



Attock Refinery Limited

Sustainability Report 2012

ARL Getting Greener



Economic



Social



Environment

ARL Getting Greener

Attock Refinery Limited (ARL) being a socially responsible organization is making sense of the environmental stresses that are increasingly affecting the financial bottom line of companies all over the world and is switching to more resource efficient green economy i.e. an economy in which economic growth, social equity and human development go hand-in-hand with environmental security.

We understand that nature provides us with valuable resources and services which must be appreciated; that is possible only through safeguarding these resources and to rationalize their indiscriminate consumption, for the sake of improving our own livelihoods and ensuring their sustained availability for our future generations.

ARL has taken concrete steps for energy management, water preservation, conservation of Biodiversity and resource efficiency to demonstrate its seriousness to achieve the ultimate goal of green economy. Implementation of Energy Management standard ISO-50001, Up-gradation of effluent treatment plant and water conservation measures like drip irrigation, waste water recycling/reuse, demonstrate our continuous commitment for environment. ARL also takes pride in the fact that it is the only refinery in Pakistan producing Low Sulphur Furnace Oil (LSFO).

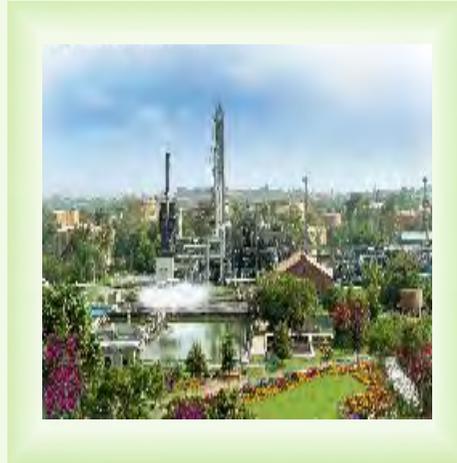
Achieving milestone of 13.88 Million safe man-hours, Winning RoSPA gold award, Winning ICAP & ICMAP Best Sustainability Report Award-2010, acquiring a seat in ACCA-WWF judging panel through winning sustainability report award thrice, Winning UN-Global Compact Award, consistent compliance of National Environmental Quality Standards (NEQS) and practicing best quality standards has made ARL distinct nationally and internationally.

ARL being pioneer and pace setter in oil refining sector in Pakistan takes lead once again by adopting the economy of sustainable development-the green economy; to grow in way that benefits not sacrifices the environment, social justice and equity. Since its inception, the Company has been advocating the community well being and conservation of environmental resources by operating in a sustainable way. We believe in green growth universally as it is the core approach that guarantees the preservation of natural resources of the world for our future generations while enabling us to continue benefitting from these resources more prudently.

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Vision

To be a world class and leading organization continuously providing high quality and environment friendly energy resources and petrochemicals

Mission

We will utilize best blend of state-of-the-art technologies, high performing people, excellent business processes and synergetic organizational culture thus exceeding expectations of all stakeholders

Our Core Value

Integrity & Ethics: Integrity, honesty, high ethical, legal and safety standards are a cornerstone of our business practices.

Quality: We pursue quality as a way of life. It is an attitude that affects everything we do for relentless pursuit of excellence.

Social Responsibility: We believe in respect for the community and preserving the environment for our future generations and keeping National interests paramount in all our actions.

Learning & Innovation: We embrace lifelong learning and innovation as an essential catalyst for our future success. We believe in continuous improvement and to seize opportunities inherent in change to shape the future.

Team Work: We believe that competent and satisfied people are the company's heart, muscle and soul. We savour flashes of genius in the organization's life by reinforcing attitude of teamwork and knowledge-sharing based on mutual respect, trust and openness.

Empowerment: We flourish under an ecosystem of shared understanding founded on the concept of empowerment, accountability and open communication in all directions.





The Company



CEO's Message

It's my privilege to present Annual Sustainability Report 2012 of Attock Refinery Limited (ARL). Sustainability has always been of prime importance to us as reflected in the 100 years history of Attock Oil Group of Companies which started its business in 1913. While we take pride in our history, we continue delivering our commitments based on business reliability encompassed by our six core values, i.e., Integrity & Ethics, Quality, Social Responsibility, Learning & Innovation, Team Work and Empowerment, in spite of the challenging business environment.

At ARL year 2012 was dedicated to "Transformation to green economy" with theme of "ARL GETTING GREENER". Following the tradition of accepting new and positive changes and adopting same in true letter and spirit, ARL has always been very concerned with the social and environmental aspects of business while moving forward on economic front and overall growth of organization.

We reiterate that 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. In this regard we give due consideration to the key concepts of needs and limitations imposed on the environment to meet present and future needs. ARL's sustainability attributes are based on five pillars of strength, i.e., diversification, competitiveness, transparency/compliance, synchronized community, social responsibility services and environment 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.

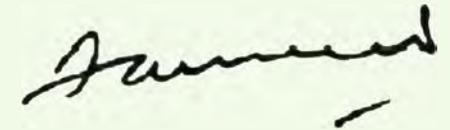
ARL has taken concrete steps for energy management, water conservation, preservation of biodiversity and resource efficiency to demonstrate its resolve to ensure continued sustainable development. Implementation of ISO-50001 (EnMS), Up-gradation project of ARL effluent treatment, water conservation measures like drip irrigation, water recycling/reuse, incineration of waste are some of the examples in addition to ARL continuous commitment to safety, environment & quality.

Achieving milestone of 13.5+ Million safe man-hours, winning the prestigious RoSPA gold award, winning UN-Global compact award, winning of Achievement award in sustainability reporting from ACCA-WWF for three times consecutively and acquiring regular position in the Award's judging panel, continuous compliance of National Environmental Quality Standards and practicing best quality standards has made ARL distinct nationally and internationally.

As I have mentioned in our last report, to address the future challenges of products specifications warranted by environmental concerns, two projects namely Preflash and Isomerization Unit have been launched and the construction activities will be started shortly that will also contribute to address the energy needs of the country. Construction of secondary treatment unit for enhancing the capability of our effluent treatment system to cater the future units load is near completion. We are also in advanced stage to add Diesel Hydrodesulfurization unit to achieve Euro-II specification subject to reasonable incentives of the government to make it feasible.

In adherence to our core values, my team is committed 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 we are providing services in the shape of free medical camps, blood donation campaigns and free/ discounted rate services for poor and needy persons through Attock Hospital Limited (AHL). In addition, ARL is supporting women development activities in the neighboring communities and providing maintenance support to the area schools and organizations for special persons in collaboration with Attock Sahara Foundation (ASF). In pursuance of caring for climate we have celebrated different events like World Environment day, Earth day, Biodiversity day and World day for safety & Health at work in collaboration with ARL supported National Cleaner Production Centre (NCPC), EPA-Punjab and academic institutions.

Finally, we resolve to continue being sustainable and stay committed to our support to the cause of sustainability for the benefit of future generations.



M. Adil Khattak
December 31, 2012

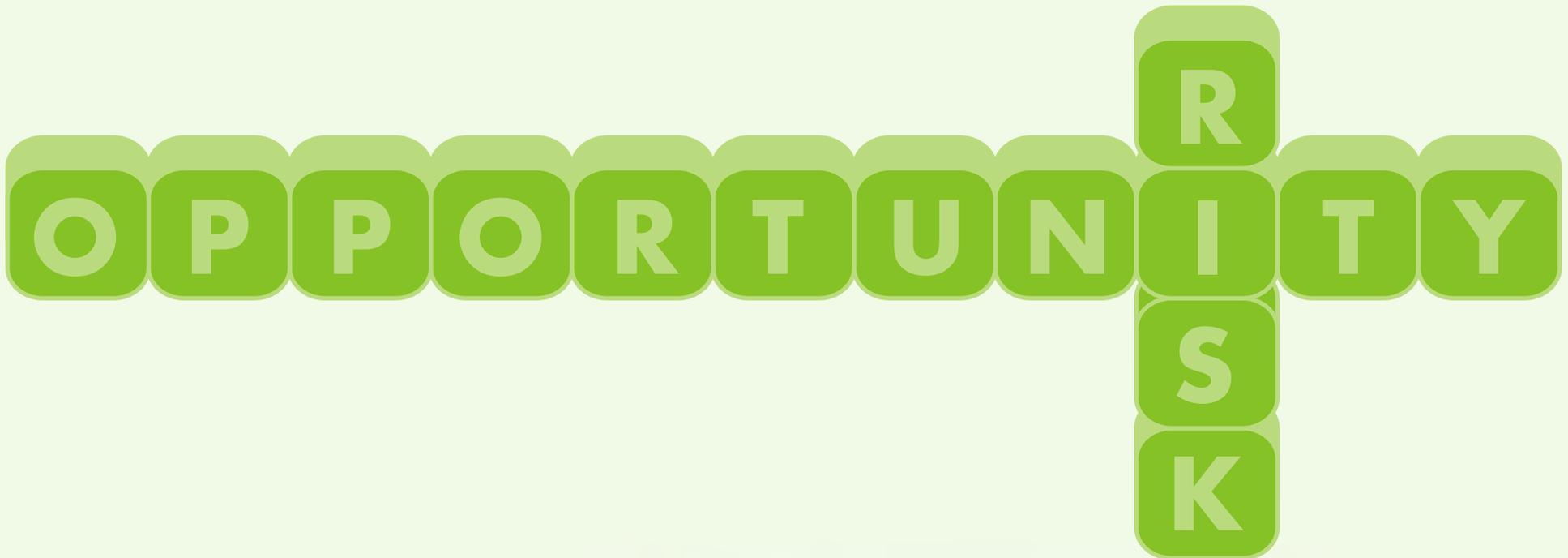


Principal Risks & Opportunities

Our business is subject to risks, uncertainties and opportunities. The risks that we regard as the most relevant to our business are identified below. We have also commented our response that we believe help us to manage these risks. In addition risks and uncertainties could cause actual results to vary from those described herein in the descriptions below, which may include forward-looking statements, or could impact on our ability to meet our targets or be detrimental to our profitability or reputation.

Risk and Opportunities	ARL Response
Stringent Product Specification of High Speed Diesel	ARL has planned to install a Diesel Hydrodesulfurization (DHDS) unit to meet the future specifications of Diesel. Bids for Engineering, Procurement, Construction and Commissioning (EPC) have been obtained and subject to certain issues that require resolution with Government of Pakistan (GOP), ARL can proceed with the execution of the project. Incentive from GOP are needed for project viability as low sulphur HSD price is not even enough to recover operating cost of DHDS.
Circular Debt Issue	Most part of the circular debt relates to Government entities. We kept on following-up the issue at all available forums in addition to closely monitoring of receivable positions and dispatches. As a result of aforesaid measures as well as inter-corporate debt settlement arranged by the Government in September 2012 has resolved the issue to a greater extent.
Security & Political Situation in the Country	We have taken appropriate security measures to counter/foil any threat under the current law & order situation of the country. We are in constant touch with the relevant government agencies in this regard.
Fluctuating Exchange Rate	We will obtain forward exchange cover for major capital expenditure. Further prices of products and crude oil are primarily determined in foreign currency therefore fluctuation in exchange rate has a mitigating effect in our case.
Environmental Issues	ARL is in the process of installing the second Phase of its Effluent Treatment Plant (ETP) to further improve the quality of effluent water and to cater the future units load as well as to comply NEQS requirements consistently. ISO-50001 (Energy Management System) has been implemented and self declared to manage energy requirement, address the environmental issues of green house gas emissions and other impacts.
New Up-gradation Projects	ARL is in process of installing: <ol style="list-style-type: none"> 1. A Preflash Unit to increase its capacity 2. An Isomerization Unit to increase Premier Motor Gasoline production and improve its quality to make it more environment friendly. 3. A DHDS unit to improve diesel specifications (execution of project is subject to resolution of certain issues with GOP)

Risk and Opportunities	ARL Response
Increasing Crude from the North Region of Pakistan	The production of crude oil from North Region of Pakistan has increased significantly. ARL is upgrading its refining capacity keeping in view of this increased production. In the first phase the Preflash Unit will increase the capacity of the refinery to 53,400 BPD. This will cater for the additional crude production. ARL is also reviewing the possibility to further increase the capacity if sustained production (over and above 53,400 BPD) is realized.
Competition	Only one refinery is being planned in the North by PSO, however, the plan is still in its initial phase and viability of an inland grass root, complex refinery far from port is uncertain. Even if the project does materialize, from conception to commissioning, it will take about 5 years by which time ARL will have completed its upgradation project. Crude availability / progress of PSO refinery project will need to be monitored to ensure crude availability at ARL and resolve any issues with GOP, if the need arises.



Executive Summary

ARL Sustainability report for year 2012, reviews the company's growth and performance during the year. It has been prepared in the same perspective as in the last year report with some further elaborations. The summary includes precise and complete description of ARL's stakeholder's needs, how we propose to satisfy those needs, our future plans and pledge.

The report is designed as per guidelines given in Global Reporting Initiative (GRI-G3.1), Accountability-1000 (AA1000), Social Accountability (SA-8000), UNGC Indices, ISO Management Standards and ARL vision, mission and core values.

The most noteworthy part of sustainable initiatives is having active participation in all areas. ARL's social, environmental and financial performance for the year 2012 is described in detail supported by information on core and additional GRI (Global Reporting Initiatives) indicators. Update on the ARL short / mid / long term plans given in last year sustainability report is provided in this report.

Being integral part of core values, CSR is not a new concept for ARL. Mature and more sustainable efforts have been made this year to further strengthen this core area. Various welfare activities carried out in this area include, Support in education sector by providing assistance to the Government Special School, Junior Model School, Pak Darakhshan and Vocational training for local communities, Support in Health sector include providing medical assistance to poor patients, arranging free Medical Camps and arranging awareness sessions on health related topics to the nearby localities, Support provided to local communities in rural development, Financial Assistance to area union councils and arranging conferences to bring all stakeholders and business communities on one forum. A detail on all CSR activities is given in the report.

