement to fulfill product stewardship cycle requirements.

It is our belief that sustainable and stable fiscal and regulatory policies would provide confidence to investors to meet future demands in a free and open energy market. Cleaner fuels and energy efficiency needs to be encouraged as it benefits both the environment and the economy of country.

It is our firm conviction that a safe and reliable operation, by minimization of risks to safeguard people and property, is our top priority. Our three layered safety management system is inculcating safety culture among our employees especially by floor level Safety Stewards to ensure safety in action. Safety Stewards reporting to middle level representative called Area Safety Incharges which directly reports to top level management led by CEO.

Good workplace conditions and relations can help us to attract, keep and develop human capital with high morale. To protect the health of employees, neighbors and consumers, we pro-actively manage the relevant aspects of our operations through our subsidiary Attock Hospital Limited. In this regard an obesity survey is conducted to convince the employees to find sometime for their health.

It is our obligation to meet environmental challenges at both the local and Pakistan levels by providing services to Small Medium Entrepreneurs through National Cleaner Production Centre. We are meeting all priority parameters of National Environmental Quality Standards and planning to achieve zero effluent by developing a constructed wetland in Morgah Biodiversity park.

We invite and share our performance and plans with

our neighbors, civil society, educational institutions and adjoining Union Councils. For new projects Environmental Impact Assessment (EIA), public hearing in presence of local community representatives and Environmental Protection Authority (EPA) was convened.

We are following guidelines of Global Reporting Initiative (GRI-G3), Accountability (AA1000), Social Accountability (SA-8000), ISO Management Standards (ISO 14001, ISO 9001 and OHSAS 18001) for reporting Social, Environmental and Economic performances. We consulted a variety of sources both internal and external as part of our materiality assessment. These sources included:

- Company objectives, strategies, policies, programs and risk factors
- Shareholder Annual General Meeting resolutions and anecdotal feedback
- Input gathered through stakeholder dialogues
- Meetings with Neighbors & Union Councils
- Employee surveys and other input gathered through feedback mechanisms
- Customers contact feedback
- Suppliers input
- Media news and blog discussions
- Stakeholder feedback

After reviewing these sources, we compiled a list of issues and prioritized each one for actionable targets.

The report has been divided into six sections to provide information regarding company, stakeholders, social, environmental and financial sustainability challenges and credibility.

The report is being published in soft for circulation among our key audience. The same shall be available for reference upon request. In order to make contents of our sustainability report available to other interested parties, a copy of this report will be posted at our website (www.arl.com.pk)

Report Audience

We have identified our audience like Investors, Board of Governors, Employees, Contractors, Community, Union Councils, CBA Union, Gas suppliers like SNGPL, crude oil suppliers like OGDCL, OPI, POL, MOL and BP, Government agencies like PAF, Army, EPA Punjab, Ministry of Labor, ILO, FBR, PSQCA, MP&NR, OGRA, PNAC, SECP, OCAC, Rescue 1122, Adjoining Hospitals, Adjoining Educational Institutions, Refineries like PARCO, PRL, Bosicor, NRL, Oil Marketing Companies like APL, PSO, Shell, Chevron, Total PARCO, External Auditors like SGS and Ferguson.

Feedback Form & Contact Person for further information

Please appraise us your feedback for further improvement by filling feedback attached at the end of this report. Further information and details can be obtained from:

Mr. Mohammad Aliemuddin
Head (Health, Safety, Environment & Quality)
Attock Refinery Limited, P. O. Morgah, Rawalpindi
Ph: 92 51 5487041, Fax: 92 51 5487254
aliem@arl.com.pk

Board of Directors



Dr. Ghaith R. Pharaon



Shuaib Anwar Malik
Chairman



Tariq Iqbal Khan



Laith Ghaith Pharaon



Wael Ghaith Pharaon



Abdus Sattar



Bilal A. Khan



Iqbal A. Khwaja
*(Alternate Director to
Laith Ghaith Pharaon)*



Babar Bashir Nawaz
*(Alternate Director to
Wael Ghaith Pharaon)*



M. Adil Khattak
Chief Executive Officer

Company Information

Board Committees

Audit Committee

Abdus Sattar
Chairman
Shuaib Anwar Malik
Member
Babar Bashir Nawaz
Member, (Alternate Director)

Responsibility:

The Audit Committee's primary role is to ensure compliance with the best practices of Code of Corporate governance, statutory laws, safeguard of Company's assets through monitoring of internal control system and fulfill other responsibilities under the Code.

Technical & Finance Committee

Abdus Sattar, Chairman
Shuaib Anwar Malik, Member
M. Adil Khattak, Member

Responsibility:

To recommend annual capital and revenue budget and review any other financial matters or technical aspects relating to refinery operations / upgradation etc.



Photograph of the 157th Board of directors meeting held in Damascus, Syria on September 11, 2011

Chief Financial Officer

Syed Asad Abbas, FCA

Company Secretary

Saif ur Rehman Mirza, ACA

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisor

Ali Sibtain Fazli & Associates
Legal Advisors, Advocates & Solicitors

Share Registrar

Noble Computer Services (Pvt) Ltd.
1st Floor, House of Habib Building
(Siddiqsons Tower), 3-Jinnah C.H. Society
Main Shahrah-e-Faisal, Karachi-75350

Registered Office

The Refinery
Morgah, Rawalpindi
Tel: (051) 5487041-5
Fax: (051) 5487254
E-mail: info@arl.com.pk
website: www.arl.com.pk

Company Profile

Attock Refinery Limited (ARL) was incorporated as a Private Limited Company in November, 1978 to take over the business of the Attock Oil Company Limited (AOC) related to refining of crude oil and supplying of refined petroleum products. It was subsequently converted into a Public Limited Company in June, 1979 and is listed on the three Stock Exchanges of the country. The Company is also registered with Central Depository Company of Pakistan Limited (CDC). Original paid-up capital of the Company was Rs 80 million which was subscribed by the holding company i.e. AOC, Government of Pakistan, investment

After discovery of oil in Dhulian in 1937, the Refinery was expanded in late thirties and early forties. A 5,500 bpd Lummus Two-Stage-Distillation Unit, a Dubbs Thermal Cracker, Lubricating Oil Refinery and Wax Purification facility and the Edeleanu Solvent Extraction unit for smoke-point correction of Kerosene were added.

There were subsequent discoveries of oil at Meyal and Toot (1968). Reservoir studies during the period 1970-78 further indicated high potential for crude oil production of around 20,000 bpd. In 1981, the capacity of Refinery was increased by the addition of two distillation units of 20,000 and 5,000 bpd



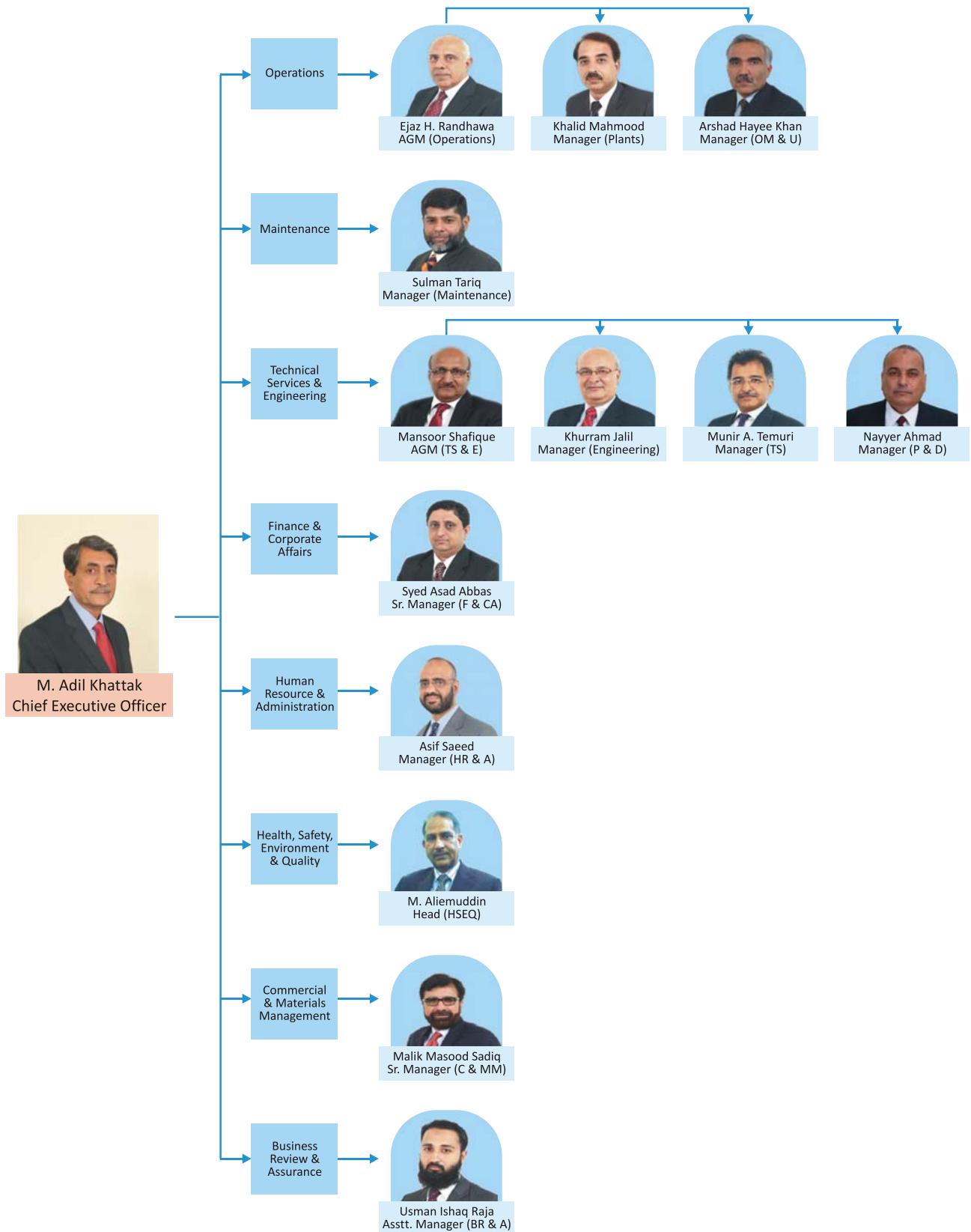
companies and general public. The present paid-up capital of the Company is Rs 852.93 million.

ARL is the pioneer of crude oil refining in the country with its operations dating back to 1922. Backed by a rich experience of more than 85 years of successful operations, ARL's plants have been gradually upgraded / replaced with state-of-the-art hardware to remain competitive and meet new challenges and requirements.

It all began in February 1922, when two small stills of 2,500 barrel per day (bpd) came on stream at Morgah following the first discovery of oil at Khaur where drilling started on January 22, 1915 and at very shallow depth of 223 feet 5,000 barrels of oil flowed.

capacity, respectively. Due to their vintage, the old units for lube/wax production, as well as Edeleanu, were closed down in 1986. In 1999, ARL commenced JP-1 pipeline despatches, and in 2000, a Captive Power Plant with installed capacity of 7.5 Megawatt was commissioned. Another expansion and upgradation project was completed in 1999 with the installation of a Heavy Crude Unit of 10,000 bpd and a Catalytic Reformer of 5,000 bpd. ARL's current nameplate capacity stands at 42,000 bpd and it possesses the capability to process lightest to heaviest (10-65 API) crudes. The Company is ISO 9001, ISO 14001, ISO/IEC 17025 and OHSAS 18001 certified.

The Management / Organogram



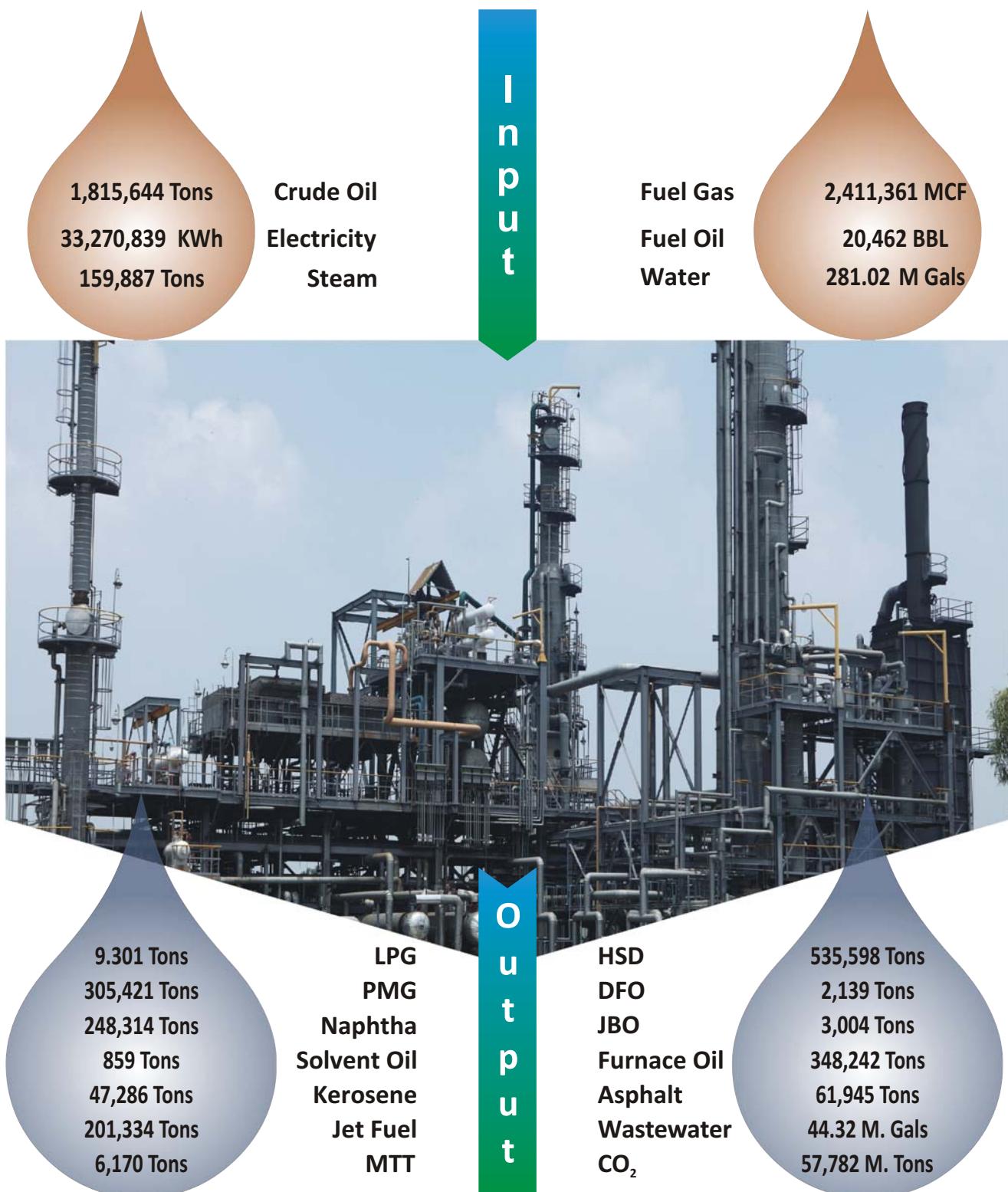
ARL Present Configuration

Attock Refinery Limited (ARL) receives crude oil through bowzers as well as pipeline. Crude oil thus received is processed to fractional distillation. Products are stored in their respective storage tanks and dispatched to customer after thorough quality inspection. ARL customers include Pakistan State Oil (PSO), Attock Petroleum Limited (APL), Shell Pakistan Limited, Total Parco, Byco, Hascol, Askar 1, Admore and Chevron Pakistan Limited.



Refinery Inputs & Outputs

The figures given below are for the financial year 2010-11:



Ongoing and Future Projects

Preflash, Naphtha Isomerization & Diesel Hydrodesulphurization Units

In compliance of the GOP directives, ARL is in the process of installing Preflash, Naphtha

of Pakistan, crude projections from the crude producers show enhanced volume of crude oil availability in near future. In order to refine the additional crude, ARL is installing a 12,400 BPSD capacity Preflash Unit.

Isomerization unit will allow ARL to produce low

S No	Unit	Licensor/ FEED Contractor	Capacity (BPSD)
1.	Preflash	CB&I Howe Baker, USA	12,400
2.	Naphtha Isomerization Unit	UOP LLC, USA	7,000
3.	Diesel Hydrodesulphurization (DHDS)	UOP LLC, USA	12,500

Isomerization, Diesel Hydrodesulphurization (DHDS) and Auxiliary units.

The detail of aforesaid units is as under:

Owing to new crude oil discoveries and increase in receipts from the existing fields in the North region

Benzene and Aromatic PMG with 90 RONC. DHDS unit will produce Euro-II compliant 500 wt-ppm Sulphur High Speed Diesel (HSD) with a further provision (by installing another reactor) to decrease Sulphur content up to 50 wt-ppm.



Apart from the above mentioned units, Sour Water Stripper Unit (SWS), Amine Treatment Unit, Hydrogen Unit, Sulphur Recovery Unit (SRU), Utilities and related offsites will also be part of this project.

Technical and Commercial bids were submitted by internationally recognized EPCC contractors.

The award of contract for the whole project is expected to be finalized by first quarter of 2012.

White Oil Pipeline Project

The pipeline project is on hold due to numerous reasons including exponential rise in capita costs because of delays and consequential tariff considerations. Recently a prospective joint venture partner has shown interest in the project. Being a capital intensive project, the Company plans to reactivate it after ensuring Government support including throughput guarantees and other incentives to materialize this infrastructure project of national interest.

Other Projects:

Storage Capacity

New product storage tank of Jute Batching Oil having capacity of 500 MT was completed during the year. This will help to ensure operational flexibility.