In year 2012, HSE matters remains on the top priority of ARL. Our Health, Safety & Environment (HSE) performance in year 2012 compared with previous years has improved significantly. To keep the track record of being first, ARL again is first in Pakistan to self declare the implementation of ISO-50001 (Energy Management System). An update on the new projects have also been given. i.e Status of new Effluent treatment plant, Installation of Burner Management system (BMS) at Boiler & Variable frequency distribution systems (VFDS) at pumping stations. ARL effluent water & gaseous

emissions remain within NEOS compliance and data has been presented in the report. TAIFR reduced and record of safe man-hours working improved considerably. In addition to new projects, detail on scenario based emergency response exercises, engagement of customers and community for the celebration of events like World Environment Day, Earth Day, Biodiversity Day and Safety Week is given. Plantation of more than 12,000 saplings in and around the Morgah area is also an important success of the year 2012.

During the year 2011-12 prices of crude oil as well as products showed a mixed trend. Accordingly, the gross refinery margin kept on fluctuating. However, on average it remained positive but slightly lower than the previous year. The Company showed improved performance with respect to capacity utilization which rose to 99.5% as compared to 97.2% of last year. However, sharp decline in Pak Rupee value versus US Dollar caused major exchange loss of Rs 990 million (June 30, 2011: Rs 44 million). This restricted Company's operating profit (excluding other income) from refinery operations to Rs 382 million (June 30, 2011: Rs 927 million). Other income increased to Rs 2,389 million (June 30, 2011: Rs 1,566 million) mainly on account of delayed payment charges of Rs. 1,195 million (June 30, 2011: Rs 662 million) on fuel oil supplies. The same has been included in the report .

In order to make the report realistic & reliable, statements from the reports of our third party assessors like ISO-14001, OHSAS-18001, ISO-9001, ISO/IEC 17025 and financial accounts has been reproduced in the last chapter.



About this Report

Scope

This report covers Social, Environmental & Economic aspects of our organization & principally covers all operations conducting at Refinery. Attock Refinery Limited (ARL) is dedicated & committed for sharing information about its sustainability priorities, targets, 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 stakeholders and providing actionable outcome. We communicate our performance to our stakeholders through annual sustainability report.

Reporting Period

ARL's social and environmental performance data is for the calendar year 2012. Economic and financial data correspond to fiscal year July 2011 to June 2012.

Date of most recent previous report

The previous sustainability report by ARL was dated and published in Jan- 2012. The report was the fifth sustainability report of the company.

Process for defining Report content & Information

Credibility

The indicators included in ARL sustainability reporting have been selected, supplemented and specified in working groups for economic, social and environmental responsibility. Materiality was assessed for each indicator when setting up a data management system for GRI-based reporting.

The working group determined the relevance and identified key stakeholders expected to use the report. The report was reviewed by the Managers of all departments involved in the process of data gathering and reporting.

In sustainability reporting, ARL followed the GRI, guidance, principles, terms, indicators, calculation methods and structure as closely as possible. ARL has chosen the applicable meters and indicators from GRI standard disclosures and supplemented them with calculated and descriptive indicators derived from ARL operations.

Credibility of the information given in the report is the sole responsibility of ARL management. All the information provided is thoroughly checked and confirmed by Business Review and Assurance department having documented checks and control systems. 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 specific limitations in the scope or boundary of the report neither any 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 market. Cleaner fuels and energy efficiency needs to be encouraged as it benefits both the environment and the economy of the country.

It is our firm conviction that provision of 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 (AHL).

It is our obligation to meet environmental challenges at both local and Pakistan level 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 are following guidelines of Global Reporting Initiative (GRI-G3.1), Accountability (AA1000), Social Accountability (SA-8000), UNGC indices, ISO Management Standards (ISO 14001, ISO 9001 and OHSAS 18001) for reporting Social, Environmental and Economic performance. 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
- Customers contact and feedback
- Employee surveys and other input gathered through feedback mechanism
- Shareholder Annual General Meeting resolutions and anecdotal feedback
- Input gathered through stakeholder dialogues
- Meetings with Neighbors & Union Councils
- 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. ARL is publishing its report since 2007 and the progress on some of the activities given in 2012 report only to show the connection with previous reporting.

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

No assurance has been sought for this report from external assurance providers. ARL is further developing the coverage of its reporting as well as its data gathering and

reporting systems to meet the requirements of external assurance.

The report is being published in soft as well as in hard form 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 is available 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, Utilities suppliers like SNGPL, WAPDA, PTCL, crude oil suppliers like OGDCL, OPL, 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, Byco, 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 form attached at the end of this report. Further information and details can be obtained from:

Mr. Mohammad Aliemuddin
 Manager (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
Non Executive Director
Chairman Attock Group of Companies



Mr. Laith G. Pharaon
Non Executive Director



Mr. Wael G. Pharaon
Non Executive Director



Mr. Shuaib A. Malik
Chairman/Non Executive Director &
Alternate Director to Dr. Ghaith R. Pharaon



Mr. Abdus Sattar
Non Executive Director



Mr. Iqbal A. Khwaja
Alternate Director to Laith G. Pharaon



Mr. Babar Bashir Nawaz
Alternate Director to Wael Ghaith Pharaon



Mr. Munaf Ibrahim
Independent Non Executive Director



Mr. Agha Sher Shah
Independent Non Executive Director



Mr. M. Adil Khattak
Chief Executive Officer



Company Information and Board Committees



Audit Committee

Munaf Ibarahim, Chairman

Shuaib A. Malik, Member

Abdus Sattar, 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 A. 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.

HR & Remuneration Committee

Shuaib A. Malik, Chairman

Munaf Ibrahim, Member

M. Adil Khattak, Member

Responsibility

The prime role of the Human resource & remuneration committee is to give recommendations on the matters like human resource management policies , Selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO, CFO , Company Secretary and head of internal audit to the board. The committee also considers recommendations of CEO on such matters for key management positions.

Scholarship Committee

Dr. Ghaith R. Pharaon, Chairman

Shuaib A. Malik, Member

M. Adil Khattak, Member

Responsibility

The scholarship committee's primary role is to ensure that the scholarship schemes are aligned with the strategic vision and core values of the company and also accords approval for any revision required in the schemes.

Shareholder information:

As at June 30, 2012: Registered share holders were 3,955 and total number of shares were 85,293,000. Detail pattern of Share holding is available at www.arl.com.pk.

Bankers

Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
The Bank of Punjab
United Bank Limited

Chief Financial Officer

Syed Asad Abbas, FCA

Company Secretary

Saif ur Rehman Mirza, ACA

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

Auditors

A. F. Ferguson & company
Chartered Accountants

Legal Advisor

Ali Sibtain Fazli & Associates
Legal Advisors,
Advocates & Solicitors

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).

Originally paid-up capital of the Company was Rs. 80 million which was subscribed by the holding company i.e. AOC, Government of Pakistan, investment companies and general public. The present paid-up capital of the Company is Rs 852.93 million.

Attock Oil Company is the pioneer of crude oil refining in the country with its first assignment dating back to 1913. Backed by a rich experience of more than 100 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.

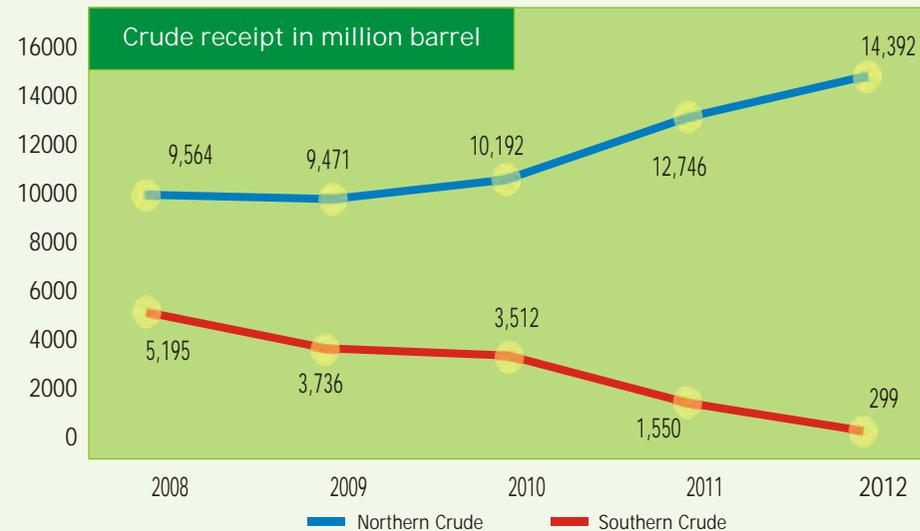
Refinery operations began in February 1922, when two small stills of 2,500 barrel per day (bpd) came on stream at Morgah following the first discovery of oil at Khaur where drilling started on January 22, 1915 and at very shallow depth of 223 feet 5,000 barrels of

oil flowed. 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, Wax Purification facility and the Edeleanu Solvent Extraction unit for smoke-point correction of Kerosene were added.

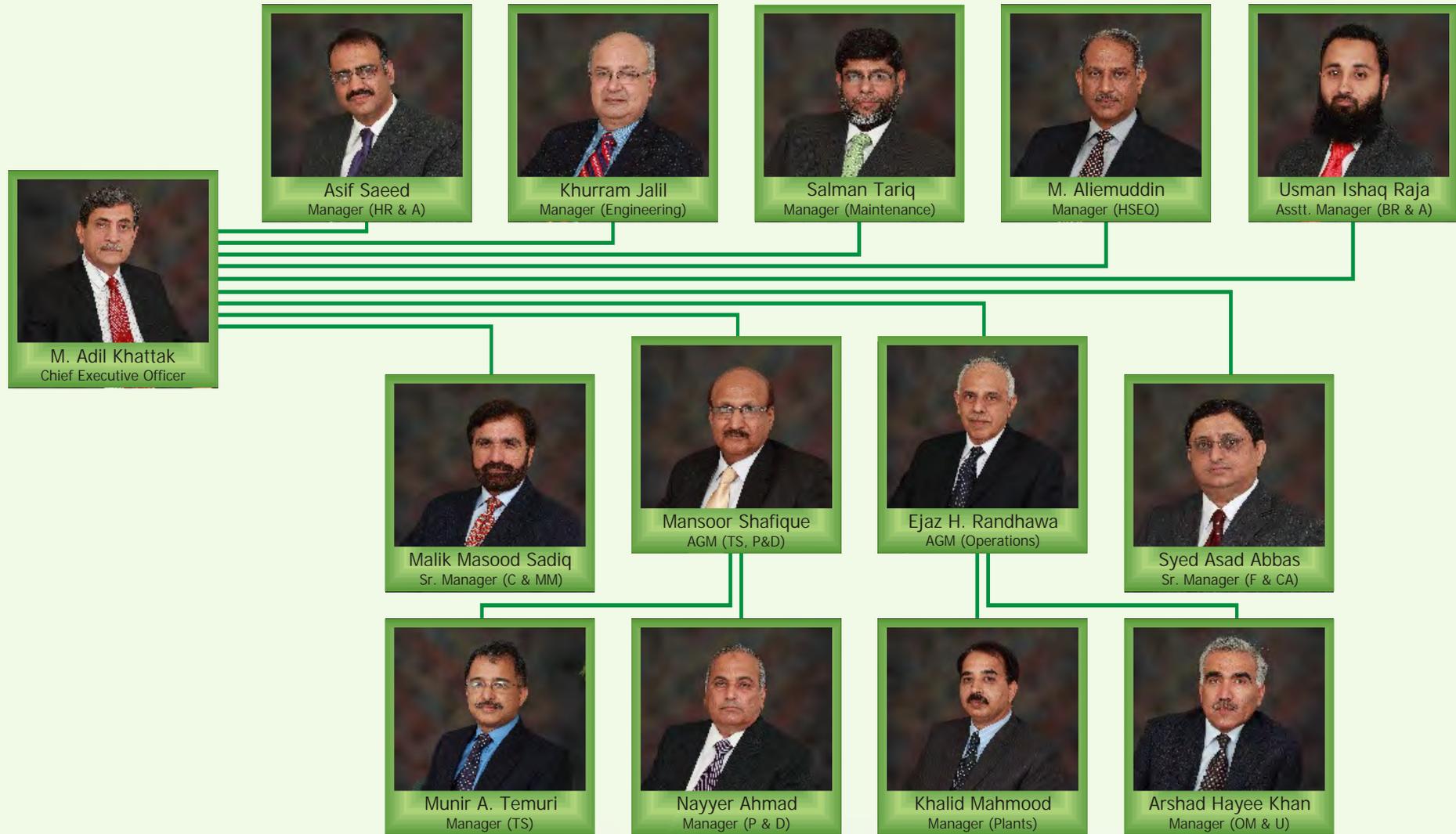
There were subsequent discoveries of oil at Meyal and Toot (1968). Reservoir studies during the period 1970-78 further indicated high potential for crude oil production of around 20,000 bpd. In 1981, the capacity of Refinery was increased by the addition of two distillation units of 20,000 and 5,000 bpd 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 dispatches, 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, OHSAS 18001 certified and has also self declared ISO-50001 implementation. The company is in the process of further upgradation due to increasing oil supplies from the Northern region of the country.



% Average Share of ARL Major Products in Countrywide supplies excluding Imports



The Management



Committees

Various Committees have been formulated to look after the operational and financial matters of the Company. Brief description of the role of Committees involved in strategic matters is given below:

Management Committee

This Committee which is constituted of all Departmental Heads meets fortnightly under the Chairmanship of CEO to coordinate the activities and refinery operations and to discuss various issues.

Value & Ethics Committee

The primary role of this committee is to investigate and advise the Chief Executive Officer (CEO) appropriate action regarding violation of ARL Core Values and related codes and policies.

Succession Planning and Career Management

Committee

This committee is responsible for initiating and taking all necessary steps towards formulation and implementation of an appropriate Succession Planning and Career Management System in the Company.

Econo-Tech. Committee

This Committee reviews all new proposals relating to Refinery operations and projects and formulates recommendations after discussing / evaluating it from technical and economic aspects.

Budget Committee

This Committee reviews and recommends the annual budget proposals for the approval of the Board of Directors. It also monitors the approved budget utilization.

Pricing Committee

Responsible for determining prices of deregulated products from time to time

Central HSE Committee

The primary role of the 'Central HSE Committee' is to set operating policy and procedures consistent with HSEQ Policy and to monitor implementation of the policy. Furthermore, this Committee provides a strategic direction, sets goals and objectives, monitors performance and provides a mechanism for dealing with safety behavior issues.

Information Technology Committee

Responsible for automation of processes and systems in line with latest technology.

Risk Management & Strategic Planning Committee

This committee discusses and decides all matters related to risk management and strategic planning of Attock Refinery Limited.

Rewards & Recognition Committee

The purpose of this committee is to discuss, evaluate and recognize actions / ideas / suggestions and behaviors manifested by an employee or employees, or any significant improvisation being beyond the normal call of duty.

Standing Committee for Gender Justice

The prime responsibility of this committee is to safeguard rights of male & female employees of ARL and making the work environment free of harassment. In case of any complaint, conduct proper investigation and advise CEO for appropriate action.

ARL Operational Configuration

Attock Refinery Limited (ARL) receives 40 % crude oil through bowzers and 60% from pipeline. Crude oil thus received processed to fractional distillation. Products are stored in their respective storage tanks and dispatched to customers after thorough quality inspection. ARL customers include Pakistan State Oil (PSO), Attock Petroleum Limited (APL), Shell Pakistan Limited, Chevron Pakistan Limited, Total Parco, Byco, Hascol, Askar 1, Admore , Bakri Trading Oil , Overseas Oil trading company Ltd and Zoom Petroleum Ltd.



On going and future Projects

Refinery expansion and up-gradation projects

ARL is in the process of upgrading its refining facilities as under.

1. Pre-flash unit to enhance refining capacity by 10,400 BPD;
2. Naphtha Isomerization Unit to enhance production of PMG by 20,000 Tons per month.
3. Diesel Hydrodesulphurization Unit (DHDS) to reduce sulphur contents in High Speed Diesel; and
4. Expansion of existing Captive Power Plant up to 18 MW.

Basic design of Preflash unit and Isomerization / DHDS units were carried out by M/s CB&I USA and M/s UOP USA respectively whereas the basic design of utilities and off-sites was carried out by M/s ENAR Petrotech Services Pakistan. Installation of Preflash unit will increase ARL's refining capacity thus increasing the production of vital middle distillates. Isomerization and DHDS unit will enable ARL to increase PMG production and produces Euro-II compliant low sulfur diesel respectively. Installation of DHDS unit, however, is subject to resolution of issues pertaining to incentives with GOP. Expansion of existing captive power plant will also be carried out to meet the increased power requirement due to addition of new process units and modernization of existing refinery equipment like fire protection pumps etc. Renowned international contractors have participated in the bidding process for these projects. Technical and commercial bids have been evaluated, EPCC contractor has been selected and LOI issued. Award of contract is expected to be completed by January 2013. It is envisaged that the Preflash/Isomerization unit, their auxiliary units, offsites and Captive power plant (after expansion) will start operation by first quarter of 2015.

Effluent Treatment Plant Phase II

Being a responsible corporate entity, ARL has always been conscious of its responsibilities towards improving the environment and has periodically invested in upgrading its effluent treatment facilities to comply with the National Environmental Quality Standards (NEQS). Phase-II of Effluent Treatment Plant (ETP) has been initiated now to upgrade the existing primary treatment facilities and to install secondary

treatment technologies. Phase-II mainly consists of addition of another Dissolved Air Flotation (DAF) unit for removal of Total Suspended Solids (TSS) and Oil & Grease; and Biological treatment plant for the reduction of COD (Chemical Oxygen Demand) and BOD (Biological Oxygen Demand), along with modifications to the existing API separators to improve their efficiency. It is expected that after installation of the ETP Phase-II project the effluent water will not only consistently meet the NEQS requirements but will also improve water conservation by the possibilities of beneficial re-use of the treated water. The contract for the project has been awarded to a Malaysian based company "Pollution Engineering". Detail engineering design of the project is in progress and the commissioning of project is planned in 2013.



New Crude Charge Heater

In order to enhance the capacity of existing 5000 BPD Crude unit namely HBU-II, a 6000 BPD crude charge heater has been purchased and installed by ARL. EPC of this heater has been carried out by M/s Born Inc., Tulsa, USA.

The new heater has been commissioned and is now operational after completion of its successful performance test. HBU-II (CDU) is now operating at 6000 BPD crude throughput.



White Oil Pipeline Project

Despite Company's best efforts and patience, the revival of the Project did not materialize. Therefore, the major cost incurred on the project amounting to Rs. 27 million has been written off during the year. The Company still believes that this could be an infrastructure project of national interest and would like to pursue it whenever suitable support from Government including throughput guarantees and other incentives are available.



Business Partners

Stakeholders Identification, Our Response and mode of engagement

Stakeholder	Needs	Our Response
SHAREHOLDERS & PROVIDERS OF CAPITAL Institutional Share Holders ▶ Banks ▶ Financial Institutions ▶ Non-Banking Financial Institutions ▶ Insurance Companies ▶ Investment Companies ▶ Joint Stock Companies ▶ Associate companies & related parties Private Shareholders Investors majority Shareholders	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, Maximum throughput of Refinery, 100% Sales of products	Operation Dept. ▶ Safe operation of Plants ▶ Value addition BR & A Dept ▶ Compliance to code of corporate governance ▶ Materiality Principle compliance ▶ Coordination with third party Auditors ▶ Routine review and audits Finance Dept. ▶ Transparency in dealing ▶ Preparation of Quarterly & Annual Financial reports ▶ Sharing of financial Statements ▶ Liaison with financial institutions for investment ▶ Timely payments of dividends & Bonus shares to shareholders Human Resource & Admin. ▶ Succession planning for key managerial positions to keep operation smooth and trouble free

Mode of Engagement

Board of directors and shareholder Quarterly and Annual meetings, Refinery management committees, i.e. Risk management & strategic committee meetings succession planning & career management committee.

Stakeholder	Needs	Our Response
Educational Institutions ▶ Schools, Colleges, Universities Students Teachers	Educational visits, Internship facilitations, R&D, Trainings	HR & Admin ▶ Arrange for Educational Visits, Internship programs and training ▶ Liaison with Educational Institutions, Teachers and Students HSEQ Department ▶ Safety briefing ▶ Sharing Technical Information ▶ Providing technical support ▶ Sharing social & Environmental performance

Mode of Engagement

Internship and training programs, assisting universities for R&D, educational visits, sharing of information

Stakeholder	Needs	Our Response
Local Communities, NGOs, Community Organizations ▶ Neighbors ▶ Third party Independent Auditors ▶ HR consultants ▶ Professional Trainers ▶ Local Refineries ▶ Media ▶ Crude/Products Transporters	Community welfare projects, Sharing of social, environmental & financial statements, Drivers facilities like rest rooms, Payments to transporters, Training Opportunities, Audit of financial statements and facilities, Financial & Technical support	Operations Dept. ▶ Driver comfortable stay at ARL ▶ Liaison with local Refineries BR & A Dept ▶ Coordinate with third party Auditors Finance Dept ▶ Payment to transports HR & Admin ▶ Providing financial & Administrative support ▶ Community welfare projects ▶ Media liaison ▶ Liaison with neighbor & community ▶ Liaison with HR Consultants and Professional Trainers

Mode of Engagement

Meetings with communities, Neighbors participation in refinery functions, Agreements with transporters, Involvement of communities in public hearing for new projects, joint celebration of events, external audit, conferences and seminars

Stakeholder	Needs	Our Response
SUPPLIERS Crude oil Suppliers POL, OGDCL, PPL, OPL, BP, MOL and MGCL Others: WAPDA, SNGPL, PTCL and General Order Suppliers	Timely Bill payments, Prompt response, Assets safety, Conducive working Environment, Technical feedback, Compliance to code of corporate governance, Contract agreements	Oil Accounting Section ▶ On time payment to crude suppliers ▶ On time payment of Utility bills HSEQ ▶ Crude oil evaluation ▶ Assets safety ▶ Technical feedback and R&D Operation Dept ▶ Crude oil receipt and technical feedback Technical Services Dept ▶ Technical evaluation of crude and other raw materials Commercial & Material Management Dept ▶ Liaison with General order suppliers

Mode of Engagement

Quarterly Joint testing of crude oil, direct coordination with WAPDA, SNGPL, PTCL and General order suppliers, visit to crude production sites as and when required, regular meetings of procurement office with general order suppliers, communication of relevant policies and procedures

Stakeholder	Needs	Our Response
<p>Employees</p> <ul style="list-style-type: none"> ▶ Regular ▶ Contract ▶ Employees Representative Groups like CBAs ▶ Contractors 	<p>Reasonable Salary and benefits, Career Growth, Training, Compliance to HR policy, Safety and Security of Employees and their families, Conducive and friendly working environment, Sharing of Information</p>	<p>Human Resource & Admin.</p> <ul style="list-style-type: none"> ▶ New employees induction ▶ Arranging Training Programs ▶ Meeting with employees ▶ Conducting regular employees satisfaction surveys ▶ Formal agreement with CBA after 2 year ▶ Administrative Assistance <p>HSEQ Department</p> <ul style="list-style-type: none"> ▶ Safe and secure working Environment <p>Finance Department</p> <ul style="list-style-type: none"> ▶ Timely payment of Salaries and bonuses
		
Mode of Engagement		
<p>HR policy, Succession planning & career management committee, Organization Environment surveys, Meeting with Employees, Training need assessment and Trainings</p>		

Stakeholder	Needs	Our Response
<p>CUSTOMERS</p> <p>Oil Market Companies: Attock Petroleum Limited Pakistan State Oil Shell Pakistan Ltd. Chevron Pakistan Ltd. Total Parco Pvt. Ltd.</p> <p>Others: Pakistan Air Force Defense Energy Support Center Supreme Global Services National Highway Authority Pakistan Oilfield Limited. Kot Adu Power Company Ltd. Foreign buyers of petroleum products</p>	<p>Response for After Sale 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 Lab.</p> <ul style="list-style-type: none"> ▶ Ensures Quality ▶ End user and 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 meetings (bi-annually)</p> <ul style="list-style-type: none"> ▶ Customer Feedback ▶ Compliance Status ▶ Analysis & Action Plan ▶ Integrated Management System Audit Finding ▶ Follow-ups <p>Sales Section</p> <ul style="list-style-type: none"> ▶ Customer liaison & satisfaction ▶ Compliance of sales agreements
		
Mode of Engagement		
<p>Customer Site Visits (Quarterly/As & when required), Exchange of Information, Joint testing of Product Quality, Quarterly Customer Feedback through Tele/E-Mails/One to One Meetings, Technical and Awareness Sessions</p>		

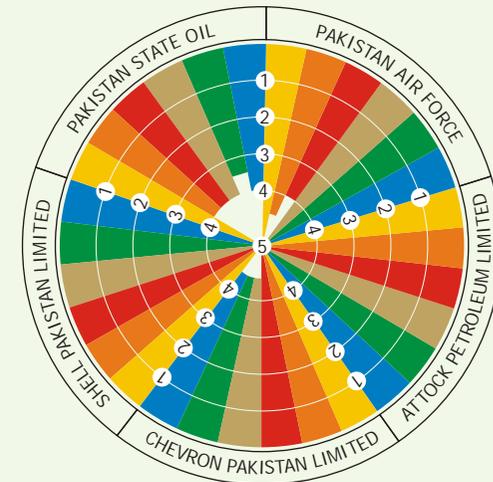
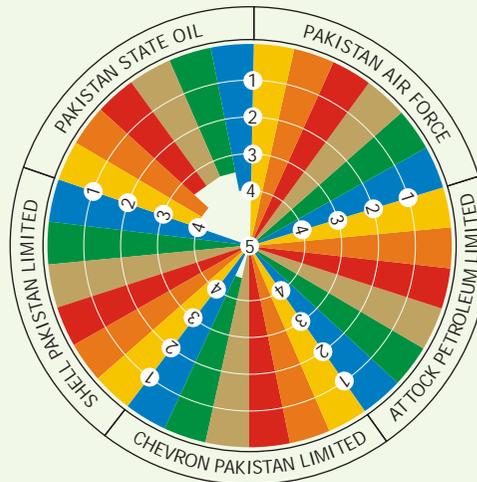
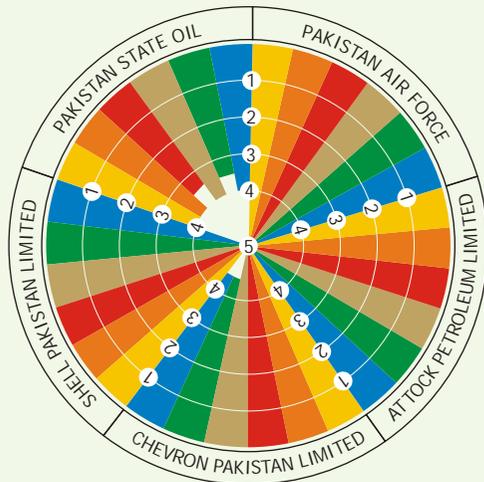
Stakeholder	Needs	Our Response
<p>Government Agencies</p> <ul style="list-style-type: none"> ▶ Oil and Gas Regulatory Authority (OGRA) ▶ Ministry of Petroleum & Natural Resources (MP&NR) ▶ Pakistan Standard Quality Control Authority (PSQCA) ▶ Directorate of Labor ▶ Federal Board of Revenue (FBR) ▶ Securities and Exchange Commission of Pakistan (SECP) ▶ Stock Exchanges ▶ Environment Protection Agencies (EPA) ▶ Rescue 1122 & Other like Agencies ▶ National Highway Authority (NHA) ▶ Local & District Govt. ▶ Directorate of Apprentices ▶ Employees old Age Benefit Institute (EOBI) ▶ Oil Companies Advisory Committee (OCAC) 	<p>Compliance to code of corporate governance, Compliance of Quality products & services, Legal NEOS compliance, Tax deduction & deposition, Development of policies framework, Safety, Infrastructure Development, Workers Welfare, Conducive working Environment, Compliance of Govt. Rules and regulations</p>	<p>Oil Accounting Section</p> <ul style="list-style-type: none"> ▶ 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 <p>Account Payable Section</p> <ul style="list-style-type: none"> ▶ FBR for contractors, suppliers & service providers tax deposition <p>Corporate Affair Section</p> <ul style="list-style-type: none"> ▶ Stock exchanges, SECP, Financial institutions <p>Sales Section</p> <ul style="list-style-type: none"> ▶ MP&NR for product sales figures (daily) ▶ MP&NR & OCAC for supply & demand of petroleum products. Import decisions, Area wise product analysis <p>Human Resource & Admin.</p> <ul style="list-style-type: none"> ▶ Local Govt. Labor deptt, ▶ Directorate of Apprentices, EOBI, NHA <p>HSEQ Department</p> <ul style="list-style-type: none"> ▶ PSQCA ▶ Rescue 1122 ▶ EPA
		