Dissolved Air Floatation Unit (DAF)

In view of future expansion projects and to comply with the National Environment Quality Standards (NEQS) for its effluent water stream, ARL intends to upgrade the quality and enhance the capacity of its effluent systems on turn key basis. ARL has already conducted a study to arrive at the basic processing scheme that includes the installation of an additional DAF Unit of 200 US GPM (double the existing capacity). Mechanical skimmers and scrapers will be installed on three of the existing API separators and the collection sumps (02 in Nos.). The project will be completed in two years with the cost of Rs. 150 Million.



Chapter 2



Business Partners

Stakeholders Identification, Our Response and Dialogue

Stakeholder	Needs	Our Response	Dialogue
<ul style="list-style-type: none"> ▶ Attock Petroleum Limited (APL) ▶ Pakistan State Oil (PSO) ▶ Shell Pakistan Ltd. (SPL) ▶ Chevron Pakistan Ltd. (CPL) ▶ Total Parco Pvt. Ltd. ▶ Pakistan Air Force (PAF) ▶ Defense Energy Support Center (DESC) ▶ Supreme Global Services ▶ National Highway Authority (NHA) ▶ Pakistan Oilfield Limited (POL) ▶ Foreign buyers of petroleum products ▶ Kot Adu Power Company Ltd. 	<p>Response for After Sales Services Quality & Quantity, Timely Availability of Products, Customer Satisfaction, Technical Assistance and Financial Compliance.</p>	<p>Oil Movement Section</p> <ul style="list-style-type: none"> ▶ Ensures Timely Availability ▶ Quantity Compliance ▶ Response to Queries ▶ Administrative Complaints <p>Quality Control Laboratory</p> <ul style="list-style-type: none"> ▶ Ensures Quality ▶ End User Satisfaction ▶ Customer Satisfaction ▶ Technical Assistance ▶ Technical Complaints <p>Invoicing & Receivables Management</p> <ul style="list-style-type: none"> ▶ Accurate Timely Billing Coordination ▶ Financial Complaints <p>Quality Council (Bi-Annualy)</p> <ul style="list-style-type: none"> ▶ Customer Feedback ▶ Compliance Status ▶ Analysis & Action Plan ▶ Integrated Management System (IMS) Audit Finding ▶ Follow-ups 	<p>Customer Site Visits (Quarterly / As & when required), Exchange of Information, Quarterly Customer Feedback through, Tele / E-Mails / One to One Meetings, Technical and Awareness Sessions.</p>

Stakeholders Identification, Our Response and Dialogue

Stakeholder	Needs	Our Response	Dialogue
<ul style="list-style-type: none"> ▶ Oil Companies Advisory Committee (OCAC) ▶ Oil and Gas Regulatory Authority (OGRA) ▶ Ministry of Petroleum & Natural Resources (MP&NR) ▶ Pakistan Standard Quality Control Authority (PSQCA) ▶ WAPDA, SNGPL ▶ Crude Producers POL, OGDCL, PPL, OPI, BP & MOL ▶ Local Government/ Community/Union Councils ▶ Directorate of Labor ▶ Federal Board of Revenue (FBR) ▶ Security and Exchange Commission (SECP) ▶ Stock Exchanges ▶ Environment Protection Agencies (EPA) ▶ Rescue 1122 & Other like Agencies ▶ Financial Institutions 	<p>Quality products & services, Legal NEQS compliance, Prompt response, Technical feedback, Compliance to code of corporate governance, Community welfare, Tax deduction & deposition, Timely utility bills payment, Development of policies framework, Energy conservation, Assets safety, infrastructure development, Water supply, Educational facilities and worker welfare, Conducive working environment, Timely crude bills payments</p>	<ul style="list-style-type: none"> ▶ Oil Accounting Section ▶ Coordination with MP&NR for crude pricing & discounts, Petroleum development levy, Excise duty ▶ OGRA for IFEM, Payment to crude suppliers ▶ FBR for excise duty & sales tax ▶ Payroll & Employees Fund Section ▶ FBR for monthly/annual return of withholding, income & personal tax ▶ Account Payable Section ▶ FBR for contractors, suppliers & service providers tax deposition ▶ Corporate Affairs Section ▶ Stock exchanges, SECP, Financial institutions ▶ Sales Coordination ▶ MP&NR for product sales figures (daily) ▶ MP&NR & OCAC for supply demand of petroleum products. Import decisions, Area wise product analysis ▶ Human Resource & Admin. ▶ Local Govt. Labor deptt, Community, Union Councils ▶ HSEQ Department ▶ PSQCA ▶ Crude Evaluation ▶ Rescue 1122 ▶ EPA 	<p>Fortnightly product allocation meeting with MP&NR at OCAC. Daily sales figures to MP&NR, Crude pricing, PDL, Coordination with MP&NR, Fortnightly meeting with OGRA for Inland Freight Equalization Margins (IFEM) at OCAC, Direct coordination with WAPDA, SNGPL and Directorate of Labor, Monthly/annually coordination with FBR for income tax, Personal and sales tax, Monthly coordination & reporting to EPA, Quarterly coordination with PSQCA.</p>

Stakeholders Identification, Our Response and Dialogue

Stakeholder	Needs	Our Response	Dialogue
<ul style="list-style-type: none"> ▶ Institutional Shareholders ▶ Employees ▶ Contractors ▶ Collective Bargaining Agents (CBA) ▶ Neighbors ▶ Private Shareholders ▶ General Order Suppliers ▶ Third Party Independent Auditors ▶ Investors Majority Shareholders ▶ Human Resource Consultants ▶ Professional Trainers ▶ Crude / Products Transporters ▶ Students ▶ Non-Governmental Organizations ▶ Local Refineries Media Liaison ▶ Coverage Universities & Post Graduate Colleges ▶ Financial Institutions 	<p>Safe operation of refinery, Value addition, Transparency, Compliance to code of corporate governance & materiality principles, Sharing of social, environmental & financial statements, Timely payments of dividends & bonus shares, Drivers facilities like rest rooms, Payments to transporters, On the job training, apprenticeships, Community welfare projects, Environmental testing facilities, 100% Sales of products</p>	<ul style="list-style-type: none"> ▶ Operations Department ▶ Safe operation of plants, value addition ▶ Drivers comfortable stay at ARL ▶ Liaison with local refineries ▶ Business Review & Assurance Department ▶ Compliance to code of corporate governance ▶ Coordination with third party auditors ▶ Materiality principles compliance ▶ Routine Review and Audits ▶ Finance Department ▶ Transparency in dealings ▶ Preparation of quarterly & annual accounts ▶ Sharing financial statement ▶ Liaison with financial institution for short and long term investment ▶ Timely payments of dividends & bonus shares to shareholders ▶ Payments to transports ▶ HR Department ▶ On job training ▶ Community welfare projects ▶ Media ▶ Educational Visits ▶ Employees satisfaction surveys ▶ Commercial & Material Management Deptt. ▶ 100% product sales ▶ Customer Liaison and Satisfaction ▶ Compliance to transporters agreement and payment facilitation ▶ HSEQ Department ▶ Sharing social and environment performance with stakeholders ▶ Environmental testing facilities ▶ Opportunities for Research and Development ▶ Quarterly crude pricing joint testings ▶ Company Secretary ▶ Arrangements of board & shareholders meeting 	<p>Board of directors and shareholders meetings, Works council, Refinery management committee, Risk management & strategic committee, Neighbors participation on refinery functions, Succession planning & career management committee, Suppliers feedback, Agreements with transporters, and internship programs for students. Assisting universities for R&D.</p>

Customer Feedback about ARL

Third Quarter (July to September 2011)

Customer	Response Time	Cycle Time	Availability of People	Competence	Service Quality	Product Quality
Pakistan State Oil	4.0	3.5	4.0	4.0	4.0	5.0
Shell Pakistan Ltd.	5.0	5.0	5.0	5.0	5.0	5.0
Chevron Pakistan Ltd.	4.5	4.5	5.0	4.5	5.0	5.0
Attock Petroleum Ltd.	5.0	5.0	5.0	5.0	5.0	5.0
Pakistan Air Force	5.0	5.0	4.5	5.0	4.0	5.0

Second Quarter (April to June 2011)

Customer	Response Time	Cycle Time	Availability of People	Competence	Service Quality	Product Quality
Pakistan State Oil	4.0	3.5	3.0	3.5	3.0	5.0
Shell Pakistan Ltd.	5.0	5.0	5.0	5.0	5.0	5.0
Chevron Pakistan Ltd.	5.0	4.5	5.0	5.0	5.0	4.0
Attock Petroleum Ltd.	5.0	5.0	5.0	5.0	5.0	5.0
Pakistan Air Force	5.0	5.0	4.5	5.0	4.0	5.0

First Quarter (January to March 2011)

Customer	Response Time	Cycle Time	Availability of People	Competence	Service Quality	Product Quality
Pakistan State Oil	5.0	5.0	5.0	5.0	5.0	5.0
Shell Pakistan Ltd.	5.0	5.0	5.0	5.0	5.0	5.0
Chevron Pakistan Ltd.	5.0	4.5	5.0	5.0	5.0	4.0
Attock Petroleum Ltd.	5.0	5.0	5.0	5.0	5.0	5.0
Pakistan Air Force	5.0	5.0	4.5	5.0	4.0	5.0

Fourth Quarter (October to December 2010)

Customer	Response Time	Cycle Time	Availability of People	Competence	Service Quality	Product Quality
Pakistan State Oil	5.0	5.0	5.0	5.0	5.0	5.0
Shell Pakistan Ltd.	5.0	5.0	5.0	5.0	5.0	5.0
Chevron Pakistan Ltd.	5.0	4.5	5.0	4.0	5.0	5.0
Attock Petroleum Ltd.	5.0	5.0	5.0	5.0	5.0	5.0
Pakistan Air Force	5.0	5.0	5.0	5.0	3.0	5.0

1-Poor

2-Fair

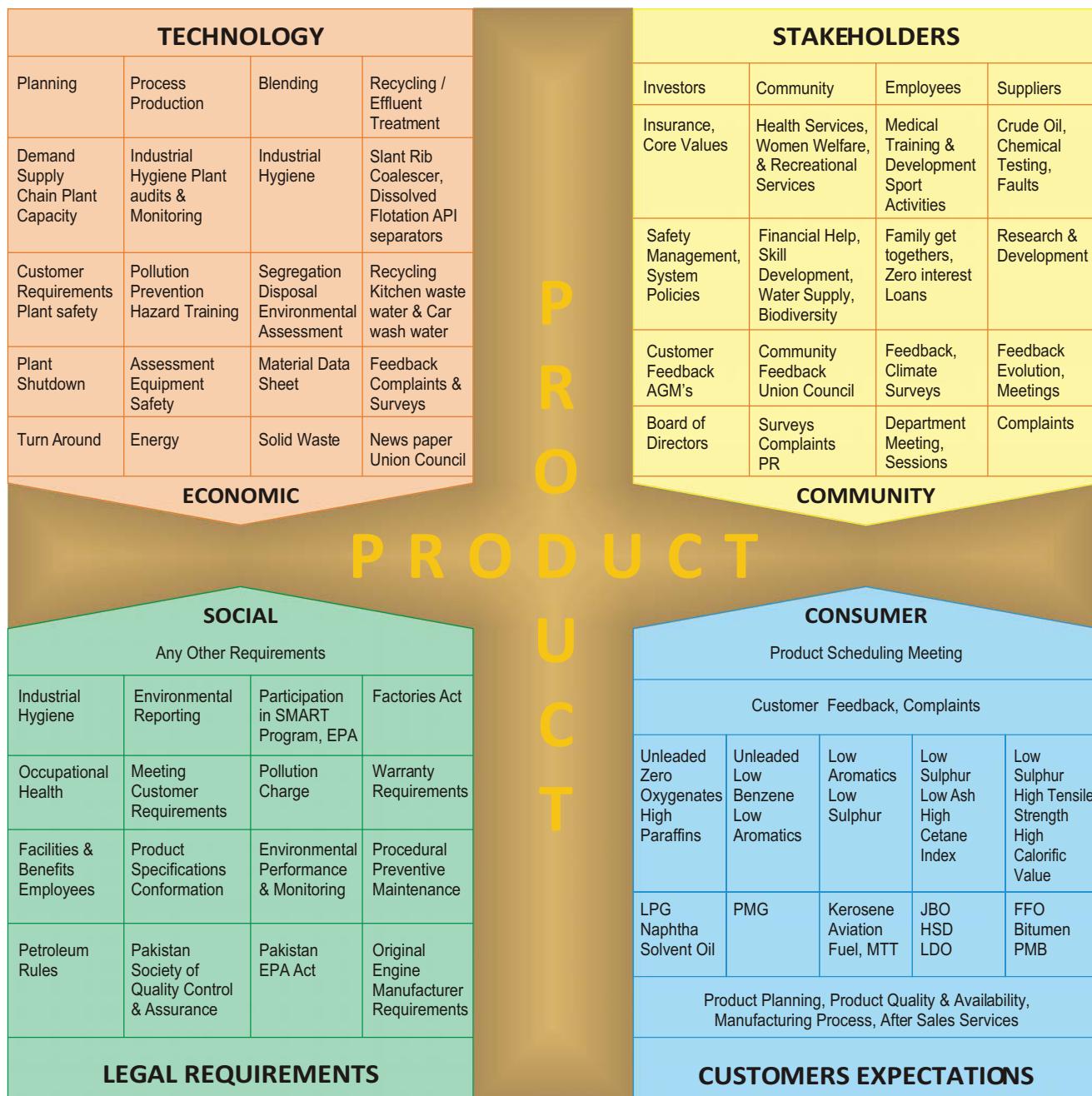
3-Satisfactory

4-Good

5-Excellent

Product & Service Stewardship

At Attock Refinery Limited (ARL), we are well aware of our responsibilities towards environmental, social and economic impacts of our services and products. We believe that product and service stewardship is core to our business strategy and operational activities. The figure is depicting our core activities associated with our response to its impacts on stakeholders define unbroken chain of ownership from raw material to product life cycle. The systematic approach towards identification of significant safety risks associated with our products and services helped ARL in development of such a sustainable HSEQ mechanism, which contributes in continual improvement of the ARL management systems. Training is given to all employees to enable them to work consistently as per standard operating procedures.



Chapter 3



ARL CSR Initiatives

Human Resource Policy

ARL corporate policy on human resources is to attain the highest standards of professionalism



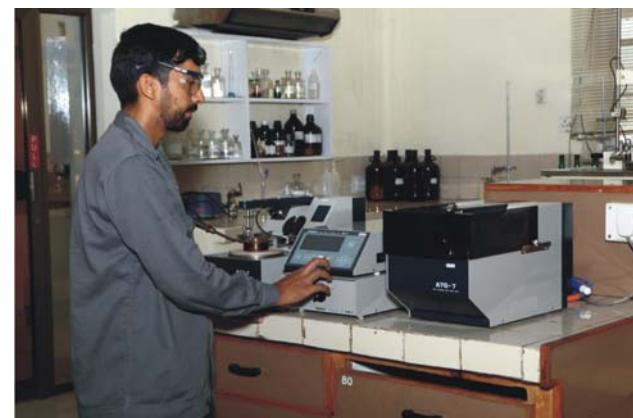
throughout the organization by recognizing and revealing individual capabilities, productivity, commitment and contribution.

ARL firmly believes that the continued progress and success of the Company depends upon to a great extent on its personnel that only with a carefully selected, well trained, achievement orientated and dedicated employee force, can the company maintain its Leadership in the Refining industry. And because the most valuable asset of the company is its personnel, ARL has the following human resource



policies:

1. Employ the best-qualified persons available, recognizing each person as an individual thus affording equal opportunity.
2. Pay just and responsible compensation in line with the industry standards, job requirements and workforce.
3. Help employees to attain their maximum efficiency and effectiveness through a well-rounded training and development program.
4. Provide and maintain comfortable, peaceful and orderly working conditions.
5. Promote from within whenever possible and provide opportunities for growth and promotion to the employees.



6. Treat each employee with fairness and respect and in return expect from him in service marked by dedication, devotion, commitment and loyalty.
7. Encourage each employee to improve and develop himself and thereby prepare him for positions of higher responsibility.
8. Recognize and reward efficiency, team work, discipline and dedication to duty and responsibility.
9. Exhaust all means to resolve Labor-Management differences, promptly and amicably, if any.
10. Provide a wholesome and friendly atmosphere for harmonious Labor Management relations.

ARL CSR Initiatives vs Sustainability

Our Approach

Attock Refinery Limited (ARL) maintains a commitment of businesses to include in its corporate practices the economics, social & environmental criteria/actions, which are above & beyond legislative requirements, and are related with everyone influenced by their activities.

We have adopted a decision-making process that gives equal consideration to our three highest priorities: Reliable energy source, environmental stewardship and social responsibility. In other words, everything we do as a Company is intended for the good of our stakeholders especially community.

Social Responsibility has been the heart of ARL since it was formed. The Company has long history of supporting and investing in local communities and our approach is not just meeting the demands but go beyond their requirements. Company has been focusing in sectors like health, education, infrastructure development and social promotion.

ARL adopted AA1000 standard and Global reporting initiative guidelines for planning and reporting of our social programs to achieve high standard of transparency, fairness and impartiality.

Key Characteristics principles applied in an assurance process are:

Materiality Principle to ensure that stakeholders are fully on board for planned social and other sustainability related programs covering legal, regulatory, policies related performance, behaviors impacts, views and their perceptions to enable them to make informed judgments, decisions and actions.

Completeness Principle to assess and identify the extent of unbiased product, service related activities to social, ethical and environment performance. The disclosures of shortcomings of completeness are being mentioned for making it as a target for next report.

Responsiveness Principle is applied to make sure that ARL has responded to stakeholders concerns, policies and adequately communicated these

responses. ARL sustainability report has been used as a tool to communicate our response to all stakeholders. The sustainability report is placed on ARL web site not only to ensure easy access but also provides feedback mechanism for two way communication.

Global Reporting Initiatives Guidelines Principles are used to present summarized economic, environmental, and social dimensions of ARL performance for comparable reporting across diverse organization to facilitate standardized and systematic judgment.

Focusing on Corporate Social Responsibility Materiality

We have consulted a variety of sources internal as well as external as part of our materiality assessment. These sources includes:

- Company objectives, strategies, core values, policies and programs
- Independent judge's feedback on our previous sustainability report
- Employee's climate surveys
- Stakeholder's Feedback
- Shareholder's resolutions and feedback
- Stakeholder dialogues
- Suppliers
- GRI 3 recommended topics and data for inclusion.

After reviewing inputs from these sources and based on our analysis, we determined that the material issues of key importance to ARL and our stakeholders have been considered as short, medium and long term plans.

Social Programs Identification Forums & Activities

Employees: In an era of increasing international and local competition, the capability of an organization to build a corporate culture that attracts and retains talented people is rapidly emerging as the most important criterion for organizational success. Employees want to work for companies that are not only great places to work, but embrace sustainable

development as well as being socially responsible.

They want to feel a sense of alignment between their personal values and their company's values. For this purpose ARL has adopted multiple strategies to transform its culture and values alignment with each employee because, we firmly believe that our most important asset is our employee.

Attock Sahara Foundation: Attock Sahara Foundation (ASF), a Company sponsored NGO, is playing a vital role in uplifting the economic conditions of the surrounding communities through various welfare activities carried out during the year. These included vocational training, computer classes, financial and dowry assistance, medical assistance, elementary education etc. Such



activities are carried out by ASF on a self financing basis by generating funds through fund raising activities. ASF's annual expenditure is over Rs 8.7 million. The Company provides organizational support in administration, finance and routine operations of ASF.

Community

ARL follows a consistent policy of social interaction with its neighbors and keep periodic liaison with all stakeholders to have their perceptions and views on ARL social endeavors. This includes our meetings with concerned area nazims, schools & colleges administrations in the locality, District Coordination Officer, Local Fire Club Members like 1122, Civil Aviation Authority (CAA), National Disaster Management Authority and suppliers and



customers.

Following process helped ARL in visualizing and formulating its strategies for actionable social objectives and plans.

Area Union Councils Meetings provided us community perception and interpretation of ARL business operation and translatable expectation of community. One of our representative attended Morgah and Kotha Kalan Union Councils meeting to record debates, discussion and demands of Union Council's specific to ARL.

Communication of ARL commitment and social program to community by displaying large number of colorful banners with thought provoking statements were displayed at prominent locations.

Free Medical Camps Being a socially responsible organization Attock Refinery Limited in collaboration with Attock Hospital (Private) Limited and Attock Sahara Foundation also arranged a free medical camp, on April 23, 2011 at AHL. The objective of setting up this free medical camp was to assist the poor people of vicinity who could not



afford proper medical treatment. The outcome of the medical camp was extremely positive as over 900 patients were examined and treated for different types of ailments. They were also given free medicines which were arranged by the donations from Attock Sahara Foundation and different Pharmaceutical Companies. Specialist Consultation was also arranged. Gynecologist, Surgeon, Medical Specialist and Pediatrician offered their voluntary services for the medical camp. Special arrangements were made to check blood sugar levels and specialized tests of BMB (bone marrow density) were carried out with the collaboration of pharmaceutical companies. Both these tests were conducted free of charges.

Product Responsibility & Customer Satisfaction
feedback from Oil marketing companies is taken in fortnightly meetings held in ARL for allocation of products quota. Apart from this forum ARL also get quarterly feedback from external customers on quality of products and services. Few customer's registered complaints on quality of products and after sales services. All customers' complaints were discussed in biannually Quality Council meeting chaired by Chief Executive Officer.

Challenges Identified

Major direct and Indirect Social challenges identified through above forums are as under:

- Indirect & direct jobs to local residents
- Drinking water supplies to community
- Scholarships to deserving students of community
- Hepatitis Vaccination
- Women Skill Development
- Mother care
- Urbanization
- Supply Chain Management
- Water resources development
- Media Empowerment
- Recreational facilities
- Infrastructure development

- Government Pricing Formula
- Employees Retention
- Local youth's capacity building
- Human Rights Awareness
- Free Medical Assistance to poor segment of community
- School facilities/Utilities assistance
- Carriage Contractor's Driver's facilities

Solutions & Performance

Our responses to above challenges are summarized as under:

Attock Refinery Limited (ARL) is making a sincere effort to involve local community in development projects, focusing on capacity building rather than traditional donor beneficiary relationships. ARL believes that investing in the well-being of communities and broader societies are important to its success as a business.

ARL supports the educational community over and above the reliance of its workforce on it. ARL provides the opportunity of continuing education to the students of the areas. The company has constructed a Junior Model School in the colony area of Morgah up to 8th class. Most of the expenses incurred in this connection are borne by the company and a minimal fee is charged. Moreover, scholarships are awarded to the children of employees from primary up to post graduation from top rated institutions of Pakistan like Ghulam Ishaq Khan Institute (GIKI) and Lahore University of Management Sciences (LUMS).

ARL also provides annual grants to Union Councils of the area to run their affairs smoothly. The Punjab Workers Welfare Board is constructing two model schools at Morgah with the active assistance of the Company.

Third Human Resource Conference 2011

The Third Human Resource (HR) Conference was convened on October 12, 2011 under the auspices of Attock Refinery Limited (ARL) at Morgah Club, Rawalpindi. The Theme of this Conference was "Expanding HR Horizons".

The most significant feature of this conference was presence of distinguished speakers and overwhelming participation of HR professionals representing more than 40 organizations from all major sectors of economy i.e. Oil & Gas, Power Generation, Manufacturing, Banking, Petrochemical & Fertilizer, Cement, IT, Engineering, Healthcare, Telecom, NGOs, Consultants and Academia, etc. pursuing the sole purpose of learning and understanding of contemporary challenges being faced by HR professionals in today's dynamic and challenging business environment.

At ARL Human Resource is considered as a key strategic resource. While acquiring the latest state of the art facilities, ARL has never been oblivious to the human factor and has been in the forefront to



discharge its obligations.

Following the resounding success of two HR Conferences in 2009 & 2010, ARL continuing its tradition, decided to convene the Third HR Conference 2011, to provide a platform for addressing and sharing challenges being faced and subsequent emerging opportunities for HR professionals in today's competitive business world.

During this one day conference eleven papers were presented by the eminent HR experts. They shared their thoughts on all important aspects of HR Management. Those who presented their papers included: Mr. Tanweer Alam, Senior Manager (Human Capital Management), FFBL, Dr. Sadia Nadeem, Associate Professor, Head FAST School of Business, Mr. Nadeem Chawhan, Senior Facilitator &



Lead Consultant, NAVITUS, Mr. M. Adil Khattak, Chief Executive Officer, ARL , Mr.Tahir Jawaid, Vice President (HR & PA), Engro Corporation Ltd., Mr. Naushad H. Javaid, Management Consultant, Mr. Ali Imam Naqvi, Head (OD), Pakistan Mobile Communications Ltd., Mobilink., Mr. Sohail Zindani, Consultant, Learning Minds, Dr. Aamir Murad, Consultant, Management Excellence, Mr. Zahid Ali Mubarik, Manager (O.D.), Khushhali Bank Limited and Mr. Faiez H. Seyal, Managing Associate, ACE Consulting Group.

Welfare Spending for Under-Privileged Classes

ARL is also providing Education allowance for the children of the widows and free provision of electricity, gas and water for a period of 4 years in respect of deceased employees of the Company. Moreover, disabled children of Company's workers are also provided with children disability assistance allowance. The total annual expenditure on this account amounted to over Rs 0.63 Million.

Scholarship for Brilliant Students

The Company is not oblivious of the fact that the talented children of employees need considerable support and encouragement in these difficult times. ARL management offers gifts to the brilliant students amongst children of employees for attaining high marks/distinctions in matric, O-levels, Intermediate and A-levels as such ARL is cultivating the seeds of hope for better tomorrow.

Other CSR Activities

Free Diabetic Clinic at Attock Hospital Limited (AHL) Attock Hospital Limited (AHL) held diabetic clinic on

February 10, 2011. The aim of the diabetic clinic was to make sure that all patients with diabetes mellitus have appropriate and adequate treatment. A diabetes mellitus is a condition which is becoming more common. There are two types of diabetes mellitus, type 1 and type 2. Type 1 affects young people and is due to the body not producing enough insulin. You need insulin to put the glucose into cells where it is used as an energy source. Without insulin, the blood glucose keeps rising, and the cells starve as they cannot get the glucose in them to feed them. Type 2 diabetes is found in older people, where they still have insulin, but not quite enough for their requirements. Total 68 patients were registered, 32 were hypertensive and commenced on antihypertensive medicine and 12 had nephropathy, 3 patients were referred to optician to look signs of eye damage.

Women Health Awareness Session

Attock Sahara Foundation(ASF) in collaboration with Attock Hospital Limited (AHL) arranged a learning session on March 14, 2011 at Elliot Club in connection with women day celebration. The females of the surrounding area were invited to share knowledge on the following topics:

Obesity

Vitamin D-3 Deficiency

Anemia

Dr. Saira Shabnum Awan, Dr. Anam Ishaque and Dr. Misbah Rahim gave briefing/lectures to approximately 120-130 females who participated in this learning session while Dr. Shahida replied to various questions asked by the participating females. Ladies appreciated the effort and insisted



for such more sessions.

Employment of Special Persons

In order to provide employment opportunities to physically handicapped persons and to provide them a chance to earn respectable living thus making them useful members of the society, the Company has allocated a quota for such persons and ensures to observe it.

Education & Training Aspects

In pursuance of its core values of learning & innovation, ARL provided education and learning opportunities like internship, apprenticeship, training program and study projects to students and fresh graduates. The Company provides Merit Scholarships/Awards to the employees children from class 6th up to the Ph.D level and during 2010-11 scholarships were awarded to the sixty students at different levels.

Community investment and Development Schemes

ARL is providing several community services for the welfare of the surrounding population in the vicinity of the Refinery. These include provision of electricity, water and gas facilities to schools and Masjids and limited maintenance services for these buildings. The Company has also provided well maintained sports grounds for hockey and cricket along with other sports facilities at which the employees and their children engage themselves in healthy activities. The total expenditure on such activities amounted to over Rs 1.650 million.

Clean Water for the Community

Company continued its policy of providing fresh potable water to the surrounding population in the villages of Morgah, Kotha Kalan, Jhamara and welfare Organizations like SOS Village, Fauji Foundation Hospital, Deaf & Dumb School and other local Schools and Masjids in the area.

Recently ARL provided free of charge water connections through pipelines to more than 50,000 people.

Tree plantation - 2011

Attock Refinery Limited in collaboration with NCPC



and Environment Protection Department Punjab has planted many species of trees in the community such as in Gulshanabad, Roots School System and other educational institutions. ARL has also carried out plantation at Morgah Biodiversity Park in which many endangered species of flora and fauna have been conserved.

Morgah Biodiversity Park

The Company continues to support the Morgah Biodiversity Park which provides a healthy environment, entertainment and education to the visiting community. This Park had been sponsored by the Company in collaboration with UNESCAP for conservation of Biodiversity of the Potohar Region.



GRI Social Performance Indicators

Labor Practices and Decent Work Performance Indicators

EMPLOYMENT			
Rating	Code	Description	Management
Core	LA1	Total workforce by employment type, employment contract, and region.	<p>As on November 1, 2011</p> <p>Regular Management Staff = 207</p> <p>Regular Non Management Staff = 341</p> <p>ARL Contract Staff = 113</p> <p>Total = 661</p> <p>Contractor Staff = 646</p> <p>Trainees/Apprentices = 120</p>
Core	LA2	Total number and rate of employee turnover by age group, gender & region.	Turnover 5.6
Add	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	ARL does not offer part-time employment.
LABOR MANAGEMENT RELATIONSHIP			
Core	LA4	Percentage of employees covered by collective bargaining agreements.	<p>52.4 % of total workforce is covered under CBA</p> <p>95.9% of Non management staff is covered under Collective bargaining agreements.</p>
Core	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	On expiry of CBA agreement, the next charter of demand is furnished within three months. CBA Agreement is due after every two years.
OCCUPATIONAL HEALTH & SAFETY			
Add	LA6	Percentage of total workforce represented in formal joint management worker health and safety committees that help monitor and advise on occupational health and safety programs.	ARL has a Central HSE Committee representing both management and workers. Besides, there is Joint Work Council representing both management and workers' representative. The Joint work Council also promotes conditions of Safety and Health for the workers.
Core	LA7	Rates of injury, occupational diseases, lost days and absenteeism and total No. of work related fatalities by region.	In last five years ARL has brought down total accidents incidents rate from 15 to 2.5 which clearly shows continuous improve safety culture at ARL. Since lost time injury in January 2010 ARL has achieved 9.15 Million safe man hours (Dec 31, 2011).

OCCUPATIONAL HEALTH & SAFETY			
Rating	Code	Description	Management
Core	LA8	Educational, Training, Counseling, prevention & risk control programs in place to assist workforce members, their families or community members regarding serious diseases.	ARL has a well established occupational health and safety related issues communication system. The issues are communicated to the workers and their families through safety alerts, on site training. Move over, awareness sessions with ARL hospital doctors are conducted regularly about the serious diseases.
Add	LA9	Health and safety topics covered in formal agreements with trade unions.	Yes, health and safety topics have been covered in formal agreement with trade unions.
TRAINING & EDUCATION			
Core	LA10	Average hours of training per year per employee by employee category.	Total number of employees trained in year 2010-11: In-house Training :538 Training through Local institutions :50 Training abroad: 7 Total training hours: 4,320
Add	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	ARL have comprehensive and well crafted skills management program of Statutory Apprenticeship, Short term Apprenticeship and management development program for fresh Engineers, B.Scs, MBAs etc. The duration of such programs varies from 1 to 2 years. Besides, management staff are extensively engaged in management development program round the year.
Add	LA12	Percentage of employees receiving regular performance and career development reviews.	100% of employees are receiving regular performance and career development reviews. We have very elaborated performance appraisal system which provides for formal yearly appraisal and informal mid term appraisal on six monthly basis.

TRAINING & EDUCATION				
Rating	Code	Description	Management	
Add	LA12			
			We arrange guidance sessions for employees before setting their respective yearly targets in appraisal system. Our appraisal system also takes into account the behavioral traits of employees which in turn becomes a good blend of target and traits.	
INVESTMENT AND PROCUREMENT PRACTICES				
Core	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Yes, human rights clauses have been included in all of outsourced employment agreements. We ensure that all our out source contractors ensure compliance of all labour laws.	
Core	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Nil	
DIVERSITY & EQUAL OPPORTUNITY				
Add	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Nil	
NON DISCRIMINATION				
Core	HR4	Total number of incidents of discrimination and actions taken.	No such incident was reported during the period under review.	
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
Core	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	No Incident has been identified in which the right to exercise freedom of association and collective bargaining has been affected. We respect the worker's right to associate and collective bargaining.	

CHILD LABOR			
Core	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	Nil At ARL, minimum Age limit for employment is 18 years.
FORCED AND COMPULSORY LABOR			
Core	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor and measures to contribute to the elimination of forced or compulsory labor.	Nil We strictly comply with Factories Act 1934 and Bonded Labor System (Abolition) Act, 1992. We have also voluntarily adopted the UN Global Compact Principles. We have an elaborated policy of Ethics and Business practices.
SECURITY PRACTICES			
Rating	Code	Description	Management
Add	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Security personnel are sensitized on continual basis with respect to organization's policies or procedures concerning aspects of human rights that are relevant to operations.
INDIGENOUS RIGHTS			
Add	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	ARL respects the right of indigenous people and no incident has been reported regarding its violation.

Society Performance Indicators

COMMUNITY			
Core	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	ARL has actively been involved in different CSR Initiatives including education, poverty alleviation, environment, health, community development, sports, water provision etc.
CORRUPTION			
Core	SO2	Percentage and total number of business units analyzed for risks related to corruption.	100% of business units have been analyzed for risks related to corruption.

PUBLIC POLICY			
Rating	Code	Description	Management
Core	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Nil
Core	SO4	Actions taken in response to incidents of corruption.	ARL policy provides for strict Action in response to incidents of corruption, if found guilty including termination from employment
PUBLIC POLICY			
Rating	Code	Description	Management
Core	SO5	Public policy positions and participation in public policy development and lobbying.	ARL has signed the Ethics policy on the Platform of Oil Companies Advisory Committee (OCAC) along with other members from Oil & Petroleum sector to abide by the highest ethical standards, observed regulations applicable to the industry and laws of the country, conduct business with integrity and honesty, treat stakeholders fairly, communicates openly and be accountable.
Add	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Nil
ANTI COMPETITIVE BEHAVIOR			
Add	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	Nil
COMPLIANCE			
Add	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	Nil

ARL Social Plans

VITAL

NOTEWORTHY SIGNIFICANT



SHORT TERM 1-2 YEARS

MEDIUM TERM 2-5 YEARS

LONG TERM 5 YEARS

Chapter 4



ARL Environmental Initiatives

ARL Health Safety Environment & Quality (HSEQ) Policy

ARL is committed to provide the best quality products in the market, endeavors to protect the environment and to ensure health and safety of its employees, contractors and customers and to work for continual improvement in health, safety, environment and quality (HSEQ) systems.