Mode of Engagement		
<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, Directorate of Labor, NHA, Directorate of Apprentices, EOBI, Monthly/annually coordination with FBR for income tax, Personal and sales tax, Monthly coordination & reporting to EPA, Quarterly coordination with PSQCA. Coordination with Rescue 1122, regular liaison with local Govt. Invitation to Govt. officials, Information on website, Involvement of EPA in public hearing for new projects</p>		

Customer Feedback

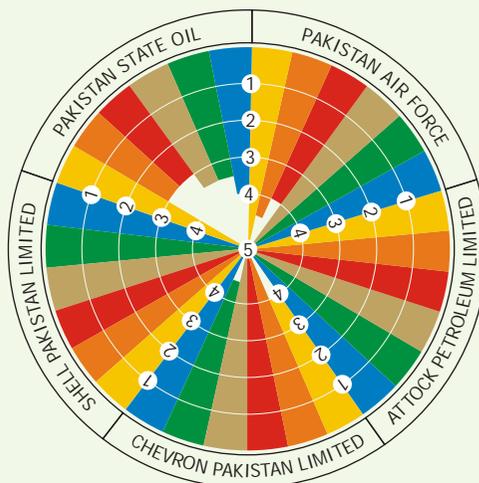
Third Quarter 2012

Second Quarter 2012

First Quarter 2012



Fourth Quarter 2011



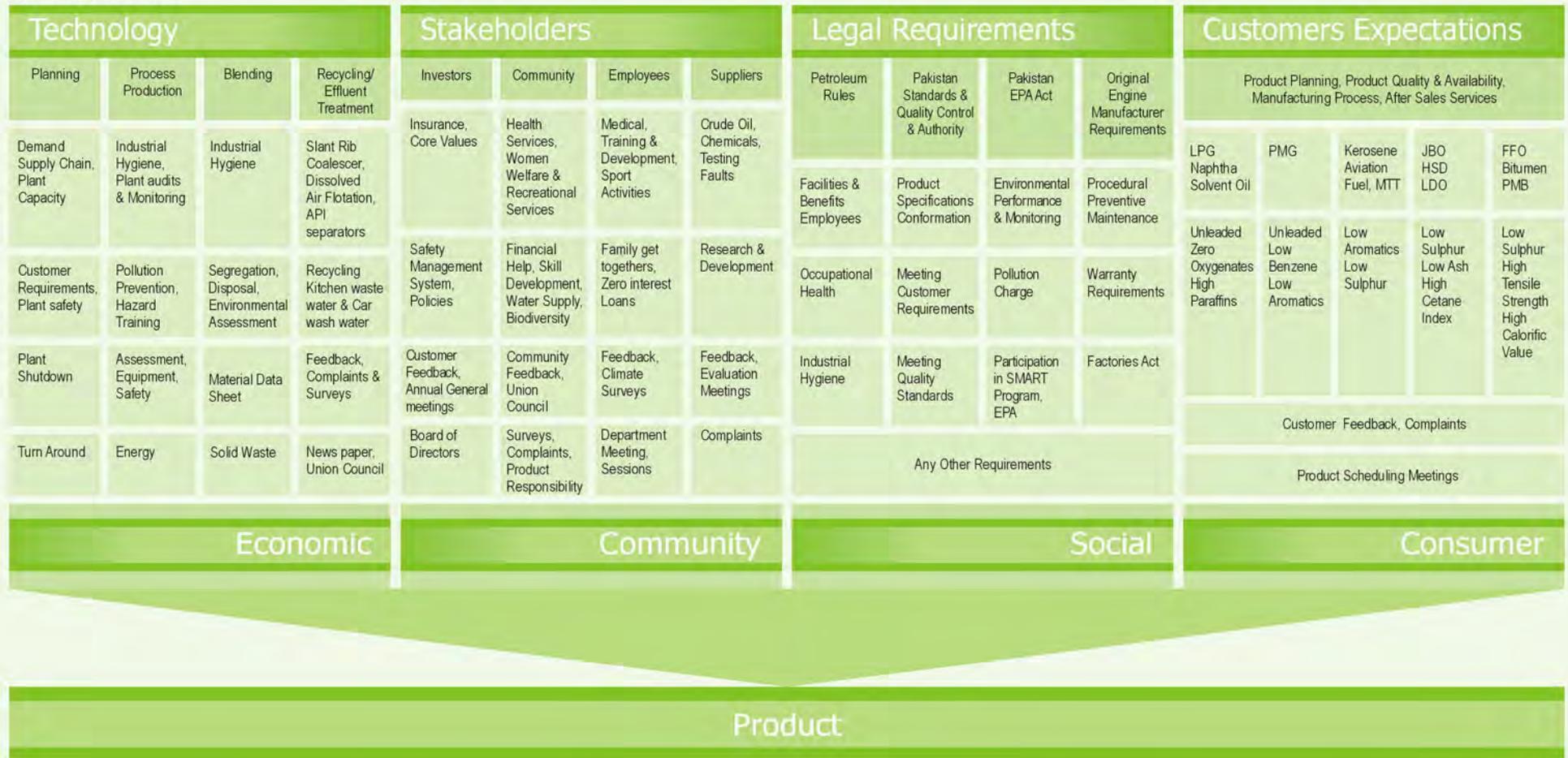
Legend

- 1 - Poor
- 2 - Fair
- 3 - Satisfactory
- 4 - Good
- 5 - Excellent

-  Response Time
-  Cycle Time
-  Availability of People
-  Competence
-  Service Quality
-  Product Quality

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.





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 work force.
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 Social Responsibility Commitment & Assurance

Our Approach

Attock Refinery has a very strong commitment to maintain & introduce best practices beyond legal compliances in its business covering all aspects of economy, society and environment with the involvement of Stakeholders. ARL considers involvement of stakeholders including neighbors and every one influenced by its activities as key to sustainable growth of the organization. Endorsing the importance of corporate social responsibility it is one of the core values of the company. The company has a long history of carrying out its obligations as a responsible corporate citizen and meeting its responsibility with respect to protection and promotion of interest of its customers, employees, shareholders, communities and environment in all aspects of its operations. As a member of the global community, we engage in a full range of social contribution activities, taking part in the creation of a better world.

We have adopted a decision-making process that gives equal consideration to our three highest priorities: Reliable energy source, environmental stewardship and social responsibility. Ultimately, it is about conducting business in a way that benefits both sustainability and the triple bottom line of society. In other words, doing business in a green way or adopting green economy. Everything we do as a company is intended for the good of our stakeholders especially community.

Social Responsibility has been the heart of Attock refinery 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 it is a philosophy to go beyond legal boundaries for the benefit of civil society.

Company has special focus in sectors like health, education, infrastructure development and social promotion.

Attock Refinery adopted AA1000 standard, Global reporting initiative (G3.1) guidelines & UN Global Compact indices for planning and reporting of our social programs to accomplish high standard of transparency, fairness and objectivity.

Key Characteristics principles applied in the 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 & quick judgments, decisions and actions.

Completeness Principle to assess and identify the extent of unbiased product, service related activities to social, ethical and environmental 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 included:

- Company objectives, strategies, core values, policies and Programs
- Independent judges feedback on our previous sustainability report
- Employees & Organizational Climate surveys
- Stakeholders Input & Feedback
- Shareholder resolutions and feedback
- Stakeholder dialogues
- Suppliers feedback
- Auditors reports

- GRI 3.1 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 must be considered as short, medium and Long term plans.

Social Programs Identification Forums & Activities

Community

The cornerstone of being a good neighbour our social performance is listening and responding positively to local communities and broader society. For this reason, we have a company-wide approach for engaging with our neighbors and keep periodic liaison with all other stakeholders to have their perceptions and views on ARL social activities. Staff liaises closely with local communities and work with technical and management staff to address their hopes and concerns. This includes our meetings with concerned Union counselors & Nazims, School & colleges administration in the locality, District Coordination officer, Local Fire Club members like 1122, National Disaster Management Authority (NDMA) and our suppliers & customers. However, we are always looking for other ways to further improve relationships with communities.

This mechanism helps ARL in visualizing & formulating its strategies into actionable social objectives and plans.

Employees

In an era of corporate culture where international & local competition is increasing day by day, the success and growth of any organization depends on the capability to attract and retain talented employees. Employees prefer to work for organizations which embrace sustainable development as well as being socially responsible. Employees want alignment of 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 of the belief that employee is our most important asset.



Considering most important asset ARL always involve its employees in the process of planning and execution of actions improving their own & social well-being.

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 councils specific to ARL.

Communication of ARL commitment and social programs to community by displaying large number of colorful banners with thought provoking statements were displayed at prominent locations as a part of communicating ARL commitment to social responsibility & to get involve maximum number of community in these programs.

Attock Sahara Foundation

To keep its Social initiatives in line with economic and environmental endeavors, ARL sponsored NGO, Attock Sahara Foundation (ASF) was established which is playing a vital role in uplifting the social and economic aspects of the surrounding community. In recognition of its commitment and transparent working, ASF was certified by Pakistan Centre of Philanthropy (PCP) in the areas of internal governance, Financial Management and Program delivery. ASF is re-certified as NGO by Pakistan Centre of Philanthropy (PCP) for further period of three years i.e. (2012-2015). Main objective of ASF is to identify the social initiatives and help out ARL to streamlines its community based endeavors more focused and result oriented in the best interest of community as well as organization.

Free Medical Camps were organized to involve community, employees to inculcate the spirit of volunteerism and service to mankind. These camps helped in identification of disease profile being faced by community and to make a data base for future planning. Its feedback was utilized for continual improvement.

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

- Women Skill Development
- Indirect & direct jobs to local residents
- Infrastructure development

- Recreational facilities
- Local young's capacity building
- Drinking water supplies to community
- Free Medical Assistance to poor segment of community
- School facilities/Utilities assistance
- Carriage Contractors Drivers facilities
- Scholarships to deserving students of community
- Employees Retention
- Dengue Virus
- Rural Development
- Recognition of employee services
- Human Rights Awareness
- Employees grievances handling
- Supply Chain Management
- Water resources development
- Media Fearlessness
- Urbanization

Solutions & Performance

Our responses to above challenges are summarized as under:

ARL gave due importance to the social challenges identified and responded in an approach to involve local community in the development projects focusing on capacity building rather than donor beneficiary relationship. We believe that investing in the well being of communities is not only important for the uplifting of living standard of societies but also for the success & growth of organization.

Continuous support is always required to nourish and mature some of the social activities for the ultimate success & benefit of communities.

ARL provided continuous support to the local community in a number of ways .i.e. Free of cost supply of drinking water continued through its overhead water reservoirs to areas of

Morgah, Kotha Kalan, Jhamra, various welfare organizations like SOS village, Fauji Foundation Hospital, Deaf & Dumb school, other local schools & Masajids.

Free Water supplies to community is providing essential services to more than 50,000 people.

ARL continued its support for 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. In this connection the company defrayed most of the expenses incurred on the company constructed Junior Model School in ARL colony area of Morgah and a minimal fee is charged to the students. Rather than that the Punjab Workers Welfare Board has constructed two model schools at Morgah with the active assistance of the company, these are now operational.

Moreover, The Company has continued awarding of scholarships to the children of employees from primary up to post graduation from top rated institutions of Pakistan like Ghulam Ishaq Khan Institute (GIKI) Topi & Lahore University of Management Sciences (LUMS).

For Rural development & capacity building our company also provides annual grants & support to Union Councils of the area to run their affairs smoothly & efficiently.

Various activities conducted in this area are enumerated below:

Corporate Philanthropy

- I) The Company has traditionally been patronizing limited maintenance of park and sports facility in the near vicinity of the Company. In this connection it reimburses limited quantities of fuel for consumption in appliances employed for their upkeep. The cost of fuel reimbursed during the year amounted to Rs 1.7 million.
- II) In order to provide assistance to a special school for hearing impaired children and NGO (Pak Darakhshan) for helping disabled Women, the annual expenditure incurred was over Rs 533,000.

Community Investment and Welfare Schemes

ARL is providing several community services for the welfare of the surrounding population living in the vicinity of the Refinery. These include provision of electricity,

water and gas facilities to schools and mosques 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. The total expenditure on such activities amounted to over Rs 1.99 million.

Welfare Spending for Under-Privileged Classes

Attock Sahara Foundation (ASF)

Attock Sahara Foundation (ASF), Company's sponsored NGO, is playing a vital role in uplifting the economic conditions of the surrounding communities through various welfare activities. These included vocational training, computer classes, financial and Marriage Support, medical assistance through Poor Patient Fund, Financial Assistance to Poor and Scholarship for 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 10.8 million. The Company provides organizational support in administration, finance and routine operations of ASF.