ARL is committed to comply with all applicable Health, Safety, Environment and Quality laws and regulations. The policy shall be used to demonstrate this commitment through:

Health

ARL seeks to conduct its activities in such a way as to



promote the health of and avoid harm to its employees, contractors, visitors and the community. ARL ensures that every employee or contractor works under the safest possible conditions. It is our firm belief that every effort must be made to avoid accidents, injury to people, damage to property and environment.

Safety



ARL believes that practically all accidents are preventable by carrying out risk assessments, and reducing risk identified, by appropriate controls.

Environment

ARL is committed to prevent pollution by the efficient use of energy throughout its operations,

recycling and reuse of effluent wherever possible and use of cost-effective cleaner production techniques that lead to preventive approach for



sustainable development.

Quality

ARL recognizes employees' input towards quality by emphasizing skills development and professionalism. ARL must be customer driven, cost effective and continuously improving services, works and products to meet requirements of the market. ARL conducts periodic audits and risk



assessment of its activities, processes and products for setting and reviewing its objectives and targets to provide assurance, to improve HSEQ standards and loss control. ARL is committed to share all pertinent information related to HSEQ with all concerned parties.

ARL Environmental Initiatives vs. Sustainability

Our Approach

It is our firm belief that sustainable development can't be brought about by defining policies only; rather we must integrate immediate, short-term and longer-term objectives, applicable legislation and regard social, economic and environmental issues as inseparable and interdependent components for sustainable development.

In order to define ARL's environmental strategy, plans and performance, following items are discussed in detail:

- 1 Materiality analysis to define issues**
- 2 ARL challenges regarding Environment**
- 3 Solutions to the challenges**
- 4 Current Environmental monitoring**
- 5 Future Environmental Plans**
- 6 Our Performance on GRI Environmental indicators**

Materiality Analysis for ARL Environmental Sustainability

In materiality analysis for ARL environmental endeavors, we considered the significant current or potential environmental impacts on our company. We have categorized our environmental plans as noteworthy, significant and vital and extended over the period of time as short, medium and long term.

By using a materiality analysis to identify and prioritize issues, we are better able to allocate resources to those issues that are truly important to stakeholders and to ARL itself. This definitely results in shorter, focused and sustainable solutions to these issues. This analysis is also important to provide stakeholders the confidence that ARL sustainable environmental strategy is addressing their concerns.

We have obtained our environmental issues by seriously reviewing our environmental assessment, our short, medium and long terms plans, legal

environmental requirements, feedback from customer, community, employees, coordination with environmental protection agencies like Pakistan EPA, etc. Following are the material issues to ARL:

- 100% compliance to National Environmental Quality Standards (NEQS)
- To achieve Health, Safety, Environment and Quality department vision, mission and deliverables
- To obtain green industry status from Pakistan Environmental Protection Agency
- Close coordination with neighboring institutions with reference to HSE issues
- Celebration of global events like World Environment Day to revitalize our commitment
- Employees capacity building through awareness and training
- Continuous feedback from customers, employees and community

ARL Environmental Challenges

As a materiality analysis result, following environmental challenges are identified:

- 1 100% compliance to NEQS
 - a) Spent caustic management and boiler blow down treatment
 - b) Solid waste management
 - c) Amendment in NOx limit in NEQS for oil-fired reciprocating engine power plants
 - d) Upgradation of effluent treatment plant to meet future requirements
- 2 Stakeholders Awareness
- 3 Green image of ARL
- 4 HSEQ department vision, mission and deliverables
- 5 HSEQ sustainable initiatives:
 - a) Occupational Health & Industrial Hygiene
 - b) Upgradation of ARL fire network
 - c) Celebration of Safety Week and World Occupational Health and Safety day

- d) Development and Implementation of oracle based ARL HSEQ management system.
- e) Hazards identification and solutions
- f) Scenario based emergency preparedness and response exercises
- g) Behavioral safety counseling
- h) Key performance indicators like safe man hours and TAIFR
- i) Training and awareness of refinery staff

Solution to the challenges

Our responses to above challenges are summarized as under:

1 100% Compliance to NEQS

ARL has achieved 100% compliance of National Environmental Quality Standards (NEQS) for priority parameters of liquid effluent in year 2011. This was achieved after controlled Chemical Oxygen Demand (COD) and occasional variation in pH values in the effluent water leaving the refinery.

In corporate targets for the year 2011-12, we had planned to 100% comply with all NEQS parameters. In this regard, a team is working and proposed solutions to be adopted by ARL to achieve this milestone.

ARL continuously reported environmental monitoring data to Punjab and Federal EPA.

A brief review on environmental projects that are in progress is as under:

a) Spent Caustic Management and Boiler blow down treatment

This project was initiated to address the NEQS compliance at the plant level rather than at the effluent treatment plant. It has been implemented since year 2009 on pilot plant basis the last three and a half year.

After the successful result yielded by pilot plant it was decided to upgrade the process. In year 2010 in a budget was approved to install a new vessel of carbon steel and two pumps. Presently vessels and pumps installation work is in progress. This research work was recently published in "Hydrocarbon

Processing, USA" November 2009 edition titled "Wastewater Treatment - A Refinery Case Study".

b) Solid Waste Management

Solid waste is one of key environmental issue and to address this ARL has implemented a project of solid waste management since six years where the solid waste was segregated at source in different categories. These categories are paper, oily rags, glass, plastic, different types of metals and leaves from the trees. Currently the plan is more effective in case of oily rags, which are incinerated and metals which are collected and are either reused or sold. We are planning to device a workable plan for the proper disposal of other types of solid wastes.

c) Amendment in NOx limit in NEQS for oil-fired reciprocating engine power plants

ARL has filed a proposal with Pakistan Environmental Protection Agency (EPA) to adopt NOx limit of 2,000 mg/Nm³ in light with World Bank guidelines 1998 for emissions related to internal combustion engine based on oil fired thermal power plants.

NEQS specifies NOx limits of 600mg/Nm³ for thermal power plants based on oil fired power plants. ARL view point is that the conventional thermal power plants were based on boilers who require 4 to 5% level of oxygen and in this case NOx limit of 600mg/Nm³ as specified in NEQS can be complied. The matter is pending with EPA council for approval.

However furnace fuel oil fired internal combustion engine type thermal power plants has to maintain 15% oxygen to facilitate complete burning in closed combustion chamber, which generate high pressure and temperature.

d) Upgradation of effluent treatment plant to meet future requirements

In view of future expansion projects and to comply with the National Environment Quality Standards (NEQS) for its effluent water stream ARL intends to upgrade the quality and enhance the capacity of its effluent systems on turn key basis this includes the installation of another DAF Unit of 200 US GPM. Mechanical skimmers and scrapers will be installed

on three of the existing API separators and the collection sumps (02 in Nos.). The project will be completed in two phases. Total cost of project is Rs. 150 Million.

2 Stakeholder's Awareness

Stakeholder's Awareness is an integral part of sustainable business. To keep aware stakeholder's of different projects being carried out at ARL regarding our environmental performance, events / sessions are being conducted at regular intervals. These sessions include meeting with the Union Council Nazim, Community School Principals, Teachers at different schools, World Environmental Day and visits to ARL facilities.

- **Celebration of World Environment Day at ARL**



World Environment Day was celebrated on June 06, 2011 in Management Development Centre, Attock Refinery Limited. District Officer Environment, Rawalpindi, EPA Punjab, Dean Faculty of Forest and Environment, Arid Agriculture University, and Chairperson faculty of Environmental Sciences, Fatima Jinnah Women University were also invited.

The ceremony was started with the recitation of verses of Holy Quran. Then presenters from all participants gave their presentation on forest and climate change relating to the theme of environmental day that was Forests-Nature at Your Service.

Speeches and small skits were performed by the children of City English School and Aman Development Institute on the theme of saving the

environment. At the end prizes and certificates were distributed to the presenters of the ceremony.

- **Celebration of World Biodiversity Day**

May 22nd has declared as International Day of Biological Diversity. To commemorate the international declaration, Biodiversity day was celebrated by Attock Refinery Limited in collaboration with National Cleaner Production Centre -Foundation, Environment Protection Department Punjab, Attock Sahara Foundation and Attock Gen Limited. At this event a walk was arranged from Attock Sahara Foundation to Morgah Biodiversity Park in which masses from various fields of life including NGOs and educational institutes participated. Participants from all above organizations shared their views, and stressed upon



the needs to understand the importance of Biodiversity conservation and appreciated the measures adopted by ARL for environmental protection.

- **Morgah Club Annual Flower Show**

62nd Annual Flower & Vegetable Show was held on Friday April 8, 2011. The flower show is being held every year in two phases. In the first phase, the judging for Vegetable and Cut Flowers Arrangement Categories was done. And in second phase Judging for Bungalow Lawns was done. This year judging was done on by Judges from Islamabad Horticulture Society, National Horticultural Society & Department of Horticulture/ Arid Agriculture University. The Chief Guest, while addressing the participants expressed immense pleasure at the



beautiful gardens which he visited. He praised the Attock Group of Companies for their steadfastness in carrying forward such a healthy tradition for the last 61 years.

He appreciated the gardeners, organizers and skilled competitors who have combined extraordinary ingenuity, dexterity and workmanship in putting together this impressive and colorful display of floral arrangements that are indeed a sight for sore eyes. He said that by promoting healthy habits and trends like gardening at our homes and surroundings, we can realize the dream of a "Cleaner, Greener and pollution-free Pakistan," where nature and man can live in harmony, ensuring a safer and healthier future for posterity.

In the end he once again appreciated Attock Group and said that their commitment to this noble cause is indeed praiseworthy, and I would urge public departments as well as private organizations to follow this example in spirit of emulation in order to promote healthy activities among public.



Earlier, Mr. M. Adil Khattak, President, Morgah Club in his welcome address thanked the chief guest for taking out time from his very busy schedule, to grace this occasion as the Chief Guest.

3. ARL Green Image

Green plan is a project of ARL since several years. Under this project activities are initiated to keep ARL premises green. Annual tree plantation campaigns and flower cultivation during summer and winter seasons are the major activities of this project, during which thousands of tree saplings are planted at ARL as well as surroundings communities.

4. HSEQ Vision Mission Deliverables

As a company engaged in refining business, it is essential that we pay thorough consideration to health, safety, environment & Quality (HSEQ). We treat HSEQ with the utmost importance, as it is through the proper management of HSEQ risks that we can achieve our goal of sustainable development.

- Automation of HSEQ Management systems.
- Installation of new effluent treatment plant.
- Central Health, Safety and Environment Committee (CHSEC) meets every month headed by CEO to revitalize our commitment to HSE, so far 66 CHSEC meetings have been held
- Quality council meets every six months to discuss the performance of management systems headed by CEO
- Area safety incharges working at shop floor level for the improvement of safety
- HSE sub-committees headed by managers, looking after each deliverable
- Safety stewards, a worker forum looking after sectional HSE aspects
- Occupational health surveys for promoting healthy employees
- Contractors meetings to keep them along ARL practices and procedures
- Behavioral safety surveys to highlighting actionable areas
- Implementation of process safety audit protocol

for refinery plants

- Internal and third party audits to check system compliance
- Environmental monitoring to check legal compliance level

Other sources of feedback like customer complaints, safety observation cards, safety talks, celebration of World Environment Day, World OHS Day and Safety week are also means to move towards HSEQ vision and mission.

5 HSEQ Sustainable Endeavors

We continuously review and improve our HSEQ Management Systems & adopt innovative techniques to prevent incidents, minimize environmental impact, prevent environmental pollution, and reduce health and safety risks to our stakeholders. Few of HSEQ initiatives are given below:

a. Celebration of Safety Week and World OHS Day 2011

It is the tradition of ARL to celebrate safety week every year. In this connection ARL planned and celebrated safety week (April 25-29, 2011) and the World OHS day (April 28, 2011) this year.

The purpose was to reaffirm our commitment and dedication to make work places at ARL even safer and healthier for its employees and other stakeholders as committed in our HSEQ policy.

During the safety week different events and programs were arranged according to schedule for enhancement of safety awareness and improvement in safety culture at ARL.



Unlike previous years ARL employees were found more conscious about safety at work place. This was an achievement and was made possible through ARL continual improvement program.

b. Hazard Identification and Communication

Hazard identification are one of the continues activity being carried out for management occupational hazards & risks in the ARL operational areas. Our objective is to bring risks to ALARP (As Low As Reasonably practicable) level To achieve this objective management programs & plans are established & followed. To involve all employees in the activity Safety Observation Card system is successfully implemented. A total of 183 safety observations have been received and 170 cards have been closed and 13 cards jobs are in progress.

c. Implementation of incident investigation & Reporting software (IIRS)

For more precise recording of incidents and addressing of incident report recommendations, oracle based software was developed by using in house resources of ARL. This system has been successfully launched. With the automated features investigation report recommendations will be address in a timely manner.

Now the next phase of permit to work (PTW) system automation is in progress.

d. Scenario based emergency preparedness and response exercises

ARL HSEQ department adopted the operational philosophy to equip and give the emergency Response Team (ERT) team training through scenario based drills. In this regard different



emergency scenarios are defined and response planning is done how to handle and what resources in terms of men, machine and material are required to manage this specific emergency scenario. On site pre and post drill briefings were conducted to discuss the drill plans as well as areas for improvements highlighted by participants.

e. Re certification of ISO 14001 and OHSAS 18001

Re certification audit of ISO 14001:2004 AND OHSAS 18001:2007 was held in September 2011. SGS Pakistan has conducted the audit and has shown their satisfaction on implementation of the requirements of the standards. M/s SGS has recommended ARL for continuation of certification for ISO 14001:2004 and OHSAS 18001:2007.

f. HSE statistics like safe man hours and Total Accident Incident Frequency Rate (TAIFR)

ARL has achieved the target of TAIFR for financial year 2010-11. The TAIFR target for the said year was 3 and ARL TAIFR remained well below the target i.e., 2.5. The target for the current year TAIFR is 2.5. ARL Safe man hrs target was started since last Loss Time Injury which occurred on 21 January 2010 and after that ARL worked for 4.7 Million man hrs without Loss time injury till 22nd January 2011 and successfully achieved its corporate Target. Till to date (31 Dec 2011) 9.16 Million safe man hrs have been achieved

h. Training and awareness

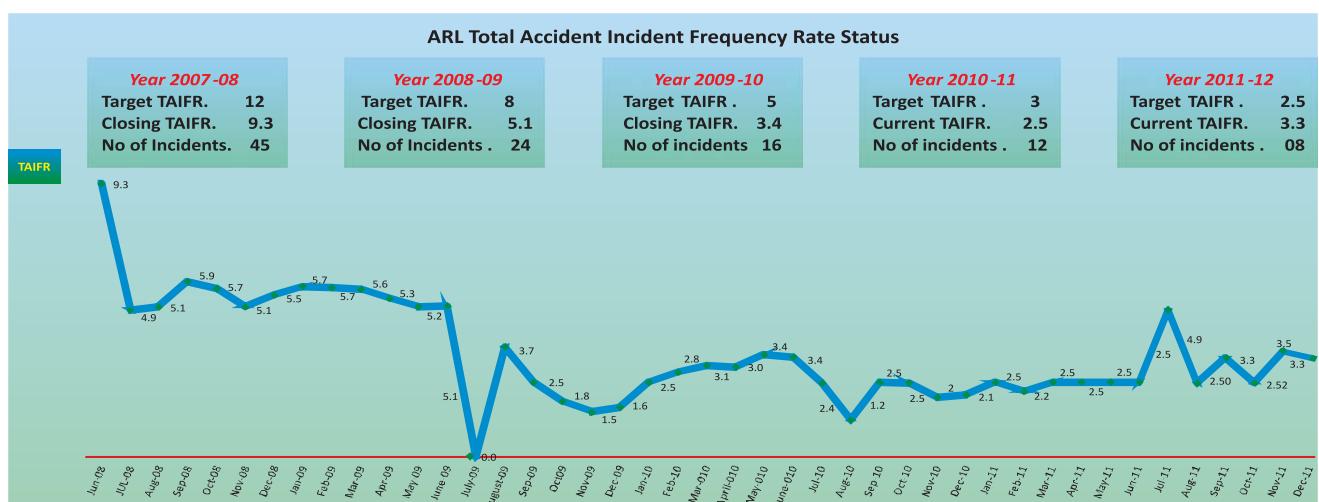
HSE trainings are one of the continuous features of

HSEQ department. Training sessions on different topics are arranged for improvement in HSE awareness of all stakeholders including the contractors & community. Following areas were covered in training sessions conducted in year 2011:

- Backup squad training for refinery and contractor staff
- First aid training in collaboration with rescue 1122 and AHL
- Hazard Identification & Risk Assessment
- Emergency response planning training drills for refinery different sections



- Permit to Work System
- Training of refinery staff through safety alerts
- Safe Driving for inside Refinery Drivers having Driving permits
- IMS Awareness sessions
- Environmental Legal Compliance (NEQS)
- Process hazard Analysis techniques



Environmental Monitoring

Effluent Water Parameters

Effluent water after treatment exit from refinery is a combination of oily and non-oily drains. The oily water from all over the refinery is first collected in equalization basin to prepare feed for effluent treatment units. First of all the effluent water is treated in Slant Ribs Coalescer (SRC) unit. From SRC the wastewater is treated in Dissolved Air Flotation (DAF) Unit. In DAF the effluent water is subjected to coagulation flocculation. DAF helps in reduction of Total Suspended Solids (TSS) and Chemical Oxygen Demand (COD) of the water.

Based on the requirements of Self Monitoring and Reporting Tool (SMART) Phase I, instituted by Pakistan Environmental Protection Agency, we are regularly monitoring 8 priority parameters namely; Effluent Flow, Temperature, pH, COD, TSS, BOD5, Oil & Grease, and Phenolic compounds of effluent

water.

ARL continued reporting the Environmental Performance data to Punjab Environmental Protection Agency (EPA) as well as Federal EPA in 2011 and all parameters remained within National Environmental Quality Standards (NEQS).

Effluent Water Quality

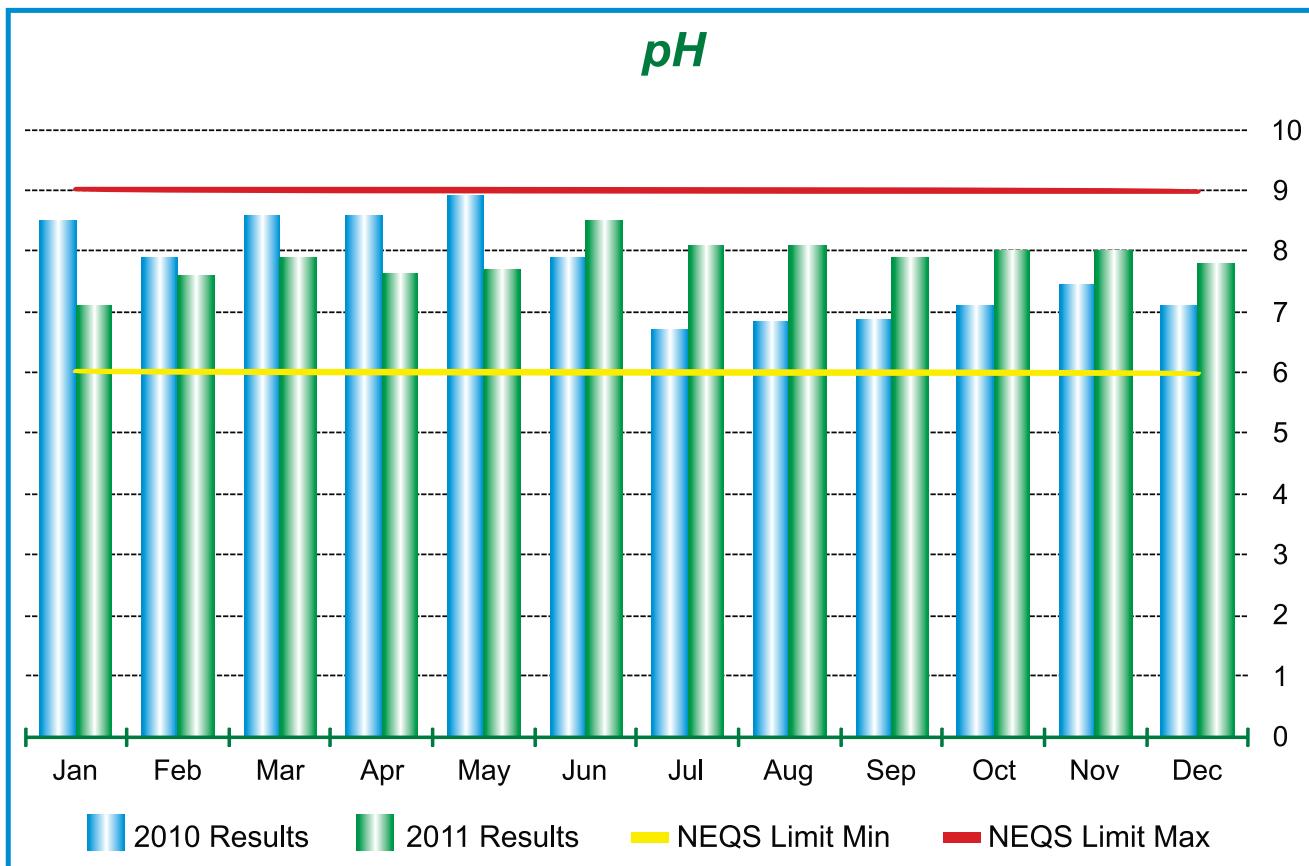
pH value in the liquid effluent stream remains within NEQS limits of 6 to 9 throughout 2011. The consistency of results are mainly due to the treatment of boiler blowdown water.

Chemical Oxygen Demand (COD) remained within NEQS due to implementation of Merox Plant Spent Caustic Treatment project.

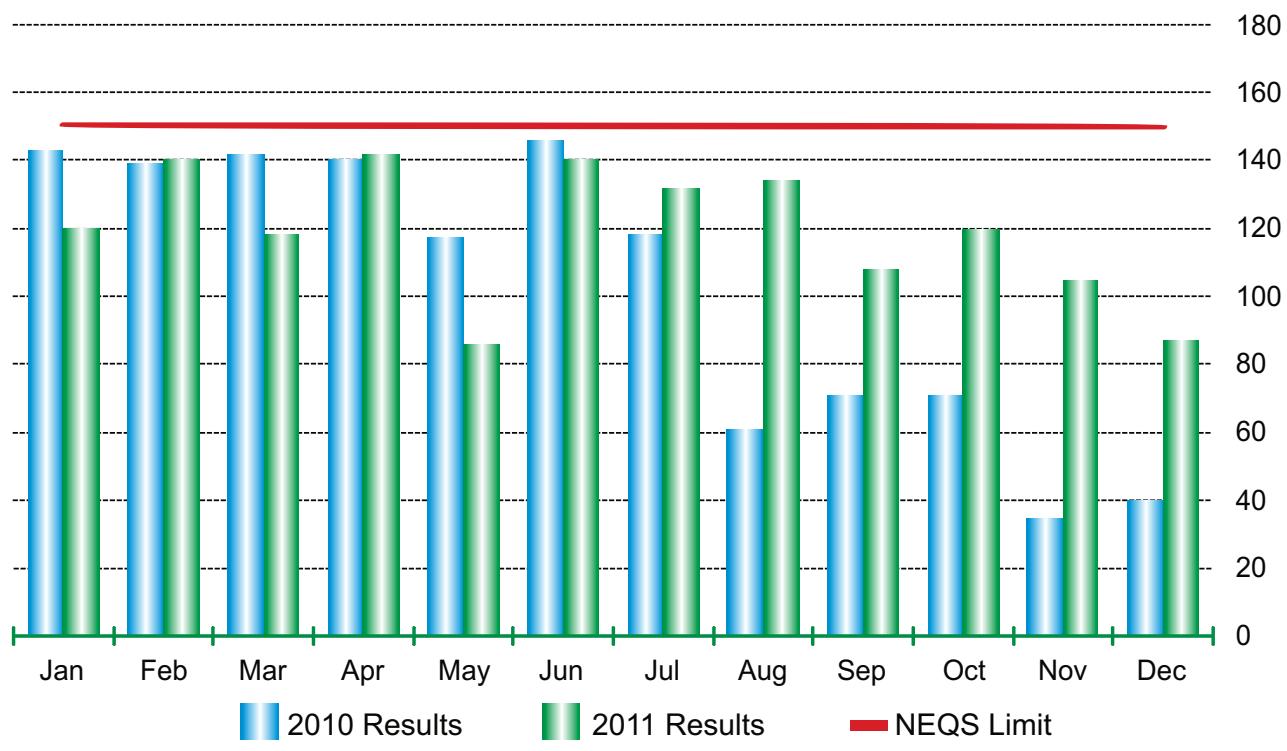
Total Suspended Solids (TSS) remained within NEQS throughout 2011.

Rest of the parameters like temperature, Biological Oxygen Demand (BOD), Oil & Grease and Phenol also remained within NEQS compliance limits.