Besides above mentioned following are the major activities performed by ASF with collaboration and support of ARL in year 2012.

- i) Arranged a one day Seminar on Dengue Virus at ARL Elliot Club on March 13, 2012 for the awareness and prevention from Dengue Virus. Mrs. Shaista Malik and Sardar Akram Javed, Secretary Social Welfare & Women Development were the Chief Guest. Aprox. 300 members of different NGOs & Community members participated in the Seminar.
- ii) Girls Sports Tournament 2012 of neighboring girl schools was arranged in May, 2012 at ARL Elliot Club Ground. Three Girls High Schools participated in the



sports tournament & about 300 girls participated in different sports events.

- iii) Arranged an Awareness Session for Women on Health, Skin and Hair Care. Approx. 200 ladies participated and shared the knowledge with renowned Doctors of CMH Hospital Rawalpindi and Experts of Keune for Skin and Hair Care.
- iv) To meet Corporate objective of Technical Education & to meet one of our last year social plan , 5 new Apprentice Staff have been inducted with effect from January 1, 2012 in the Areas of Nursing Aid, Electrician & A/C Mechanic for the capacity building of local community.

Community Assistance

ARL is also providing Education allowance for the children of the widows and free provision of Electricity, gas and water for a period of 5 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 651,000.

Free Medical Camps

Being a socially responsible organization Attock Refinery Limited in collaboration with Attock Hospital (Pvt.) Limited and Attock Sahara Foundation arranged two free medical camps to provide free medical treatment to poor and needy people of the surrounding areas. Over 2,200 patients were examined and treated for different ailments and free medicines were also provided.



Employment for Special Persons

In order to provide employment opportunities to special 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 that it keeps under employment the allocated numbers. Emoluments to the tune of Rs 2.51 million were paid to such workers.

Rural Development

The Company's refinery and colony is located in the areas adjoining the two Union Councils i.e. Morgah and Kotha Kalan. The Company is paying an annual contribution of Rs 75,000 to the two Union Councils as contribution towards their development expenditure which is shared equally with another associated company.

Scholarships for Talented Students

The Company is not oblivious of the fact that the talented children of our employees need considerable support and encouragement in these difficult times. ARL management offers scholarships from class 5 to Ph.D. to employee's children.

During 2011-12 scholarships were awarded to 54 students at different levels. This support is enabling our employees to get quality education for their children. As such, ARL is cultivating the seeds of hope for better tomorrow. The Company is incurring an annual cost of Rs 2 million on these scholarships.

Training Programs for Students

The Company is also operating an extensive management training programme whereby fresh graduates from different discipline are provided 1 to 2 years training opportunity to enable them to get practical on hand experience. The Company is also operating an apprenticeship program under Government of Punjab apprenticeship scheme. Further, summer internships are also offered to students from various academic institutions. The annual expenditure on these training schemes amounts to over Rs 15.7 million.

Annual Sport Day

Annual Sports Day is a regular feature at ARL. The Company provides all kind of opportunities to the employees to keep them physically and mentally fit. A large number of employees take part in these games every year and this year about 450 employees participated.



Tree Plantation 2012

ARL & NCPC has jointly planted fruit and evergreen plants in the Morgah community, schools, Child Protection Centre, Sehala Training Centre, Morgah Biodiversity Park, residential societies on ownership basis to ascertain the growth of plants on sustainable basis. Every plant owner was guided and instructed to take full care of the plant. The



company has planted more than 12,000 trees in current year.

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.

This park is a place of amusement for the local community and a number of locals and students of nearby institutions visit the park.



Industrial Relations/Workers Welfare

The Company believes in maintaining cordial industrial relations with its employees and their Collective Bargaining Agent (CBA) and is always taking measures towards the employee's welfare.

The Company provides subsidized food at its canteen, heavily subsidized atta on monthly basis, sports and entertainment facilities, free Ramazan package, school and college pick / drop, quarterly and annual awards for good performance and long service awards. Hajj and Umra facility is also provided to 8 workers annually for Muslim employees. The



Company also provides financial support to Christian employees for visit of their holy places. The total cost incurred in this connection amounted to over Rs 21 million.

Business Ethics and Anti-Corruption Measures

Your Company voluntarily adopted & has participated in the United Nations Global Compact (UNGC), a corporate responsibility initiative built around universal principles regarding human rights, labor, environment and anti-corruption during 2008 and since then is fully complying with such standards in our business practices in letter and spirit.

The U.N. Global Compact was originally proposed by U.N. Secretary-General Kofi Annan in an address to the World Economic Forum (Davos forum) in 1999. Businesses may pledge to support its principles of their own freewill.

ARL is also monitoring the ethical conduct of its business and its employees and any case of violation is referred to an Ethics Committee constituted for this purpose.

ARL Code of Conduct is a testament to the Company's commitment to ethical and transparent business practices. To ensure that there is no discrimination on account of gender the Company not only provides equal opportunity for employment but has also set up a special committee on Gender Justice that ensures that any grievance or complaint of harassment is promptly addressed.

“The Global Compact asks companies to embrace universal principles and to partner with the United Nations. It has grown to become a critical platform for the UN to engage effectively with enlightened global business.”

UN Secretary General Ban Ki-moon

Human Resource Development

Your Company considers its human resource as the most valuable asset and remains committed to ensuring that all employees are treated with dignity and respect and that the working environment is one where each employee's contribution is recognized and valued. Various steps taken by the Company for the development of its human resource capital are outlined below.

Employee Training & Development

The Company management considers its human resource as the prime resource and continuously endeavors to ensure systematic enhancement of their technical and managerial competence through well rounded training and development. Training plan forms a part of our performance management strategy and is structured on the basis of training need assessment, employee's career plans, succession plan and other organizational requirements.

A Technical Training Program was initiated this year under ARL Skills Development Initiative (SDI). Under this program high potential internal trainers were exposed to robust “train the trainer” course to equip them with requisite skills for effective planning and delivery of training. State-of-the-art technical training modules were acquired and the program was rolled out.

Technical trainings are now being conducted on regular basis across the organization.

Through these initiatives the Company is investing a lot in the development of its



employees.

CBA Management Relations

Maintenance of a congenial atmosphere at work place is one of the top priority of your Company. The relations between worker's union and management are based on the principles of mutual trust, respect and open communication. Workers participation is ensured through their involvement in decision making process with their representation in Workers Management Council, Central HSE Committee and various other committees. The Company considers its workers as partners in continued success of the Company. Our industrial relations history depicts a will, on both sides of the table, to maintain mutual respect, co-existence and growth. Therefore, The Union Management relations at ARL can simply be termed as “Exemplary”.

The referendum for determination of ARL CBA for next term was conducted on April 23, 2012. While maintaining strict impartiality the ARL management provided full support to the Registrar of Trade Unions in the free, fair and peaceful conduct of Referendum 2012. The amicable way in which the settlement between ARL and Refinery Employees Union

(CBA) was entered into on June 22, 2012 for the years 2011-13 is yet another demonstration of this close cooperation and harmonious relationship.

Performance Awards

With a view to encourage staff in attaining their optimum level of performance ARL organized "Man of Quarter" ceremony where the star performers of all departments were recognized through commemorative shields and cash awards. These performance awards have been prompting a great impetus to employees' efforts towards high performance over the years.

Long Service Awards

Recognizing the life long relationship of employees with the Company, an impressive ceremony was conducted. Awards were given to all those staff members who completed 10, 20, 25, 30 and 35 years of service at ARL. Dr. Asim Hussain, Federal Minister for Petroleum and Natural Resources graced the occasion as Chief Guest.

Safety Awards

In order to inculcate the safety culture in the ceremonies in each quarter, such awards are given to those workers who would cautiously consider the safety standards of the company while contributing in the refining process, under the recommendations of the Area Safety Incharge who would observe the working and performance during the Quarter. A Quarterly Safe Man hours Trophy is awarded to a Section / Department for taking a lead in implementing and supporting measures to ensure safe man-hours.

Cultivation of Learning Culture

ARL, in pursuance of its core value of 'Learning & Innovation' has been promoting a learning culture within and outside the Company, as we consider it as a catalyst for our future success. Over the years, the numbers of international publications by our employees have been on the rise. To provide a platform for knowledge sharing the conduct of conferences has become an established norm at ARL; we have uptill now conducted four HR Conferences, three learning & Innovation Conferences, two HSEQ Conferences and a Plant Maintenance & Operation Conference.

Further details are as below:

Fourth Human Resource Conference

ARL HR Conference-2012 was organized by Attock Refinery Limited (ARL) on November 13, 2012 at Morgah Club, Rawalpindi. Imminent speakers and participants from widely diverse fields attended this prestigious event. This year the theme of the conference was "Creating People Connections".

The most significant feature of this conference was the presence of top of the line HR experts and the overwhelming participation of HR professionals from more than 35 organizations with the sole purpose of knowledge sharing, learning and understanding of contemporary challenges being faced by HR professionals in today's dynamic and challenging business environment.

Mr. M. Adil Khattak, Chief Executive Officer ARL said that being conscious of the social, technical, economical and environmental challenges faced by private as well as public sector organizations, ARL realized the need for a platform where HR professionals and experts could share their ideas, experiences and success stories. ARL's First HR Conference was convened in 2009. The overwhelming response by leading organizations to our maiden event encouraged us to continue the knowledge sharing journey by



turning it into an annual event and today is ARL's 4th HR Conference.

During the one day conference 12 papers were presented by eminent HR experts, who shared their thoughts on important aspects of different management skills like "Time and Self-Management- Haji Muhammad Javed, Change Management- Mr. Zafar A. Taji, Management of Voluntary Separation Scheme (VSS)- Syed Mazhar Hussain, HR: To Measure or Not to Measure- Dr. Sadia Nadeem, Speed of Trust- Andleeb Abbas, International Mobility and Employer Branding- Mr. Faraz Aslam Rana, Making Effective Connection to Employees- Alia Zafar, Employee Engagement is the Key- Muhammad Mr. Adeel Anwar, Realizing the Potential for Gen Y- Noor Aftab, Organization Development- Mr. Sohail Muhammad Ali, HR Transformation-Mr. Asif Saeed and Leadership Excellence- Mr. Fakhir Shah.

Learning & Innovation Conference:

In pursuance of our core value of Learning & Innovation, Attock Refinery Limited (ARL) conducted 3rd Learning & Innovation Conference at Oct 09, 2012.

This learning packed day foster the passion for seeking and sharing knowledge resulting into continuous and consistent growth. Total 18 presentation presented in the conference on multi disciplinary areas of Management, Health, safety, environment and Operations.



2nd Health Safety & Environment (HSE) Conference 2012

ARL organized 2nd HSE Conference on March 29, 2012. The purpose was to provide a forum to multidimensional stakeholders to share their experiences and knowledge in the field of HSE. More than 85 delegates from 36 different organizations attended the conference. Eminent speakers from diversified field highlighted the significance of HSE in today's business environment and importance of sharing best business practices and learning from experiences of each other for a safer future.

Plant Maintenance & Operation Conference 2012

The 1st Plant Maintenance & Operation Conference was organized by the Company on April 18, 2012. This conference featured presentations by renowned experts and provided an opportunity and forum to multidimensional stakeholders both in public and private sectors to share their challenges and endeavors in the field of Plant Maintenance, Operations, Project, Inspection and Planning focusing on Oil & Gas and Petrochemical Industry.

Product Responsibility & Customer Satisfaction

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

There are also following programs to find ways of improvement regarding product responsibility & customer satisfaction:

Performance Improvement Program

Performance Improvement Program (PIP), the Company's suggestions program is

continuing with considerable success. We value the suggestions put forth by our employees and customers. A number of innovative ideas relating to cost cutting, reduction in losses and making the processes even more efficient and effective have been generated and adopted. Besides, this program provides the required impetus to the sense of participation & involvement of our employees.

Customers Awareness Program

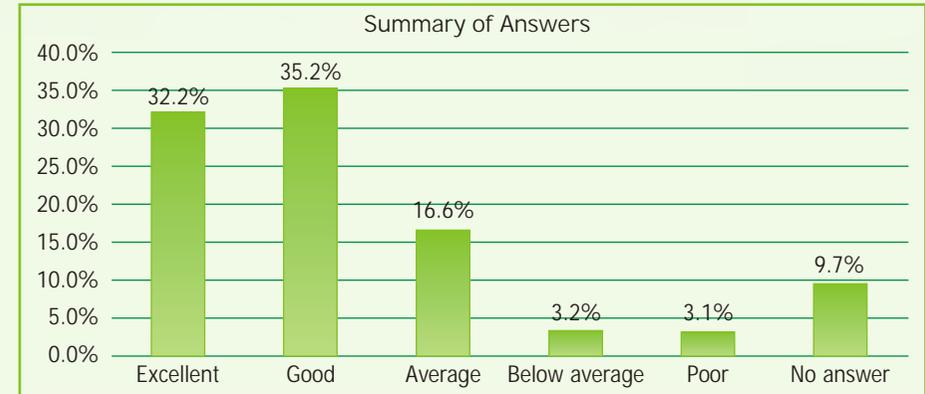
In the process of providing awareness to its customers, the Company continued the annual practice of conducting the four week training course for Army Officers in collaboration with GHQ and Army Services Corps (ASC) School, Nowshera. Over the years, this course has considerably enhanced the customers understanding with the Company's processes resulting into improved customers' service. Besides, a customer satisfaction survey was conducted to find out areas of improvement in our processes. Based on the feedback necessary actions are being taken accordingly.

ARL's Contractors and Suppliers Feedback Survey

A survey was conducted for the purpose of identifying ARL's strengths and weaknesses and assessing the satisfaction level of our suppliers/contractors, with the objective of improving our services to all stakeholders.

In the survey, vendors were required to provide feedback for 8 questions. For each question, vendors were provided 5 categories to answer ranging from excellent to poor. Below is the category wise response received through the survey.