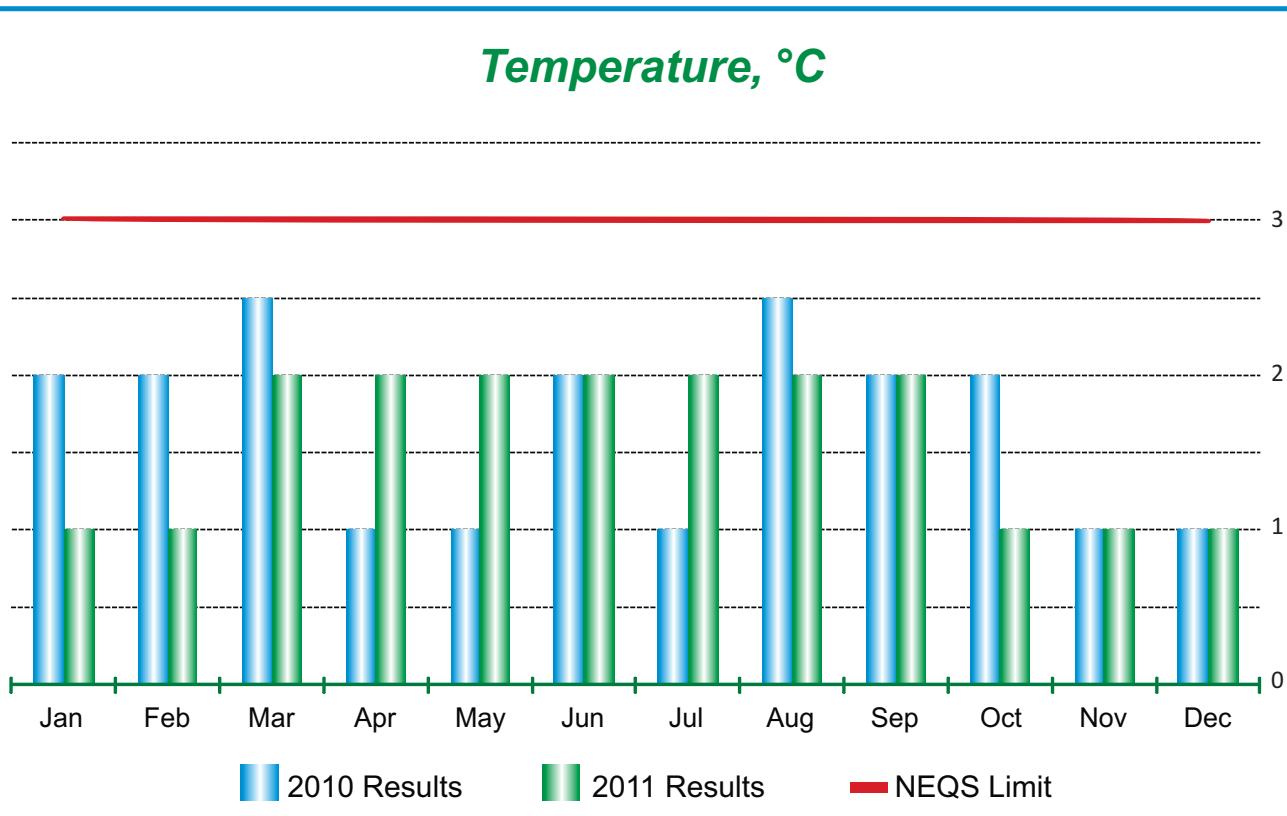
Effluent Water Parameters



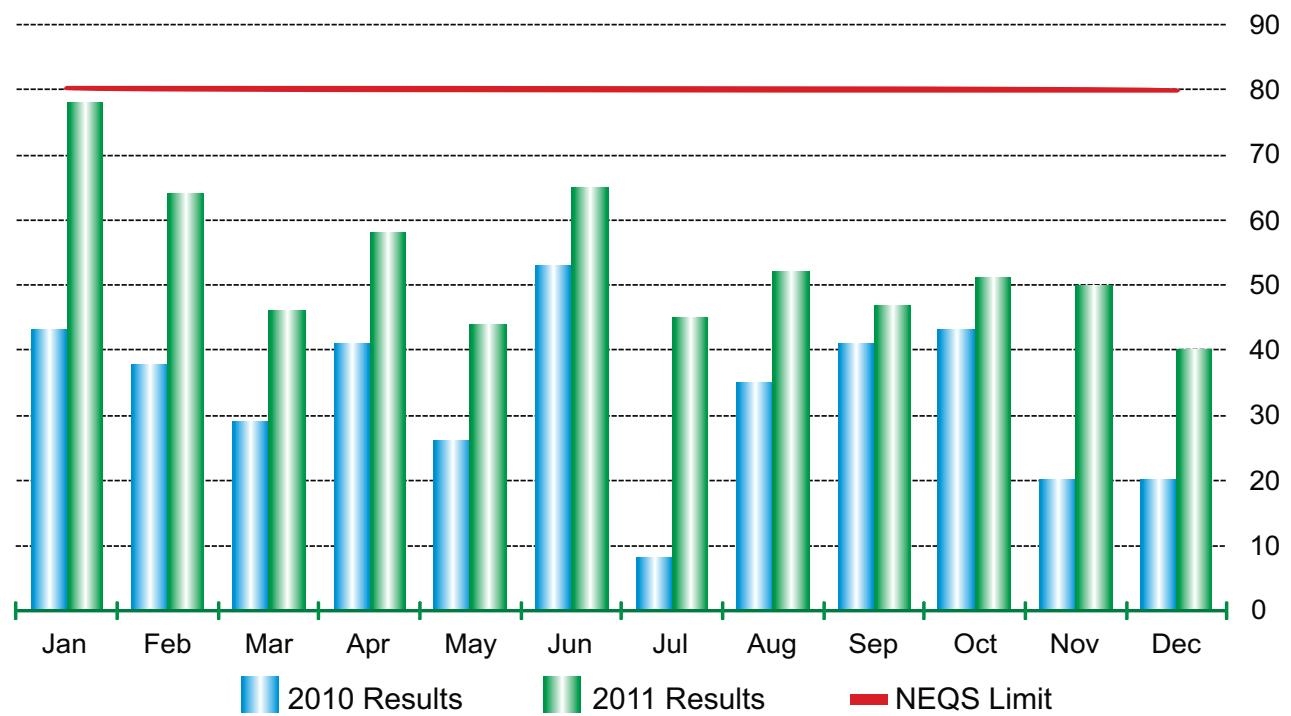
Chemical Oxygen Demand (COD), mg/l



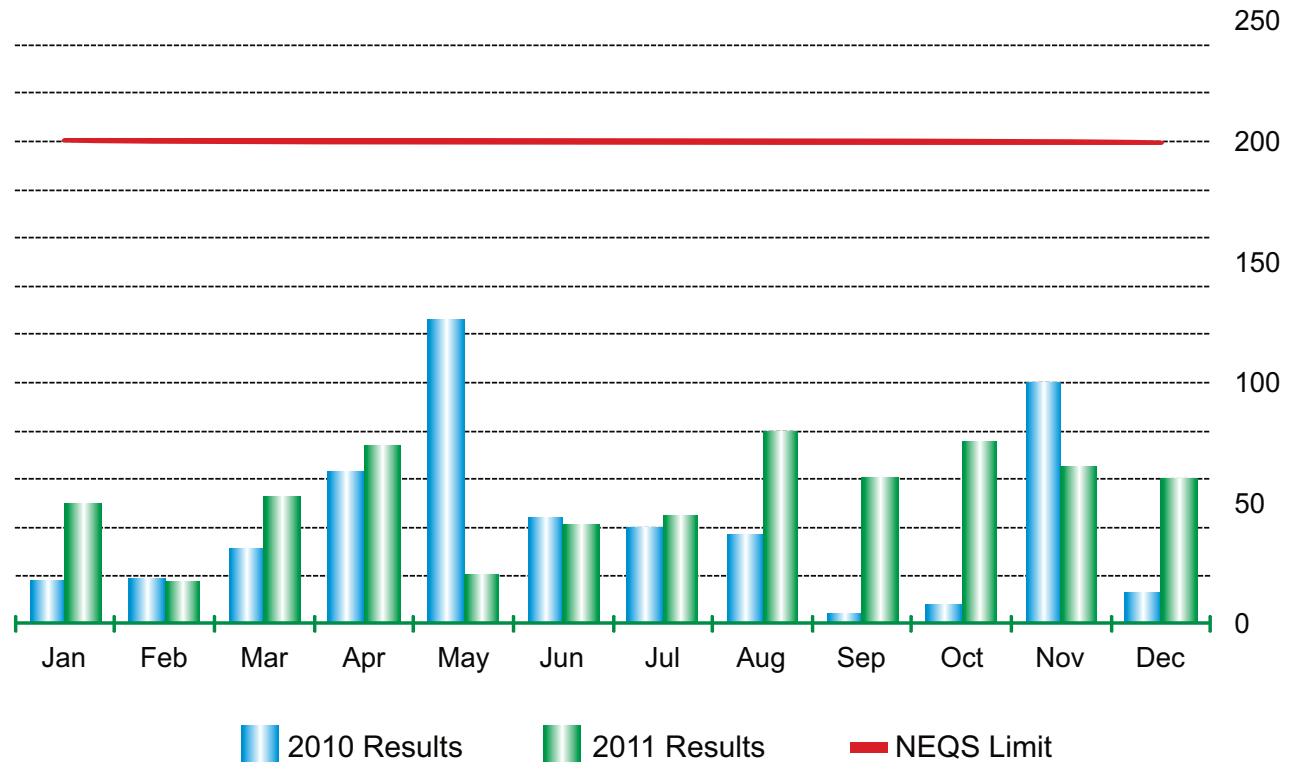
Temperature, °C



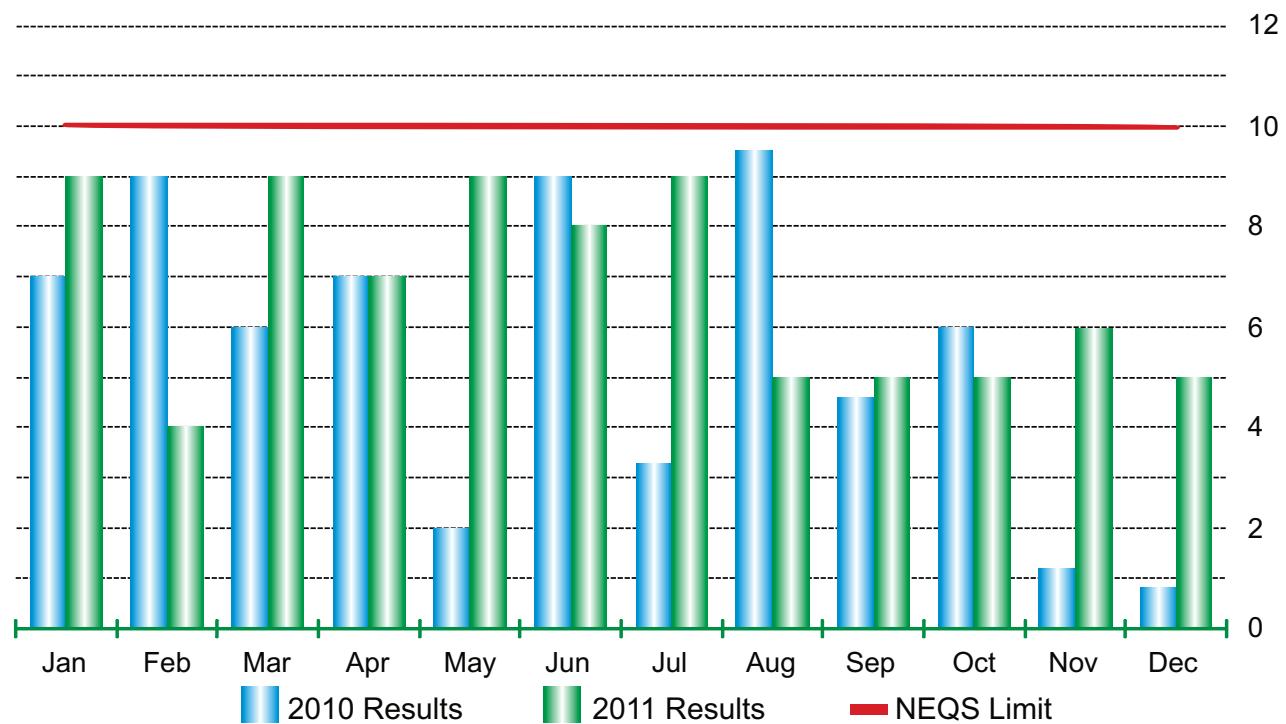
Biological Oxygen Demand (BOD), mg/l



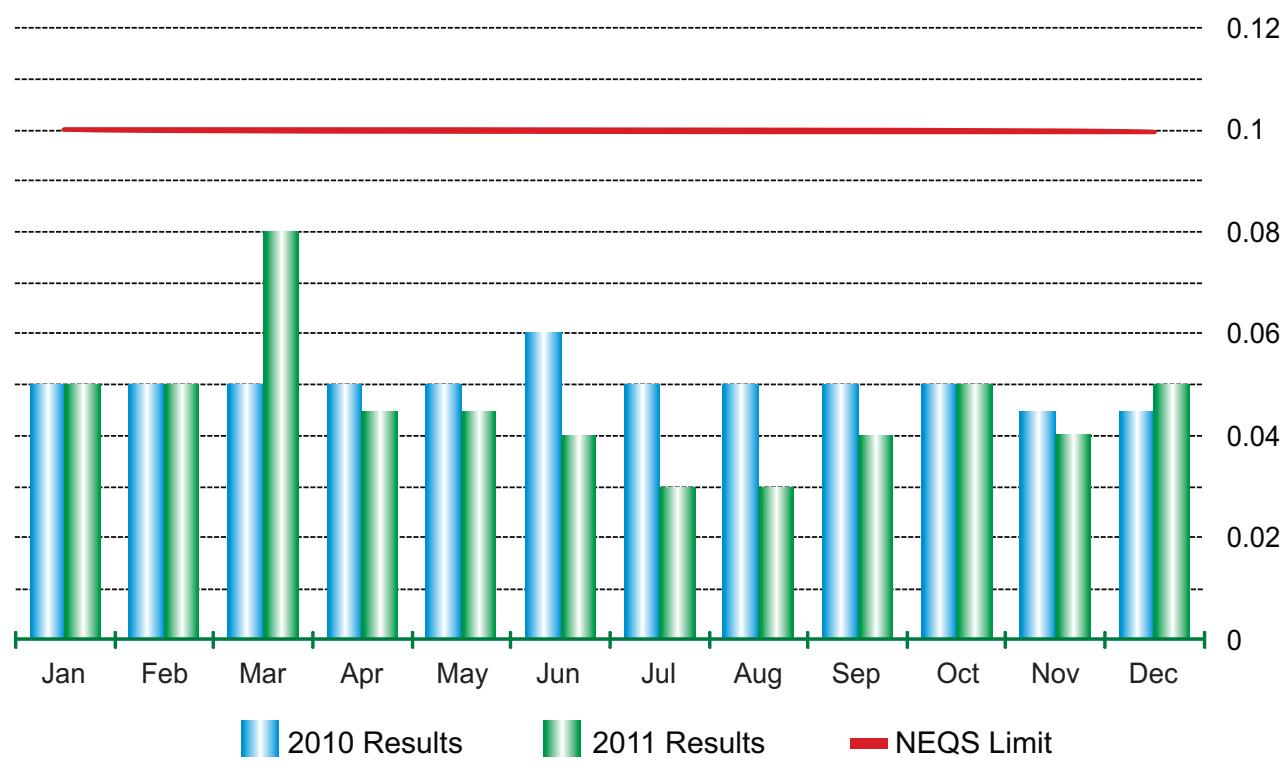
Total Suspended Solids (TSS), mg/l



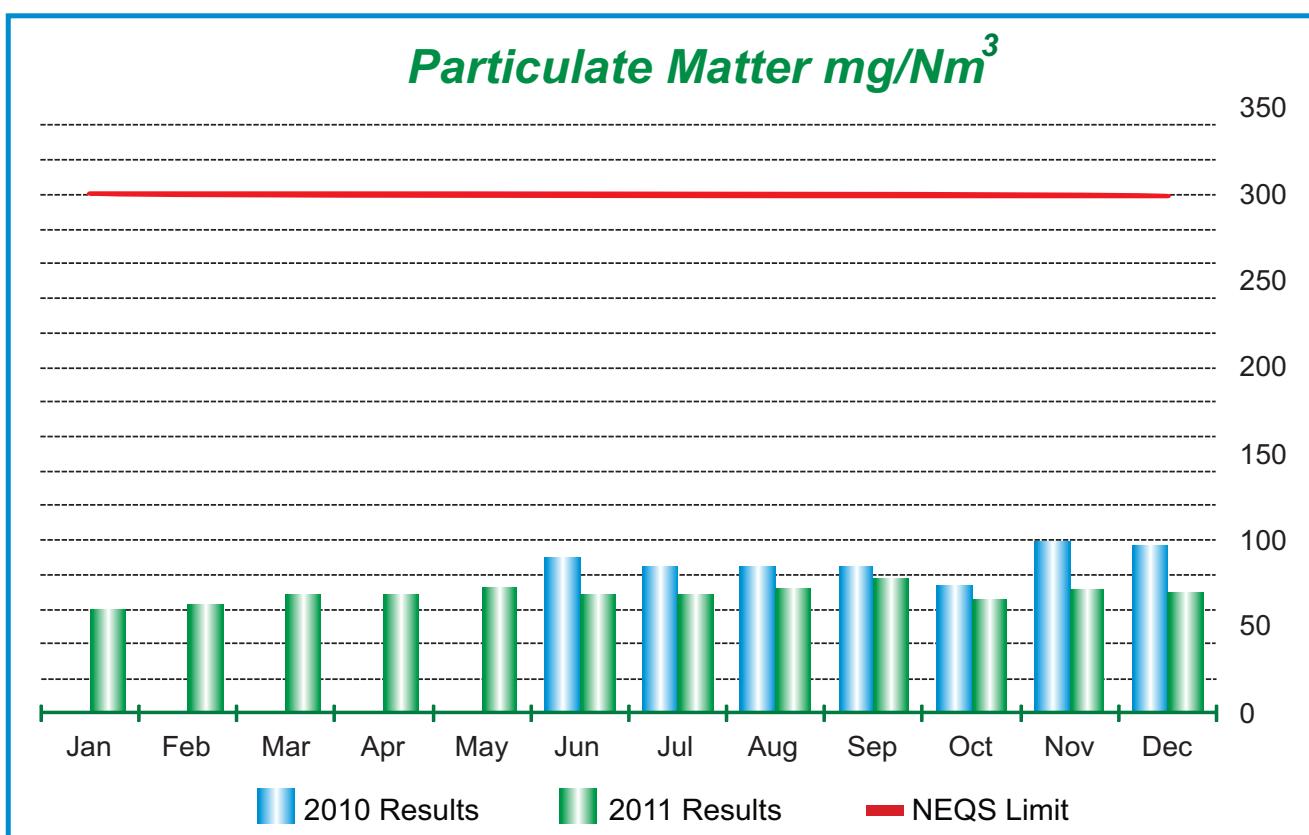
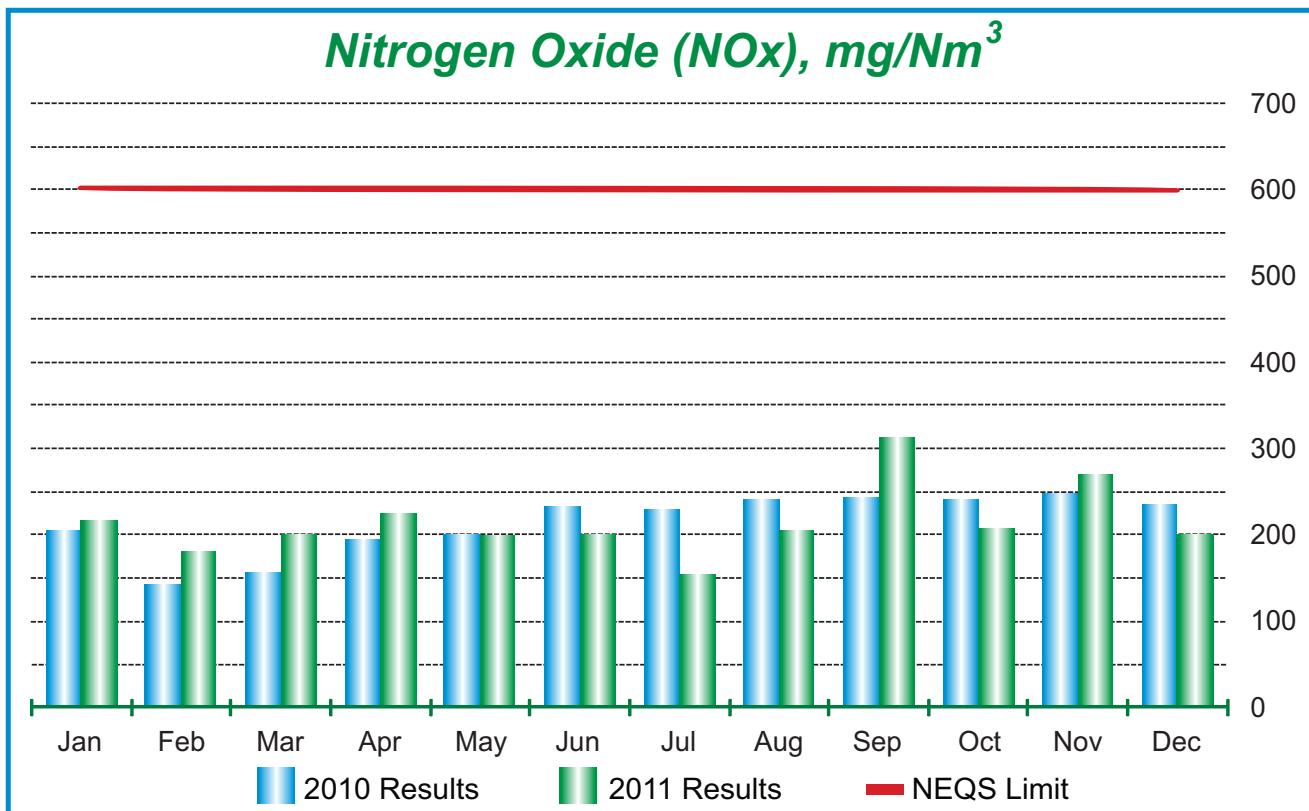
Oil & Grease, mg/l



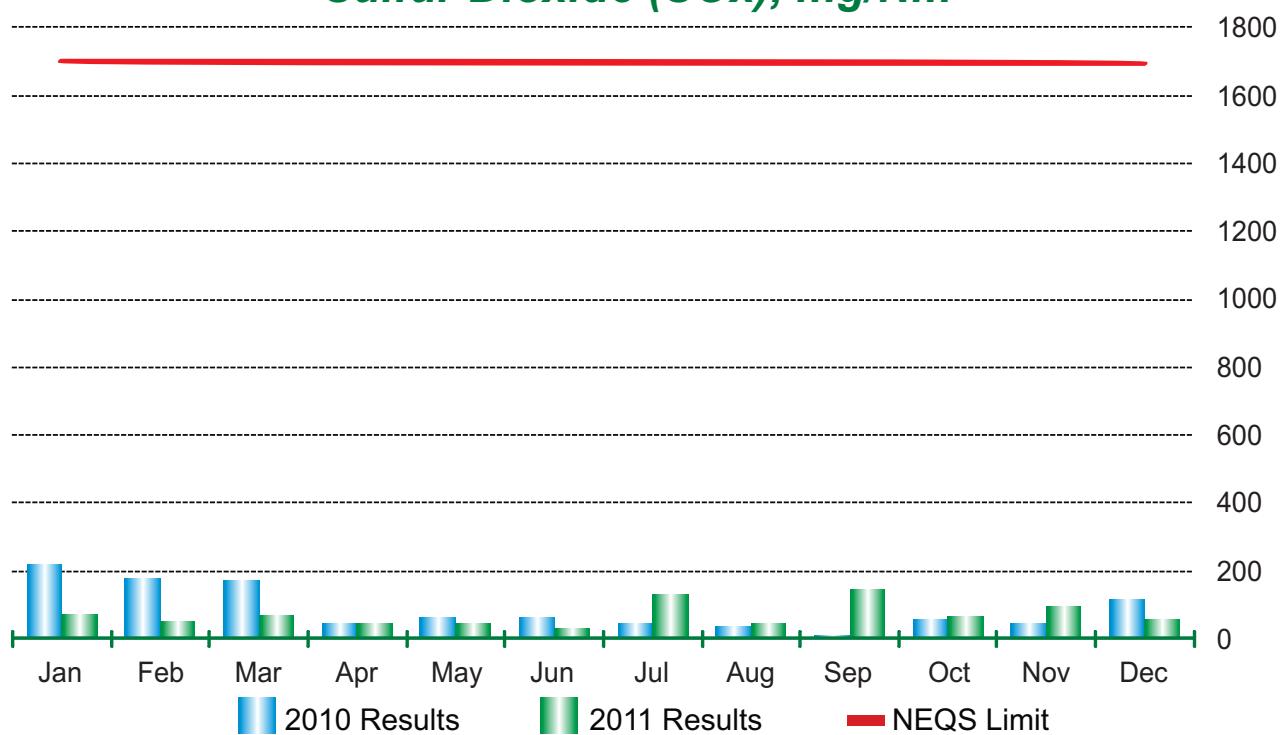
Phenol, mg/l



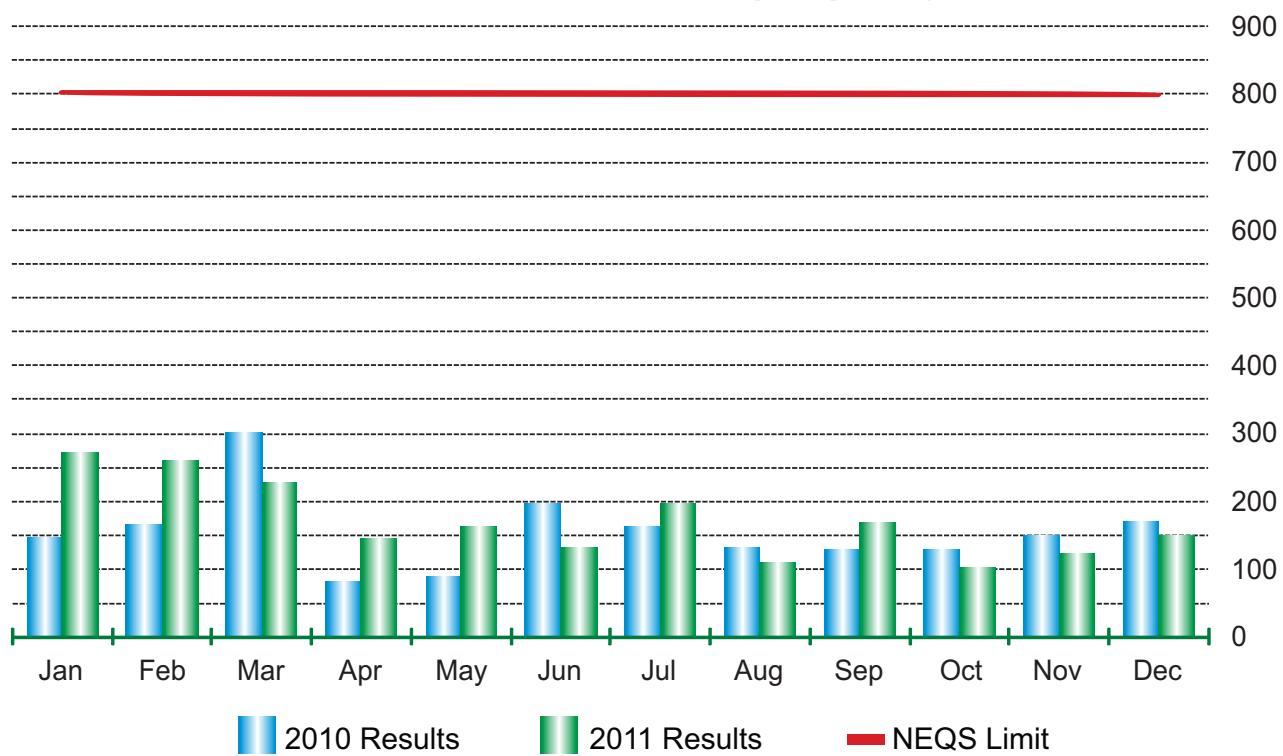
Stack Emission Parameters



Sulfur Dioxide (SO_x), mg/Nm³

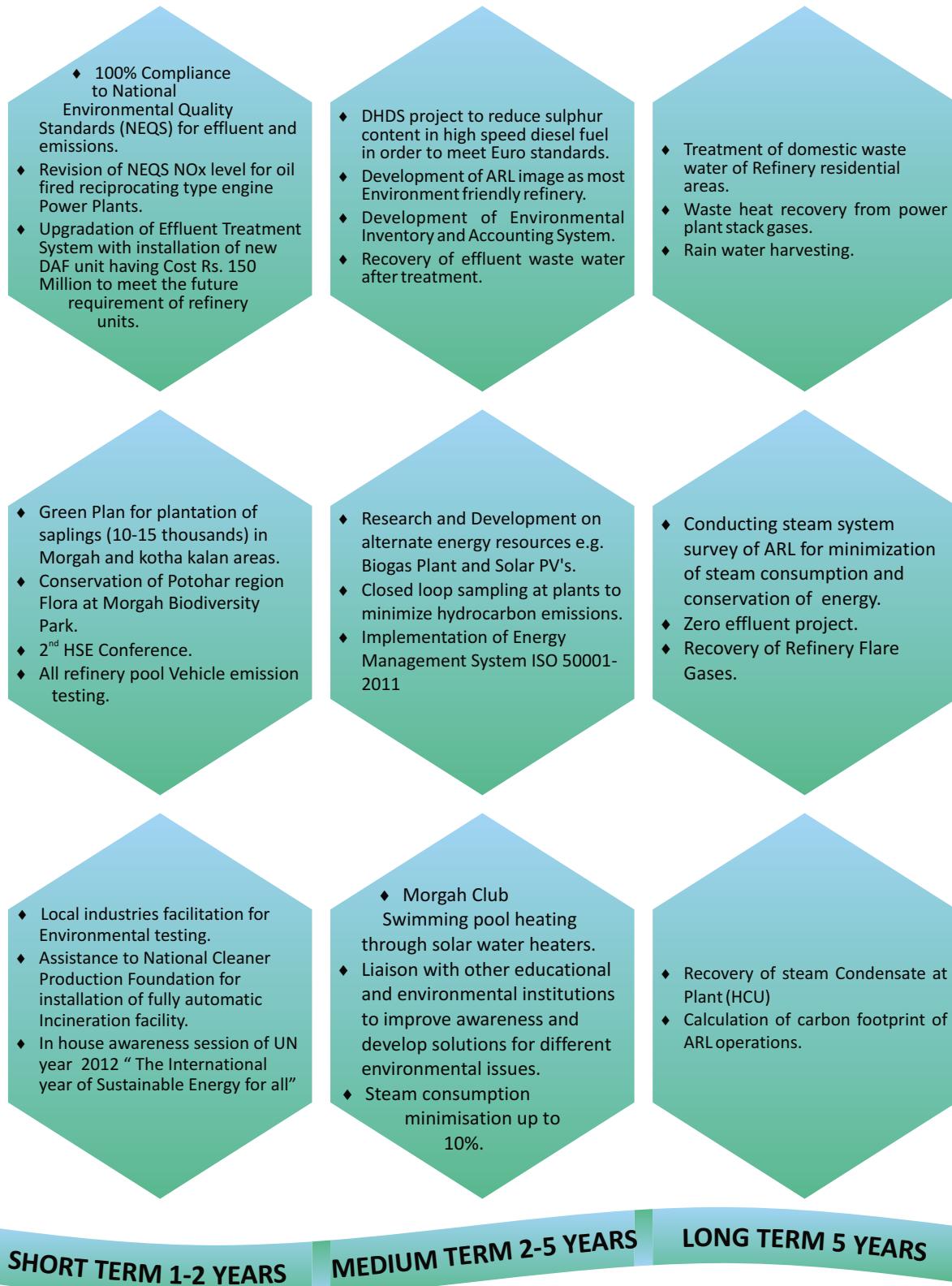


Carbon Monoxide (CO), mg/Nm³



ARL Environmental Plans

NOTEWORTHY SIGNIFICANT VITAL



GRI Environmental Performance Indicators

Aspect: Materials					
Rating	Code	Description	Response		
Core	EN1	Material use by weight or volume	Crude Oil = 1,815,644 Ton Electricity = 33,270,839 KWH Steam = 159,887 Ton Fuel Gas = 2,411,361 MCF Fuel Oil = 20,462 BBL Water = 281.2 Million Gallons		
Core	EN2	Percentage of materials used that are recycled input materials	Oil = 2869.3 M Ton Water = 3 to 4% of the total effluent water		
Aspect: Energy					
Core	EN3	Direct energy consumption by primary energy source	Electricity from ARL Power Plant = 33,270,839 KWH ARL Purchased + Plants Off Gases = 2,411,361 MCF Fuel Oil = 20,462 BBL		
Core	EN4	Indirect energy consumption by primary source	Electricity from ARL Power Plant = 33,270,839 KWH ARL Purchased + Plants Off Gases = 2,411,361 MCF Fuel Oil = 20,462 BBL		
Add	EN5	Energy saved due to conservation and efficiency improvement	1. Reduction in Fuel Gas consumption due to minimization of Hydrogen Rich Gas Flaring (New HBU-I Burner Tips) = 1,556,074 lb/year 2. Reduction in Fuel Oil consumption by installing New Heater at HBU-II = 1,185,419 lb/year		
Core	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Research and development work to develop own Solar PV. Installation of Solar Water Heating System at ARL Residences Reduction in CO2 emission achieved is 23.1 Metric Tons		

Aspect: Energy			
Rating	Code	Description	Response
Add	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	CO2 emission control through electric power reduction = 0.49 KWH/BBL Replacement of incandescent bulbs with fluorescent light bulbs resulted in energy saving.
Aspect: Water			
Rating	Code	Description	Response
Add	EN8	Total water withdrawal by source	Drinking Water = 104.08 Million Gallon Fire Water = 1.36 Million Gallon Boiler Water = 74.36 Million Gallon Miscellaneous = 38.10 Million Gallon (Garden Water, Private connections, power plant, reservoirs makeup) Water to AGL = 7.36 Million Gallon Water to AOC = 6.78 Million Gallon Total Withdrawal = 232.08 Million Gallon
Add	EN9	Water sources significantly affected by withdrawal of water.	No water sources are affected by ARL water withdrawal due to following reasons: <ol style="list-style-type: none"> 1. The water withdrawal is less than 5% of the mean annual flow of the water body. 2. It does not pose any threat to the ecosystem i.e., different species of plant or animals. 3. The area is not proclaimed conservation area.
Add	EN10	Percentage and total volume of water recycled and reused.	% of total water consumption= 3 to 4%
Core	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	28 Acres of land has been allocated by ARL for Morgah Biodiversity Park. This park is established to conserve biodiversity of Potowar region.

Aspect: Biodiversity			
Rating	Code	Description	Response
Core	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Significant impacts of ARL operations on biodiversity are localized and short term.
Add	EN13	Habitats protected or restored	Protected up to maximum extent.
Add	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	<p>Strategy: Conservation of Biodiversity</p> <p>Current Action: Ex-situ conservation of floral & faunal biodiversity of Potowar region at Morgah Biodiversity Park (MBP) In progress</p> <p>Future Plans:</p> <ul style="list-style-type: none"> 1 Development of wetland at MBP for aquatic Biodiversity conservation of Potowar region is in progress. 2 Nursery and reserve bank development of indigenous species. 3 Deforestation minimization in the area 4 Afforestation under green plan project (President Mass Aforestation Scheme). Average 12,000 plants are being planted annually. 5 Community mobilization at grass root level to create awareness.
Add	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	There is no IUCN Red List species and national conservation list species with habitats in the areas of operation. However, ARL has conserved 46 species of Potowar area in MBP at Morgah.

Aspect: Emissions, Effluents and Waste			
Rating	Code	Description	Response
Core	EN16	Total direct and indirect greenhouse gas emissions by weight.	Total direct and indirect CO2 emission = 57,782 M Ton
Core	EN17	Other relevant indirect greenhouse gas emissions by weight.	Nil
Add	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	<p>1 Reduction in CO₂ emission due to minimization of Hydrogen Rich Gas Flaring (New HBU-I Burner Tips) = 1,451 M. Ton/year</p> <p>2. Reduction in CO2 emission by installing New Heater at HBU-II = 1,351 M. Ton/year</p> <p>3. Reduction in CO₂ emission achieved due to installation of Solar Water Heating Panels at ARL= 23.1 M.Ton/year</p> <p>4. CO₂ emission control through electric power reduction = 2,616 M.Ton/year</p> <p>Total CO2 Reduction = 20,358 M.Ton/year</p> <p>Initiatives on Energy Conservation can be viewed on ARL website : http://www.arl.com.pk/downloads/ARL_Energy_Projects.xls</p>
Core	EN19	Emissions of ozone-depleting substances by weight.	<p>Purchase of all equipment using ozone-depleting substances is discontinued from September 3, 2004 as a matter of policy. However, old equipment with CFC gas is still in use and their inventory is maintained.</p> <p>R12 Refrigerant Gas used in 2011= 2 Kg Now the use of ozone friendly gas R134 is in practice</p>

Aspect: Emissions, Effluents and Waste			
Rating	Code	Description	Response
Core	EN20	NOx, SOx, and other significant air emissions by type and weight.	Air emissions are given in detail in section "NEQS Compliance".
Core	EN21	Total water discharge by quality and destination.	Total water discharge as well as the quality of effluent water is discussed in detail in section "NEQS Compliance". Final destination of the effluent water is River Sawan.
Core	EN22	Total weight of waste by type and disposal method.	Oil Sludge Bio-remediated = 17,730 Kg Asbestos = NIL Oily Rags for Incineration = 3,740 Kg Concrete structure Misc. electric fittings and panels. Misc. Steel structure. Valves, pipes and fitting. Pressure vessels (4 No.) Heat Exchangers (4 No) Polythene Bags = 550 Kg Paper waste for incineration = 100 Kg Hospital waste incinerated = 4,384 Kg
Core	EN23	Total number and volume of significant spills.	Total No. of Oil Spills = 6 1st Spill Vol. = 0.4 Tons Bitumen 2nd Spill Vol. = 2.2 Tons Slope Oil 3rd Spill Vol. = 3.3 Tons RC 70 4th Spill Vol. = 0.3 Tons Crude 5th Spill Vol. = 24 Tons JP 1 6th Spill Vol. = 1.3 Tons Crude All spills had been contained within refinery drains and recovered/corrected.

Aspect: Emissions, Effluents and Waste			
Rating	Code	Description	Response
Add	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Asbestos = NIL Hospital Waste = 4,384 Kg (Incinerated)
Add	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	ARL effluent water moving out of refinery premises has no significant impact downstream on the biodiversity value of water bodies and related habitats.
Aspect: Products and Services			
Core	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	<ol style="list-style-type: none"> 1. Merox Unit Spent Caustic Treatment to comply NEQS values. 2. Boiler Blowdown Water Treatment to control pH value of final effluent 3. Burner Tips Replacement at HBU-II Distillation Unit to reduce NOX, SOx in the flue gases and Noise 4. Removal of Oily sludge from API separators and C-Sump 5. In-Plant Treatment of Effluent Water to control COD of effluent water 6. Recycling of wastewater channel 7. Storm water segregation
Core	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	ARL products sold are Non-reclaimable
Aspect: Compliance			
Core	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	Monetary Fines None Non-Monetary Fines None

Aspect: Transport			
Rating	Code	Description	Response
Add	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	ARL is a socially responsible company we always volunteer for bio-remediation of hydrocarbon spillages anywhere in Pakistan. During 2011 three (3) oil spillages are treated with bio-remediation near Musa Khel Mianwali, Bakhar, Muzaffar Garh.
Aspect: Overall			
Add	EN30	Total environmental protection expenditures and investments by type.	Strom Water Segregation = 10 million Incineration = 0.1million (for maintenance) EIA/IEE Studies = 3.0 million Spent Caustic Treatment = 0.1 million Boiler Blow down Water Treatment = 0.4 million Total Environmental Protection Expenditures = 13.6 million

Chapter 5



ARL Economic Performance

ARL Economic Initiatives vs.

Sustainability

BUSINESS REVIEW

On behalf of the Board I am pleased to welcome our esteemed shareholders to the 33rd Annual General Meeting of the Company and to present annual review of the results of Company's operations and audited financial statements for the financial year ended June 30, 2011.

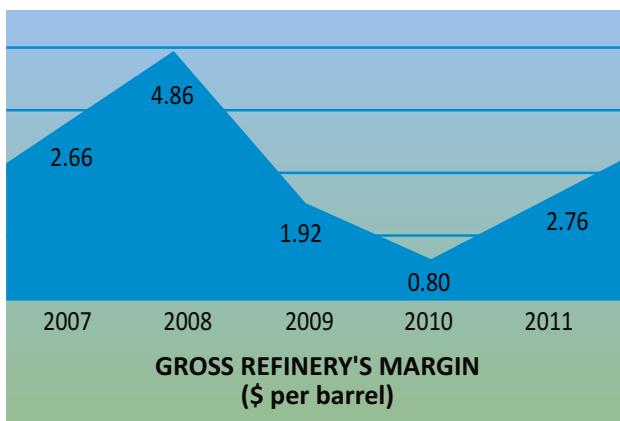


During the year 2010-11 prices of crude oil mostly showed a rising trend due to better product prices. However, the gross refiner's margin remained favourable. Accordingly, profitability of the Company has improved significantly in comparison to the last year. Net profit for the year was Rs 2,185 million (June 30, 2010 : Rs 126 million). This includes profit from non refinery operations of Rs 1,068 million (June 30, 2010 : Rs 602 million).

As a result of continuous follow-up and deliberations at various forums by the refineries, the Government has recently notified de-regulation of petroleum products. Although few matters still need to be resolved in this respect including removal of capping on share capital for dividend

payments, your management strongly believes that de-regulation of prices is a step in right direction and this would have an overall positive impact on refineries business in the country.

During the year, the issue of circular debt that is prevailing in the oil industry for more than three years and creating operational difficulties for your Company further aggravated and reached to a level of Rs 41 billion. However, due to prudent handling of the matter by management of your Company, the issue was partly settled near the end of the year when an amount of Rs 24 billion was received from Pakistan State Oil which was simultaneously paid to Oil and Gas Development Company Limited and the Government. We look forward that the Government



will play its role to release another tranche to settle the inter-corporate debt enabling the Company to carry out its operations in a smooth manner.

Business Risks, Challenges and Future Outlook

To cater the refining requirement of enhanced volumes of crude oil in the region, mainly Tal block, your company as planned, is on a progressive stage for setting up a pre-flash unit that shall increase the refining capacity by 10,400 barrel per day. In addition to the pre-flash unit, your company had also prudently planned to install an Isomerization unit to increase production of a value added product i.e. Premium Motor Gasoline by 65%. Bids in respect of these projects have been received and are currently under evaluation. Now the Government has also made it mandatory for refineries to install Isomerization and Diesel Hydro Desulphurization units as a condition for de-regulation of prices.

Let me assure you that your Company would continue to pursue new business opportunities and focus its operating strategies on efficiency and profitability to create value for all stakeholders.

Employee Relations

Your Company maintains an exemplary relationship with its employees and has provided a congenial atmosphere at the work place. The workers-

management relationship continues to be cordial and harmonious and is based on cooperation and trust with constructive attitude from both sides creating a supportive working environment with the common objective of serving Company's interests and employee welfare. I would like to appreciate the efforts and dedication of the officers, staff, and workers of the Company and the CBA who enabled the management to run the Company smoothly and efficiently during the year for profitable operations.

Acknowledgment

On behalf of the Board, I appreciate the continued support received from the Ministry of Petroleum & Natural Resources and other Government institutions and express gratitude to our valued customers, crude oil suppliers, banks, suppliers and contractors for their continued cooperation. Further, I would also like to thank my colleagues on the Board, both present and outgoing, and record my appreciation of the services and contributions of the Directors who represented the Audit and Technical & Finance Committees of the Board.

Statement of Compliance for Attock Refinery Limited for the period ended June 30, 2011

This statement is being presented to comply with the Code of Corporate Governance in the listing regulations of Karachi, Lahore & Islamabad Stock Exchanges for the purpose of establishing framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the code in the following manner:

- (1) The Company encourages representation of independent non-executive directors and directors' representing minority interests on its Board of Directors. At Present the Board companies of seven non-executive directors of whom three are independent directors representing minority share holders.
- (2) None of the directors is serving as a director in more than ten listed companies, including this company unless specifically exempt.
- (3) All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a member of a stock exchange, has been declared by that stock exchange.
- (4) No casual vacancy occurred on the Board during the Year.
- (5) The Company has prepared a 'Statement of Ethics and Business Practices; which has been signed by all the directors and employees of the

Company.