Question No	Area	Excellent	Good	Average	Below Average	Poor	Strength	Weakness
		1	2	3	4	5	1+2	3+4+5
Q.1	Clarity of specification mentioned in Purchase Order/Work Order/Contract	34%	46%	15%	2%	2%	80%	19%
Q.2	Response time of staff for queries	27%	43%	23%	3%	2%	70%	28%
Q.3	ARL gifts acceptance	54%	10%	9%	4%	5%	64%	18%
Q.4	Transparency of bidding process	38%	38%	12%	3%	4%	76%	19%
Q.5	Sufficiency of time for delivery or completion of work	21%	44%	27%	2%	3%	65%	32%
Q.6	ARL Staff availability	29%	40%	21%	3%	3%	69%	27%
Q.7	ARL payment processing time	31%	38%	21%	3%	3%	69%	27%
Q.8	Overall dealing of ARL staff	38%	44%	13%	1%	3%	82%	17%



Contribution to the National Economy

Attock Refinery being the only refinery located in the Northern Region of Pakistan continues to hold a very strategic position. Due to its strategic location the Refinery is playing a pivotal role in the oil and energy sector. The contributions made by the Company to the National Economy are outlined below:

- Providing an outlet to country's indigenous production of crude oil and more particularly from the Northern Region. Crude oil is received from more than 62 oilfields spread over the country.
- Meeting the petroleum products demand of both the civil and defence market.
- Increasing the production of value added deficit product i.e. high speed diesel (HSD) thereby further saving valuable foreign exchange required for its import.
- Generation of Government duties and taxes in the form of excise duty, petroleum levy and sales tax on sale of petroleum products.
- Deployment of a large transportation fleet for crude oil and products movement.
- Employment and work opportunities.
- The Company's contribution to the national exchequer in the form of taxes and duties amounted to over Rs 28.56 billion. Further, foreign exchange savings of US \$ 251 million were achieved through import substitution and exports. Additionally, freight pool savings of Rs 15 million were achieved on account of processing of southern crude oil.

GRI Social Performance Indicators

Aspect: Employment

LA1: Total workforce by employment type, employment contract, and region.

Response

Regular Management Staff = 207	Regular Non Management Staff = 320
ARL Contract Staff = 132	Contractor Staff = 666
Total ARL Staff = 659	Trainees/Apprentices = 100

LA2: Total number and rate of new employee hires and employee turnover by age group, gender & region.

Response

Total number of new employees hired = 88
Turnover rate = 4.56

LA3: Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.

Response

ARL provides full time employment and does not offer part-time employment. Similar terms and conditions are offered to regular and contract staff except provident fund membership, which is offered only to regular staff.

Aspect: Labor Management Relationship

LA4: Percentage of employees covered by collective bargaining agreements.

Response

52.4% of total workforce (95.9% of Non management staff) is covered under

Collective bargaining agreements, while 4.1% of Non management staff is not covered under CBA being essential services staff of safety, security and health.

LA5: Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.

Minimum notice period is 3 months for permanent staff and 2 months for contract staff. In case of non management staff applicable labour laws and CBA agreements are followed.

Aspect: Occupational Health & Safety

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.

Response

Company gives top most importance to Occupational Health & Safety. In pursuance of Company's HSEQ policy, 100% staff is represented in the Central HSE Committee; workers are represented through CBA Union leader.

LA7: Rates of injury, occupational diseases, lost days and absenteeism and total No. of work related fatalities by region.

Response

In last five years ARL has brought down total accidents incidents rate from 9.3 to 2.5, which clearly shows continuous improvement in safety culture at ARL. Since last time injury in January 2010, ARL has achieved 13.88 Million safe man hours till Dec 31, 2012. No work related fatality reported during year-2012.

LA8: Educational, Training, Counseling, prevention & risk control programs in place to assist workforce members, their families or community members regarding serious diseases.

Response

ARL has a well established occupational health and safety related issues

communication and training system. The issues are communicated to the workers and their families through safety alerts, on site training and awareness. Moreover, awareness sessions with ARL hospital doctors are conducted regularly about the serious diseases. For detail refer to CSR chapter.

LA9: Health and safety topics covered in formal agreements with trade unions.

Response

Yes, health and safety topics have been covered in formal agreements with trade unions.

Aspect: Training & Education

LA10: Average hours of training per year per employee by gender and by employee category.

Response

Total number of employees trained in year 2012:	300
Total training hours:	4446
Average hours of training per year per employee:	14.82

LA11: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.

Response

ARL has comprehensive and well crafted skills management program of Statutory Apprenticeship, Short term Apprenticeship and management development program for fresh Engineers, B.Sc.s, MBAs etc. The duration of such programs vary from 1 to 3 years. Management staff employees are also extensively engaged in management and technical development programs round the year.

LA12: Percentage of employees receiving regular performance and career development reviews, by gender.

Response

100% of employees are receiving regular performance and career development reviews. ARL performance management system provides employees a platform for presentation of their potential. Guidance sessions are arranged for employees before setting their respective yearly targets. Our appraisal system also encompasses behavioral traits of employees which makes it a good blend of target and traits.

Aspect: Diversity & Equal Opportunity

LA13: Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.

Response

Our governance bodies and their compositions have already been discussed in chapter 1 "The Company".
 Female/ Male Ratio : 8/ 659
 There are significant number of employment opportunities for females at Attock Hospital Private Limited and Attock Sahara Foundation.

LA14: Ratio of basic salary and remuneration of women to men by employee category.

Response

No discrimination is made on the basis of gender in fixing the basic salary and remuneration.

Aspect: Investment and Procurement Practices

HR1: Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.

Response

100% out source employment agreements include human rights clauses.

HR2: Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.

Response

Zero percent.

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.

Response

Nil

Aspect: Non-Discrimination

HR4: Total number of incidents of discrimination and actions taken.

Response

None

Aspect: Freedom of Association and Collective Bargaining

HR5: Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.

Response

No Incident has been identified in which the right to exercise freedom of association and collective bargaining has been affected. We respect the right to associate with CBA and right to vote in referendum.

Aspect: Child Labor

HR6: Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective elimination of child labor.

Response

There is no operation identified having significant risk for incidents of child labor. At ARL, minimum age limit for employment is 18 years.

Aspect: Forced and Compulsory Labor

HR7: Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor and measures to contribute to the elimination of forced or compulsory labor.

Response

There is no operation identified having significant risk for incidents of forced labor. The Company strictly complies with Factories Act 1934 and Bonded Labor System (Abolition) Act, 1992. We have also voluntarily adopted the UN Global Compact Principles.

Aspect: Security Practices

HR8: Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.

Response

Training and Development is the key indicator and its contents include policies,

procedures, management, community development, human rights, gender justice etc. 100% security personnel are sensitized and coached on continual basis with respect to organization's policies or procedures concerning aspects of human rights that are relevant to operations.

Aspect: Indigenous Rights

HR9: Total number of incidents of violations involving rights of indigenous people and actions taken.

Response

ARL respects the right of indigenous people and no incident has been reported regarding its violation.

Aspect: Local Community

S01: Percentage of operations with implemented local community engagement, impact assessments, and development programs.

Response

ARL has actively been involved in different CSR Initiatives including education, poverty alleviation, environment, health, community development, sports, water provision etc. Community is also being involved in EIA Studies of the projects.

Aspect: Corruption

S02: Percentage and total number of business units analyzed for risks related to corruption.

Response

Analysis of risks related to corruption is a continual process at ARL and the management tolerates no corrupt practice. The Company pursues an elaborated policy of Ethics and Business practices and every employee is bound to adhere to it,

hence ARL is 100% analyzed on this aspect.

S03: Percentage of employees trained in organization's anti-corruption policies and procedures.

Response

Nil

S04: Actions taken in response to incidents of corruption.

Response

Strict action is taken in response to incidents of corruption, if found guilty including termination from employment. In the reporting year one employee has been terminated from service being found guilty.

Aspect: Public Policy

S05: Public policy positions and participation in public policy development and lobbying.

Response

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.

S06: Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.

Response

Nil

Aspect: Anti Competative Behavior

S07: Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes

Response

None

Aspect: Compliance

S08: Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.

Response

ARL complies all country laws, regulations and neither fined nor faced non monetary sanctions during the reporting year.

Aspect: Customer Health & Safety

PR1: Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.

Response

ARL's complete product range and services fall under the scope of PR1. ARL is responsible for the health and safety impacts of each of its products and services from production till dispatch to customers.

PR2: Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.

Response

ARL has no record of incidents of non-compliance with regulations and voluntary

codes concerning our products quality, safety, environment and health impacts during their life cycle.

The guiding principles of the quality standards of ARL's entire supply chain are based on full compliance with the ISO standards, best operating practices in manufacturing, products quality assurance, efficiency and fluency of processes, product safety and reliable delivery.

Aspect: Product and Service Labeling

PR3: Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.

Response

ARL produces different petroleum products as per PSQCA specifications, which are conveyed to all stakeholders through ARL's website. This information gives complete description of each product. MSDS of each product is also provided to customers. 100% products are subject to such information requirements.

PR4: Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.

Response

ARL has not had any incidents of non-compliance with regulations and voluntary codes concerning product, service information and labeling during the reporting period.

PR5: Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.

Response

ARL management monitors customer satisfaction through quarterly customer

surveys, performance improvement programs and customer awareness programs. Changes in trends indicate changes in customer satisfaction in relation to the performance of concerned departments of ARL. Customer feedback is given in chapter 2 "Business Partners".

Aspect: Marketing Communications

PR6: Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

Response

Although ARL does not have any formal marketing campaign and promotional plan yet it is committed to the commonly agreed ethical codes, national and international standards in all its operations. When preparing marketing communications and advertising material, the legislative and regulatory compliance of the content is always checked and confirmed before publication.

PR7: Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.

Response

ARL has no breaches to be reported on incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship.

Aspect: Customer Privacy

PR8: Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

Response

ARL has a policy not to share confidentiality of its customers and has received no

complaints to report regarding breaches of customer privacy or losses of customer data during the reporting period.

Aspect: Compliance

PR9: Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.

Response

ARL has never been find regarding non-compliance with laws and regulations concerning the provision and use of products during the reporting period.



ARL Social Plans

Short Term 1-2 Years	
Vital	<ul style="list-style-type: none"> ● Scholarships to Employees Children from class 6th to Ph.D. ● Summer training program for employees' children through Attock Sahara Foundation (ASF) Provision of internship, apprenticeship and management training to fresh students and fresh graduates. ● Para Medics & nursing aid training (one year program) for community.

Medium Term 2-5 Years	
Vital	<ul style="list-style-type: none"> ● Employment generation for local community youth. ● Motivating local youth for attaining technical and professional education ● Establishment of world class Attock Oil Polytechnic Institute to cater for serious shortage of skilled manpower in Pakistan.

Long Term Beyond 5 Years	
Vital	<ul style="list-style-type: none"> ● Up gradation of Polytechnic Institute to College & get Foreign University affiliation

Short Term 1-2 Years	
Significant	<ul style="list-style-type: none"> ● ASF Poor Patient Fund disbursement ● Technical trade (fitter, electrician, welder etc.) training for community children. ● Facilitating adjoining Schools through provision of books, Laboratory Equipment & glassware, utilities like electricity, gas, potable water, furniture and repairs to buildings etc. ● Provision of security services for community Masajid

Medium Term 2-5 Years	
Significant	<ul style="list-style-type: none"> ● Establishment of a Paramedic training Institute affiliated with Punjab Medical Faculty ● Registration of ASF current vocational curriculum with Punjab & Technical Board ● Water Resources development for sustainable supply of water to community

Long Term Beyond 5 Years	
Significant	<ul style="list-style-type: none"> ● Intermediate level model Schools establishment in Morgah in coordination with Punjab Worker Welfare Board.

Short Term 1-2 Years	
Noteworthy	<ul style="list-style-type: none"> ● Community Infrastructure development (Road repairs) ● Medical Camps for Community ● Blood Camp for needy patients ● Awareness campaigns for solid waste disposal ● Facilitation for shifting of Board of Intermediate and Secondary Education building to Morgah

Medium Term 2-5 Years	
Noteworthy	<ul style="list-style-type: none"> ● Coordination and collaboration with neighboring Colleges & Universities to get benefit of Refinery technical facilities ● Provision of National level sports facilities to Community

Long Term Beyond 5 Years	
Noteworthy	<ul style="list-style-type: none"> ● Model Health, Safety, Environment & Quality facilities for training of oil & Gas Sector of Pakistan ● Expansion of Attock Hospital



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 Energy Policy

As a responsible corporate entity, Attock Refinery Limited (ARL) is cognizant that natural energy resources are not only scarce but also very precious and need to be optimally utilized. Ever-increasing environmental consciousness as well as market competition demands enhancement of energy efficiency and energy conservation where ever possible. Energy conservation positively impacts environment and goes a long way in reducing green house gases and other hazardous emissions.

ARL is committed towards producing quality petroleum products by employing economical energy efficient processes and equipment. It is our goal to reduce energy consumption where ever possible by regular monitoring and up gradation. We believe that energy efficiency and optimization is the key to sustainable development

In our economic and development strategies, we focus on initiatives that will use energy resources more efficiently. To further enhance the energy management, ARL has set the following energy objectives:

1. Use of Robust, Scientifically Sound Technology:

This will enable optimization of existing resources and employing energy efficient equipment while protecting the environment.

2. Energy Management:

ARL believes in setting realistic targets pertaining to energy efficiency and conservation and review them periodically to ensure sustainable growth.

3. Responsible Development:

ARL is committed to comply with all applicable legal requirements in respect of energy efficiency, conservation and its reporting.

4. Energy Conservation Awareness:

ARL aims to keep abreast with latest development in energy conservation technologies and inculcate energy conservation culture in all our activities.



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 identified our environmental issues by seriously reviewing our environmental impact assessment, our short, medium and long terms plans, legal environmental

obligations, feedback from customers, community, employees, coordination with environmental protection agencies like Federal & Punjab EPA, etc. Following are the material issues to ARL:

- 100% compliance to National Environmental Quality Standards (NEQS).
- Bench marking of ARL Environmental Management System with British Safety Council Five Star Environmental Rating Program.
- 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, Earth Day, World Bio diversity Day to revitalize our commitment.
- Employees capacity building through awareness and training sessions.
- Continuous feedback from customers, employees and community.

ARL Environmental Challenges

As a materiality analysis result, following environmental challenges 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
 - e) Energy Conservation
- 2 Stakeholders Awareness
- 3 Green image of ARL
- 4 HSEQ department vision, mission and deliverables
- 5 HSEQ sustainable initiatives:
 - a) Celebration of Safety Week and World Occupational Health and Safety day
 - b) Conduct of National level HSE Conference
 - c) Hazards Identification & Communication

- d) Development and Implementation of Electronic Permit to Work System
- e) Scenario based emergency preparedness and response exercises
- f) Training and awareness of refinery staff
- g) National Cleaner Production Centre Foundation (NCPC)
- h) Key performance indicators like safe man hours and TAIFR

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 and stack emissions in year 2012. This was achieved by maintaining all the treatment facilities (API Separators, SRC, DAF units) in optimum working conditions which resulted in controlling of priority parameters within NEQS limits.

ARL ensures compliance to NEQS on top most priority. Beside meeting NEQS priority parameters, non priority parameters are also being monitored and their results are also within limits.

ARL continuously reported environmental monitoring data to Punjab and Federal EPA through self monitoring and reporting tool (SMART) Program.

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.

After the successful result on pilot basis it was decided to upgrade the process. In year 2010 a budget of Rs 5 million was approved to install a new vessel of carbon steel and two pumps. 6000 liters capacity vessel and two API pumps have been installed and are operational since February-2012. Spent caustic is now pumped from Lummus Plant to boiler blow down pits for its pH control before exiting from refinery through non-oily drain channel.

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 where the solid waste is segregated at source in different categories. These categories are paper, oily rags, glass, plastic, different types of metals and leaves. 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. National Cleaner Production Centre Foundation NCPC (F) an associated group company of ARL has commissioned a new incinerator increasing waste handling capacity to 150 kg/day. Oily rags, filters and other materials having traces of oil are properly incinerated. Attock Hospital Limited (AHL) is working on the project for the proper safe disposal of hospital waste.

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 internal combustion oil fired thermal power plant engine emissions.

NEQS specifies NOx limits of 600mg/Nm³ for thermal power plants. ARL view point is that the conventional thermal power plants were based on boilers which require 4 to 5% level of oxygen and in that case NOx limit of 600mg/Nm³ as specified in NEQS can be complied. 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, compliance to 600mg/Nm³ in this case is not possible. The matter is pending with Federal EPA for approval.

d) Upgradation of effluent treatment plant to meet future requirements

Being a responsible corporate entity ARL has always been conscious of its responsibilities towards improving the environment and has periodically invested in upgrading its effluent treatment facilities to comply with the National Environmental Quality Standards (NEQS). Phase-II of Effluent Treatment Plant (ETP) has been initiated to upgrade the existing primary treatment facilities and to install secondary treatment technologies. Phase-II mainly consists of addition of another Dissolved Air Flotation (DAF) unit for removal of Total Suspended Solids (TSS) and Oil & Grease; and Biological treatment plant for the reduction of COD (Chemical Oxygen Demand) and BOD (Biological Oxygen

Demand), along with modifications to the existing API separators to improve their efficiency. It is expected that after installation of the ETP Phase-II project the effluent water will not only consistently meet the NEQS requirements but will also improve water conservation by the possibilities of beneficial re-use of the treated water. The contract for the project has been awarded to a Malaysian based company "Pollution Engineering". Detail engineering design of the project is in progress and the commissioning of project is planned in 2013.

e) Energy Conservation

ARL continued with its internal program to conserve energy by creating awareness among its employees. For this purpose, employees are encouraged to avoid unnecessary consumption of electricity, gas and water to save these precious national resources when the country is facing a crisis in meeting the demand for these utilities. ARL has self declared implementation of ISO-50001 (Energy Management System) in August 2012. This will not only help to optimize Energy consumption of its processes but will also lower the Environmental impacts and reduce green house gases emission.

2. Stakeholders Awareness

Stakeholders Awareness is an integral part of sustainable business. To keep aware stakeholders on different projects at ARL regarding improvement and refinery upgradation, events / sessions are being conducted at regular intervals. These sessions include meeting with the Union Council Nazim, Community School Principals, Teachers at different schools, celebration of World Environmental Day and visits of stakeholders to ARL facilities.

· Celebration of World Environment Day-2012

World Environment Day is an annual event & most widely celebrated global day for creating environmental awareness. The theme for this year was "Green Economy: Does it include you?" The UN Environment Program defines the Green Economy as one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. Green economy is one that simultaneously promotes sustainability and economic growth.

The ceremony was chaired by Captain(R) Mr. Saqib Zafar DCO (Rawalpindi). The session of presentations by presenters from varying disciplines started with the first presentation on "Green Economy and Water Conservation" by Mr. M. Tahir Hussain of ARL. After the

first presentation the honorable chief guest, DCO Captain (R) Saqib Zafar, gave his introductory comments and views about the event. In the second session presentations were given on topics of "Rain water harvesting" by Mr. Hamid Iqbal from IESE-NUST and "Green Economy: Does it include you?" By Mr. M. Irshad Ramay, Coordinator NCPC. He made the guests aware about the bitter realities of the world environment and also gave hope that one day we'll tackle them to some extent. Last presentation was given by Miss Azeem Usmani, student of Environmental Sciences from NUST, on "Organo Energy Services", in which she discussed her plans and achievement of her group. The program ended after the closing remarks given by Mr. Asif Saeed M (HR&A), ARL.

· Celebration of World Biodiversity Day-2012

To commemorate the international declaration, Biodiversity Day was celebrated on May 22, 2012 by the Company, in collaboration with District Government Rawalpindi, National Cleaner Production Centre, Attock Sahara Foundation and Attock Gen Limited. A seminar was organized at Government Girls High School, AOC, Morgah to highlight the importance of the day; a large number of people from various fields of life including students, NGO representatives and educational institutions participated in the event. This year the theme of the day was "Marine Biodiversity".

Earth Day-2012



ARL always appreciates the efforts made by national & international communities for the betterment of environment and take pride to be part of all those activities including celebrations on environment related special days by arranging seminars, conferences, walks, awareness sessions etc. In this context & to reaffirm ARL commitment for better & sustainable environment, the company celebrated Earth day in collaboration with NCPC, Environmental Protection Agency- Punjab, educational institutions , NGOs and local community. The celebrations include arranging walks for the awareness of general public, organizing conference to highlight the environmental issues & solutions for sustainability within industrial sector and arranging awareness sessions at school level to educate our future generations.

Morgah Club Annual Flower Show-2012

The 63rd Annual Flower and Vegetable Show of Morgah Club, Attock Oil Group of Companies was held on Friday April 6, 2012 at Morgah Club, Rawalpindi.

Dr. Asim Hussain, Federal Minister for Petroleum & Natural Resources was the Chief Guest on the occasion. The Chief Guest, while addressing the participants of the Flower Show highly appreciated the flower exhibits and the beautiful gardens which he visited and praised the Attock Group of Companies for their steadfastness in carrying forward the healthy tradition of arranging the Annual Flower Show for the last so many years. He

said that today's event reminds him of his college days and this is the first Flower Show he has visited in his life. Dr. Asim Hussain said that he always enjoy visiting ARL and would not hesitate to come here again in near future. He also praised the surrounding environment of ARL.

He said that The Attock Group is no doubt the pioneer and pacesetter of petroleum industry in this region and its contributions to national economy are highly commendable. The Minister, assured the Attock Group of full support in their upgradation, expansion and other projects. Dr. Asim Hussain also distributed prizes to the award winners of the Flower Show.

Earlier, Mr. M. Adil Khattak, President, Morgah Club & Chief Executive Officer, Attock Refinery Limited (ARL) in his welcome address thanked the chief guest for taking out time from his very busy schedule to grace this occasion. He said that Attock Group is proud to have a history of almost 100 years in this region and has been successfully embracing the changes of time and technology besides playing a responsible role in the national development by continuously expanding its investment base in Pakistan.

Mr. Khattak said that the Attock Group Companies are not only committed to provide high quality diversified environment friendly energy resources but also believe in respect for the community and preserving the environment for the future generations and keeping national interest paramount in all its action. We are not only trying to preserve nature but are also striving to inculcate this culture in our children by encouraging them to involve themselves in nature related activities to make our surroundings and life more beautiful.

Mr. Shuaib A. Malik, Group Regional Chief Executive, Attock Group of Companies and Chairman Attock Refinery Limited in his concluding remarks thanked the Chief Guest for sparing time to grace this event. He paid tributes to the gardeners for their year round efforts and to the judges for sparing their valuable time. He also presented a souvenir to the Chief Guest.

3. ARL Green Image

Green plan is a project of ARL for 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 were the major activities of this project, during which thousands of tree saplings are planted at ARL as well as surroundings communities. In year 2012, ARL & NCPC has jointly planted fruit and evergreen plants in the Morgah





community, schools, Child Protection Centre, Sehala Training Centre, Morgah Biodiversity Park and residential societies on ownership basis to ascertain the growth of plants on sustainable basis. Every plant owner was guided and instructed to take full care of the plant. The company has planted more than 12,000 trees in current year. ARL HSEQ department is working on the project to benchmark its environmental management system with British Safety Council Five Star Environmental Rating Program.

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 utmost importance, through proper management of HSEQ risks, so that we can achieve our goal of sustainable development. Following are the major actions, which we are currently practicing:

- Automation of HSEQ Management system.
- Central Health, Safety and Environment Committee (CHSEC) meets every month headed by CEO to revitalize our commitment to HSE, so far 78 CHSEC meetings have been held
- Quality council headed by CEO meets every six months to discuss the performance of

management systems

- Area safety incharges working at shop floor level for the improvement of safety culture
- HSE sub-committees headed by managers, looking after each deliverable
- Safety stewards, a worker forum looking after sectional HSE aspects
- Contractors meetings to keep them along ARL practices and procedures
- Implementation of process safety audit protocol for refinery plants
- Installation of new effluent treatment plant
- 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 Environment related events, 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 2012

It is the tradition of ARL to celebrate safety week every year. In this connection ARL planned and celebrated safety week (April 25-29, 2012) and the World OHS day (April 28, 2012) 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. Second Health Safety and Environment Conference-2012

The second Health Safety and Environment conference was organized by Attock refinery Limited on Thursday March 29, 2012.



Besides imminent speakers and participants from widely diverse fields, ARL Chief Executive Officer (CEO) Muhammad Adil Khattak and ARL HOD (Operations) Ejaz Hussain Randhawa attended the event.

In his opening address, ARL CEO Muhammad Adil Khattak highlighted significance of HSE in today's business environment and importance of sharing best business practices and learning from experiences of each others for a safer future. He said that organizing such knowledge sharing events is in line with ARL's core value of "Learning and Innovation" and ARL plans to make HSE conference an annual event.

Khattak said that the challenges we all faced in managing facilities were neither new nor unique. Many of the failures, which had led to serious accidents, when analyzed, were repeats of similar failures in the past and therefore, a problem of loss of corporate memory.

Khattak also highlighted the changes and achievements brought about in the field of HSE at ARL including achieving the important milestone of more than 10.0 million safe man hours.

c. Hazard Identification and Communication

Hazard identification is one of the continues activity being carried out for managing occupational and operational hazards in the ARL operational facilities. Our objective is to

bring risks to ALARP (As Low As Reasonably practicable) level. Process hazard analysis (PHA) technique, HAZOP is being used to identify hazards and operability problems at process unit. To involve all the employees in identification of hazards, Safety Observation Card system has been successfully implemented from the last 3 years. A total of 226 safety observations have been received in which 205 observations have been closed and 21 observations jobs are in progress.

d. Implementation of Electronic Permit to Work System (E-PTW)

After the successful implementation of incident investigation and reporting software (IIRS), this year HSEQ department in coordination with ARL IT section has developed and implemented Electronic Permit to Work System. This system will help in tracking the timely closure of different permits and will reduce the time involved.

Now the next phase of Integrated Management System (IMS) automation is in progress.

e. Scenario based Emergency Preparedness and Response Exercises

ARL HSEQ department adopted the operational philosophy to equip and give the emergency Response Team (ERT) training through scenario based drills. In this regard different emergency scenarios are defined and response planning is done to practice how to handle and what resources in terms of men, machine and material are required to

manage 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.

f. Training and awareness

HSE trainings are one of the continuous features of HSEQ department. Training sessions on different topics arranged for improvement in HSE awareness of all stakeholders including the contractors & community. Following areas were covered in training sessions conducted in year 2012:

- Backup squad training for refinery and contractor staff
- First aid training in collaboration with rescue 1122 and AHL
- Hazard Identification & Risk Assessment Training
- Emergency response planning training drills for refinery different sections
- Permit to Work System Training
- Training of refinery staff through safety alerts
- Safe Driving for inside Refinery Drivers having Driving permits
- IMS Awareness Sessions
- Environmental Legal Compliance (NEOS) Awareness Session
- Process hazard Analysis techniques

g. National Cleaner Production Center Foundation (NCPC)

National Cleaner Production Center Foundation (NCPC) was established by UNIDO and facilitated by Attock Refinery in 1999 and is registered under Section 42 of the Companies Ordinance 1984 by Government of Pakistan in 2002. NCPC is working as a non profit organization and is certified by Pakistan Centre for Philanthropy (PCP) in 2009 and FBR in 2010.