- (6) The Board has developed a various/mission statement. Overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- (7) All the power of the Board have been duly exercised and directors on material transaction. Including appointment and terms and conditions of employment of the CEO and other executive directors are taken by the Board.
- (8) The meetings of the Board were presided over by the Chairman and the Board met least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- (9) The directors were appraised of their duties and responsibilities through various in house orientation courses.
- (10) The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
- (11) The financial statements of the Company were duly enclosed by CEO and CFO before approval of the Board.
- (12) The directors CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

- (13) The Company has complied with all the corporate and financial reporting requirements of the Code.
- (14) The Board has formed an audit committee it comprises of 3 members all non-executive directors including chairman of the committee who is an independent non-executive directors.
- (15) The meeting of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
- (16) The board has set-up an effective internal audit function comprising of persons who are considered suitably qualified and experienced for the purpose and are conversant with policies and procedures of the and they are involved in the internal audit function on a full time basis.
- (17) The statutory auditors of the company have conformed that they have been given a satisfactory rating under the quality control review program of the institute of Chartered Accountants of Pakistan , that they are any of the partner of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with international Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountant of Pakistan.
- (18) The statutory auditors of the persons associated with them have not been approved to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- (19) All material informed as required the relevant rules has been provided to stock exchange and to the Securities and Exchange Commission of Pakistan within the prescribed time limit.
- (20) All related party transactions entered during the year were at arms length basis and these have been placed before the audit Committee and Board of Directors. These transactions are duly reviewed and approved by the Audit Committee and Board of Directors.
- (21) We confirm that all other material principles contained in the Code have been duly complied with.

ARL Last Five Years Financial Summary

30 June (Rupees in Million)

TRADING RESULTS	2011	2010	2009	2008	2007
Sales (Net of Govt. Levies)	116,388.37	88,184.03	76,546.45	91,910.70	59,108.53
Reimbursement from/(to) Government	9.00	-	714.05	1743.60	355.39
Turnover	116,397.37	88,184.03	77,260.50	93,654.30	59,463.92
Cost of Sales	114,839.85	88,693.69	75,342.10	89,646.37	58,597.69
Gross profit / (loss)	1,557.52	(509.66)	1,918.40	4,007.93	866.24
Administration and Distribution cost	290.97	270.12	243.63	218.47	191.82
Other Income	1,565.59	983.33	993.70	577.85	635.17
Non-Refinery Income	1,068.39	602.20	610.74	4140.20	244.65
Operating profit	3,900.53	805.75	3279.22	8507.51	1554.23
Financial and other charges	339.87	385.54	1595.84	1480.08	384.70
Profit before tax	3,560.67	420.21	1683.37	7027.43	1205.53
Taxation	1,375.12	293.82	666.61	879.65	456.55
Profit after tax	2,185.55	126.39	1016.76	6147.77	748.98
Dividend	(170.59)	-	-	(268.52)	(227.45)
Bonus shares	-	-	-	(142.16)	(142.16)
Transfer from/(to) special reserves	(971.36)	475.81	(260.22)	(1861.77)	(358.53)
BALANCE SHEET SUMMARY					
Paid Up Capital	852.93	852.93	852.93	710.78	568.62
Reserves	10,146.66	8563.31	4719.92	8330.34	2828.89
Unappropriated Profit	1,459.48	857.27	4574.28	657.88	381.15
Share holder Funds	12,459.06	10273.52	10147.13	9698.99	3778.66
Financing facilities	-	-	-	-	-
(Long Term Including Current Portion)					
Property, Plant & equipments (less Depreciation)	9,670.97	2868.00	2916.21	2929.65	2968.13
Net Current Assets	(1,743.10)	(3967.43)	(4166.56)	(4578.05)	(6610.38)
CASH FLOW SUMMARY					
Cash Flows from operating activities	(1,972.58)	(3741.38)	(11543.76)	11074.23	5676.88
Cash Flows from investing activities	1,913.70	1214.90	1434.62	444.62	89.08
Cash Flows Financing activities	(45.43)	(308.97)	(2037.95)	(1471.19)	(4917.71)
Increase / (Decrease) in Cash and Cash equivalents	(104.14)	(2833.89)	(12142.33)	10064.52	848.52
KEY FINANCIAL RATIOS					
Gross profit / (loss)/ turnover	1.3	(0.6)	2.5	4.3	1.5
Profit before tax / turnover ratio	3.1	0.5	2.2	7.5	2.0
Return on capital employed	19.2	1.2	10.2	91.2	23.2
Interest coverage (times)	79	2	2	7	6
Inventory turnover (times)	12.72	14.72	15.51	20.61	20.90
Debtors turnover (times)	5.04	4.83	8.16	13.50	13.41
Fixed assets turnover (times)	122.80	91.55	75.37	87.41	43.42
Debt : Equity ratio	00:100	00:100	00:100	00:100	00:100
Liquidity Ratios					
Current	0.96	0.91	0.87	0.88	0.75
Quick Asset	0.69	0.75	0.70	0.74	0.58
SHARES AND EARNINGS					
Break-Up Value (Rs per share) without Surplus					
on Revelation of Property, plant & equipment	146.07	120.45	118.97	136.46	66.45
Break-Up Value (Rs per share) with Surplus					
on Revelation of Property, plant & equipment	168.62	143.00	141.52	163.52	100.28
Price earning ratio (times)	4.68	53.96	12.99	1.63	12.31
Earning (Rs per share)	25.63	1.48	11.92	86.49	13.17
(on shares outstanding at 30 June)					
Dividend	20%	-	-	80%	40%
Bonus Shares Issue	-	-	-	20%	25%
Highest market value per share during the year	145.50	169.62	248.00	305.50	123.80
Lowest market value per share during the year	122.14	80.59	40.95	212.81	72.40
Market value per share	119.86	79.86	154.86	140.90	162.10
Cash dividend per share	2.00	-	-	8.00	4.00
Dividend yield ratio	1.67%	-	-	7.10%	4.01%
Dividend payout ratio	7.81%	-	-	11.56%	49.35%

GRI Economic Performance Indicators

Economic Performance			
Rating	Code	Description	Response
Core	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	<p>All values are (Rs. '000)</p> <p>Revenue: 88,184,026</p> <p>Operating Cost: 88,693,686</p> <p>Employee compensation: 545,000</p> <p>Other community investments:</p> <p>ARL is providing several community services for the welfare of the people living in the vicinity of the refinery and the total expenditure in this regard was Rs 4.68 million. Moreover, Attock Sahara Foundation's annual expenditure for the year 2009-10 was Rs 6.5 million.</p> <p>Payment to Government as taxes: 21,450,000</p>
Core	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	No Significant risk and Financial implications due to climate change
Core	EC3	Coverage of the organization's defined benefit plan obligations.	<p>ARL operates a pension plan for its Management staff and a gratuity plan for its Non Management staff. The pension plan is invested through an approved trust fund while the gratuity plan is a book reserve plan. Contributions are made in accordance with actuarial recommendation. Actuarial valuations are conducted annually using projected unit credit method. The obligation is measured at the present value of the estimated future cash outflows. Unrealized net gains and losses are amortized over the expected remaining service of current member.</p> <p>Further, there is an approved contributory provident fund for all employees to whom equal monthly contribution is made both by the Company and the employee at the rate of 10% of basic salary.</p> <p>Company's expenditure on account of employees' retirement benefits during the financial year 2009-10 is as follows:</p> <p>All values are (Rs. '000)</p> <p>Staff gratuity benefits: 29,952</p> <p>Staff Pension benefits: 24,584</p> <p>Contribution to Employees old age benefits: 2,780</p> <p>Workers Welfare Fund: 10,434</p>

Economic Performance				
Rating	Code	Description	Response	
Core	EC4	Significant financial assistance received from government.	Government of Pakistan has no shareholding in company. ARL has not received any significant financial assistance in any form from Government of Pakistan	
Market Presence				
Add	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	ARL standard entry level wage: local minimum wage Rs. 14545: 7000	
Add	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Non Applicable	
Core	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	We don't offer any discriminatory practices so far as hiring is concerned. Management staff hiring is purely based on merit through a comprehensive assessment procedure	
Indirect Economic Impact				
Add	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind or pro bono engagement.	ARL continued with its policy of providing potable water to the surrounding population in the village of Morgah, Kotha Kalan, Jhamra & welfare organization like SOS village, Deaf & Dumb School, other schools and mosques. ARL is paying an annual contribution of Rs 150,000 to union council Morgah and Kotha Kalan other than provision of free of cost electricity connections to the area. Similarly, efforts are made to keep the area clean and roads in appropriate condition for the benefit of community without any financial benefit.	
Add	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	All the raw materials produced in Pakistan are treated as local. The Refinery processed 13.493 Million barrels (2009:13.126 Million barrels) of crude oil received from both northern and southern oilfields. The allocation of southern crude to the Company is based on the national freight economics and foreign exchange savings as a result of processing this crude at the Refinery. It has resulted in savings of Rs 176 million (2009:Rs 100 million) in freight and foreign exchange savings of US \$ 54 million (2009: US\$ 61 million) during 2009-10 and accumulated savings of over Rs 2.875 billion and US\$ 387 million respectively since commencement of these supplies from November 1997. Further the entire indigenous crude production from the northern region including enhanced production from certain fields continued to be processed at the Refinery.	

ARL Corporate Targets "2011-12" aligned with ARL Vision & Mission

S. No.	Description	Unit	Lead Person	Target Date	Year 2011-12 Total
State of the art Technology					
1-a	Refinery Upgradation project - Award of contract for EPC	% Progress	HOD(TS&E)	15 Oct, 2011	100
1-b	DHDS and Ancillary unit - Award of contract for EPC (Subject to GOP approvals)	% Progress	HOD(TS&E)	30 Jun, 2012	60
1-c	Refinery Upgradation project - Financial Close	% Progress	HOD(F&CA)	19 Sep, 2011	100
1-d	Implementation of enhanced version of HRMS	% Progress	HOD(HR&A)/HOD(F&CA)	31 Mar, 2012	100
1-e	Implementation of Time Office Management System and its integration with Security Management System	% Progress	HOD(HR&A)/HOD(F&CA)	31 May, 2012	100
High Performance People					
2-a	Ensuring at least 30 hours training per annum for each Management staff	Hours	HOD(HR&A)	30 Jun, 2012	30
2-b	Conduct of in-house training sessions (average two) each month	No. of Sessions	HOD(HR&A)	30 Jun, 2012	24
2-c	Employee turnover rate for Management Staff (Regular/Contract).	%	CEO/HOD(HR&A)	30 Jun, 2012	08
2-d	Employee turnover rate for Critical Management Staff	%	CEO/Relevant HODs	30 Jun, 2012	Max 4%
2-e	Issue of Management Staff Appraisal Letters	%	CEO/App Committee	01 Jan, 2012	100
2-f	Conduct of HR Conference	%	HOD(HR&A)	30 Nov, 2011	100
2-g	Conduct of HSE Conference	%	HOD(HSEQ)	31 Mar, 2012	100
2-h	CBA Agreement 2011-2013	0	HOD(HR&A)	30 Apr, 2012	100
Excellent Business Processes					
3-a	Unplanned Plant Shut Down	No. of Shutdown	HOD(M)/AGM(O)	30 Apr, 2012	Zero
3-b	Ensure crude availability subject to Refinery economics	BPCD	CEO/HOD(HR&A)	30 Jun, 2012	40,055
3-c	To ensure availability of optimum southern crude based on monthly economics	BPCD	CEO/HOD(HR&A)	30 Jun, 2012	2,300
3-d	Increase in Mid Distillates from 42% to 43% by volume (HSD, KERO & JET FUELS)	% Production	CEO/HOD(HR&A)	30 Jun, 2012	43.5
3-e	Throughput per day subject to refinery economics	BPCD	CEO/HOD(HR&A)	30 Jun, 2012	40,250
3-f	Refining cost	Rs/Bbl	HOD(O)	30 Jun, 2012	150

S. No.	Description	Unit	Lead Person	Target Date	Year 2011-12 Total
Excellent Business Processes					
3-g	Refinery losses	% Vol	HOD(O)	30 Jun, 2012	0.93
3-h	Naphtha Transportation & Storage Losses	%	HOD(O)	30 Jun, 2012	0.9
3-i	Southern Crude Transportation & Storage Losses	%	HOD(O)	30 Jun, 2012	0.6
3-j	Optimum Stores Inventory (excluding CAPEX)	Rs. Million	HOD(C&MM)	30 Jun, 2012	540
3-k	Water availability	Gph	HOD(O)	30 Jun, 2012	60,000
3-l	Water consumption	Gph	HOD(O)	30 Jun, 2012	36,000
Expectations of Stakeholders					
4-a	Improve the Refinery Pricing Formula and Profitability	Impact (Yes/No)	CEO/HOD(F&CA)	30 Jun, 2012	Yes
4-b	Sale of 100% production	% Progress	HOD(C&MM)	30 Jun, 2012	100
4-c	Production/Sale of PMG	M. Tons	HOD(O)/HOD(C&MM)	30 Jun, 2012	348,000
4-d	Best Corporate Annual Report in Energy Sector	Distinction	HOD(F&CA)	30 Jun, 2012	1st Position
4-e	Corporate Excellence Award by MAP	Distinction	HOD(F&CA)/HOD(HR&A)	30 Jun, 2012	1st Position
4-f	UN Global Compact Award	Distinction	HOD(HR&A)/HOD(HSEQ)	30 Jun, 2012	1st Position
4-g	RoSPA (The Royal Society for the Prevention of Accidents) Occupational Health and Safety Award	Distinction	HOD(HSEQ)	30 Jun, 2012	Gold
4-h	Overtime hours for Regular Staff	Hours	All Dept Heads	30 Jun, 2012	120,000
4-i	Overtime hours for Outsourced Staff	Hours	All Dept Heads	30 Jun, 2012	120,000
4-j	Telephone, fax & e-mail expenses (Communication Expenses)	Rs. "000"	HOD(HR&A)	30 Jun, 2012	2,350
4-k	Staff traveling & entertainment	Rs. "000"	HOD(HR&A)	30 Jun, 2012	2400
4-l	Fuel for Pool vehicles	Kilolitre	HOD(HR&A)	30 Jun, 2012	48
4-m	Medical	Kilolitre	CMO	30 Jun, 2012	60000
4-n	Acquisition of 140 Kanal of land at APL/Caltex Road	% Progress	HOD(HR&A)	30 Jun, 2012	100
Safety & Quality					
5-a	Safe Man Hours	Million man hrs	HOD(HSEQ)	30 Jun, 2012	4.5
4-n	Total Accidents / Incidents Frequency Rate (TAIFR)	per million hrs	HOD(HSEQ)	30 Jun, 2012	2.5
CSR / Environment					
6-a	Effluent Treatment Plant Project	%	HOD(TS &E)/HOD(HSEQ)	30 Jun, 2012	70

Chapter 6



Credibility

Third Party Assessor's Statements

Statement from M/s SGS Pakistan (Pvt) Limited for ISO-9001, ISO-14001 and OHSAS-18001 Management Standard Audit held on September 26-28, 2011.

The Management System documentation demonstrated conformity with the requirements of the audit standard and provided sufficient structure to support implementation and maintenance of management system.

The organization has demonstrated effective implementation and maintenance / improvement of its management system.

The organization has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored achievement progress.

The internal audit program has been fully implemented and demonstrated effectiveness to improve management system.

The management review process demonstrated

capability to ensure the continuing suitability, adequacy and effectiveness of the management system.

Throughout the audit process, the management system demonstrated overall conformance with the requirements of audit standard.

Statement from M/s A. F. Ferguson & Co. for Audit of Financial Accounts June 30, 2011

In our opinion, the consolidated financial statements present fairly the financial position of ARL and its subsidiary company as at June 30, 2011 and the results of their operations for the year then ended.

Statement from Pakistan National Accreditation Council for ISO/IEC 17025 October 25-26, 2011

The laboratory complies with the requirements of ISO/IEC 17025 and recommended for continuation of quality control laboratory management system accreditation.



Memberships in Industry and Business Associations

ARL is a member of the following government and non-government organizations and agencies:

1. Islamabad, Lahore and Karachi Stock Exchange
2. Oil Company Advisory Committee (OCAC)
3. Federation of Pakistan Chambers of Commerce and Industries (FPCCI)
4. Overseas Investors Chamber of Commerce and Industries (OICCI)
5. Rawalpindi Chamber of Commerce and Industries (RCCI)
6. Petroleum Institute of Pakistan (PIP)
7. Pakistan Standards and Quality Control Authority (PSQCA)
8. Management Association of Pakistan (MAP)
9. Employer's Federation of Pakistan
10. Trade Development Authority of Pakistan (TDAP)
11. National Fire Protection Association (NFPA), USA
12. Fire Prevention Association of Pakistan
13. Pakistan Alliance Against Sexual Harassment (AASHA)
14. CSR Association of Pakistan
15. Alternative Energy Development Board
16. Association of Certified Chartered Accountants (ACCA)
17. Key Point Installation Division (KPID), Ministry of Interior
18. Japan Cooperation Center Petroleum (JCCP)
19. Nippon Keidanren International Cooperation Center (NIC)



Feedback Form



Your comments and suggestions are invited

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1. Your overall comments on this report:

2. Your comments on our approach to stakeholders:

3. Any particular areas of improvement you would like to identify in this report:

4. What further information would you like to see in our future Sustainability Report?

5. Any other suggestions:



6. Personal Information (Optional):

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Awards & Achievements

Best Sustainability Report
Award 2010 (ACCA & WWF)



ECO Green Industry Award



RoSPA Award 2011
(The Royal Society for Prevention of Accidents)



UN Global Compact Award
2010-2011



Talent Triangle Award 2010
(HRBS)



ICAP & ICMAP
Best Corporate Report Award 2010



Annual Environmental
Excellence Award 2011