NCPC aims to introduce and promote cleaner production techniques and processes for pollution prevention at source along with integrated waste management. This initiative is the first of its kind in Pakistan with the aim of introducing Cleaner Production Technologies and Cleaner Products. During the year 2012, it has performed several environmental impact assessments studies, analytical services for environmental monitoring, capacity building workshops and community work. It also provided its services for incineration of hospital and industrial hazardous waste and bio-remediation



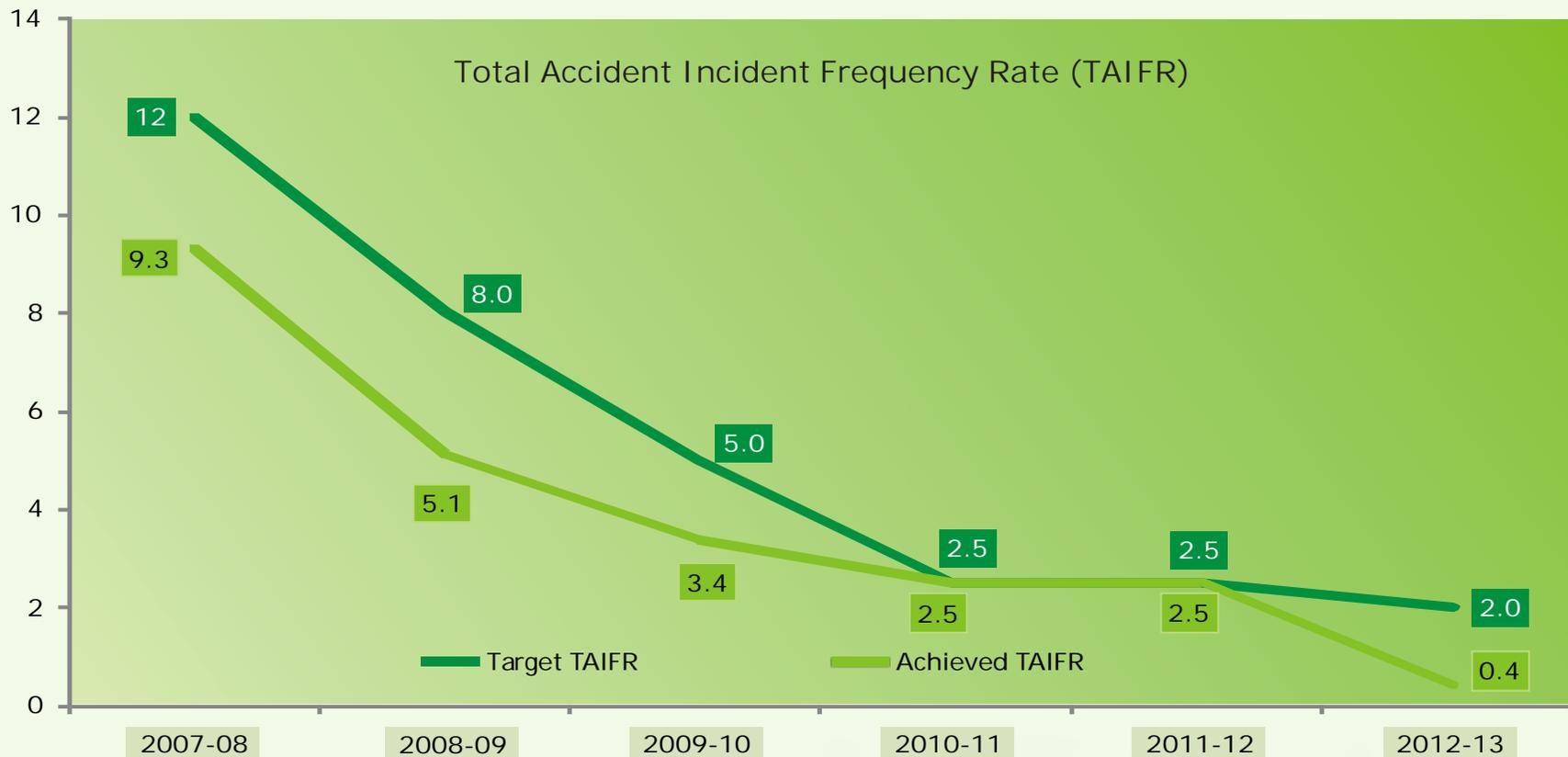
of oil spills due to bowzers accidents on roads during crude oil and its products transportation.

NCPC has received Eco Green Industry Award (2011), NFEH Award (2011), Spring Flower Show Award (2012), Jashan-e- Baharan Flower Festival Award (2012), 63rd Annual Flower & Vegetable Show Award (2012) for outstanding performances in the field of environment.

h. HSE statistics like Safe Man Hours and Total Accident Incident Frequency Rate (TAIFR)

On March 05, 2012 ARL has achieved another milestone of 10.0 Million Safe Man Hours.

This milestone has been achieved due to the combined efforts of ARL Management, workers and contractors. ARL last 5 years record of total accident incident frequency rate (TAIFR) is graphically displayed below. Data for year 2012-13 has been recorded till Dec 2012. It clearly shows the strong HSEQ management system implementation and ARL top management commitment to provide safe working environment to employees , protecting environment and ARL facilities.



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 II, instituted by Pakistan Environmental Protection Agency, we are regularly monitoring 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 2012 and all parameters remained within National Environmental Quality Standards (NEQS).

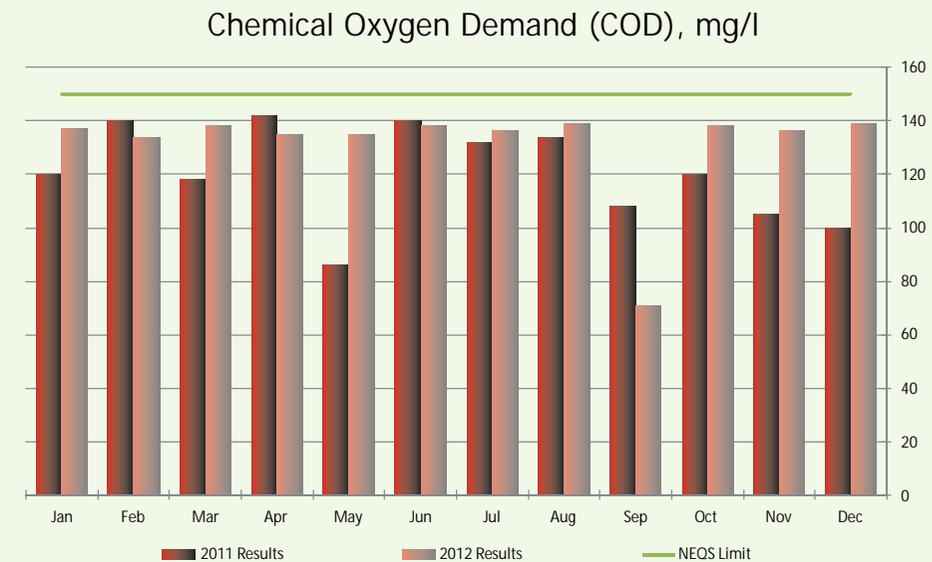
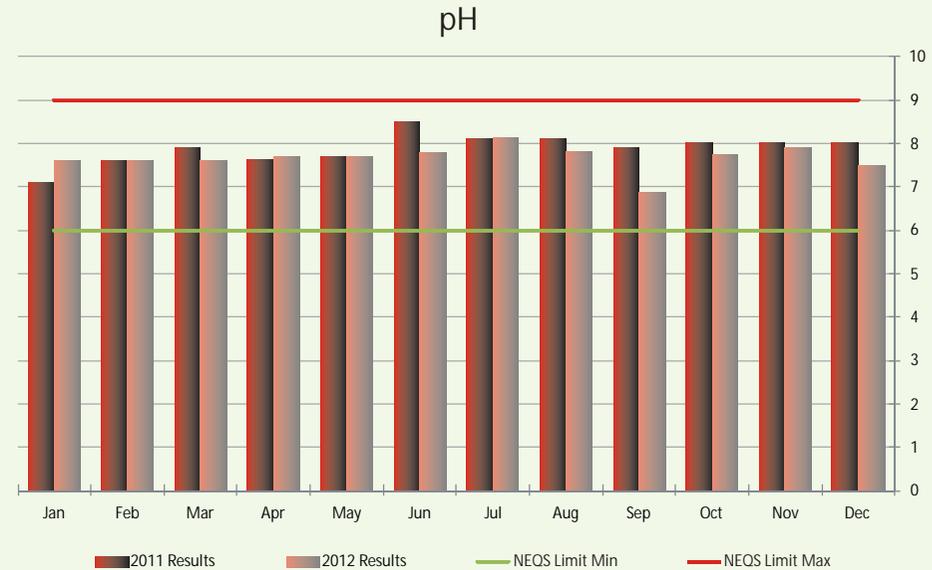
Effluent Water Quality

pH value in the liquid effluent stream remains within NEQS limits of 6 to 9 throughout 2012. The consistency of results are mainly due to the treatment of boiler blowdown water.

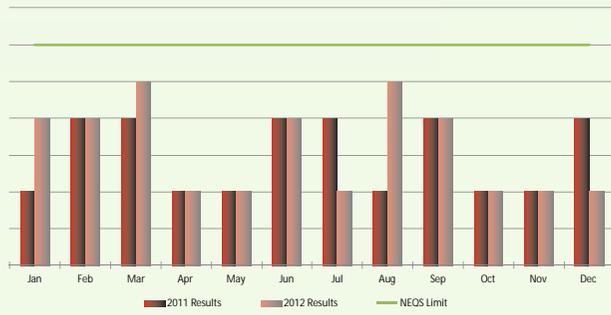
Chemical Oxygen Demand (COD) remained within NEQS due to implementation of Merox Plant Spent Caustic Treatment project.

Total Suspended Solids (TSS) remained within NEQS throughout 2012.

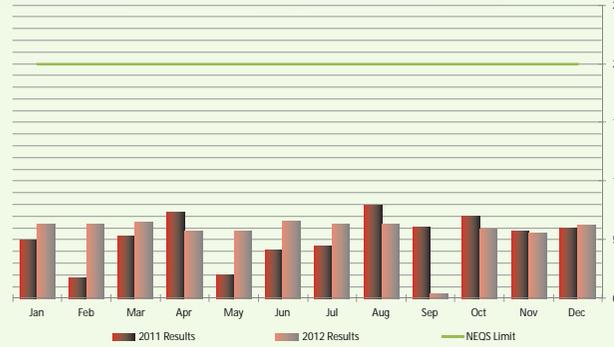
Rest of the parameters like temperature, Biological Oxygen Demand (BOD), Oil & Grease and Phenol also remained within NEQS compliance limits.



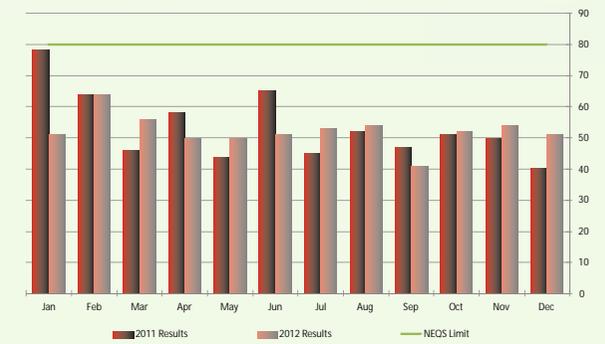
Temperature Rise, °C



Total Suspended Solids (TSS), mg/l



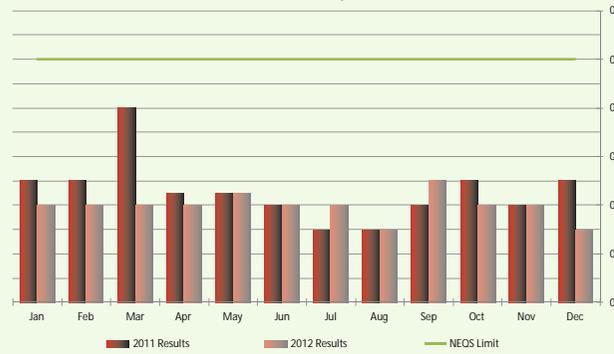
Biological Oxygen Demand (BOD), mg/l



Oil & Grease, mg/l



Phenol, mg/l



Stack Emission Parameters
Carbon Monoxide (CO), mg/Nm3



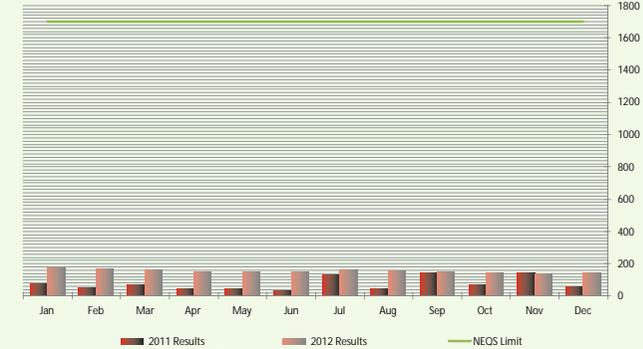
Stack Emission Parameters
Nitrogen Oxide (NOx), mg/Nm3



Stack Emission Parameters
Particulate Matter mg/Nm3



Stack Emission Parameters
Sulfur Dioxide (SO2), mg/Nm3



GRI Environmental Performance Indicators

Aspect: Material

EN1: Material use by weight or volume

Material	Quantity	Unit
Crude Oil	1,822,297	M. Ton
Electricity	37,745,580	kWh
Steam	170,788	M. Ton
Fuel Gas	2,606,750	MCF
Fuel Oil	14,442	BBL
Water	179.9	Million Gallons

EN2: Percentage of materials used that are recycled input materials

Material	Quantity	Unit
Oil	2206	M. Ton
Water	7.196	M. Gallons

Aspect: Energy

EN3: Direct energy consumption by primary energy source

Material	Quantity	Unit
Crude Oil	1,822,297	M. Ton
Fuel Gas	2,606,750	MCF
Fuel Oil	14,442	BBL
Water	179.9	Million Gallons

EN4: Indirect energy consumption by primary source

Material	Quantity	Unit
Electricity	37,745,580	kWh
Steam	170,788	M. Ton

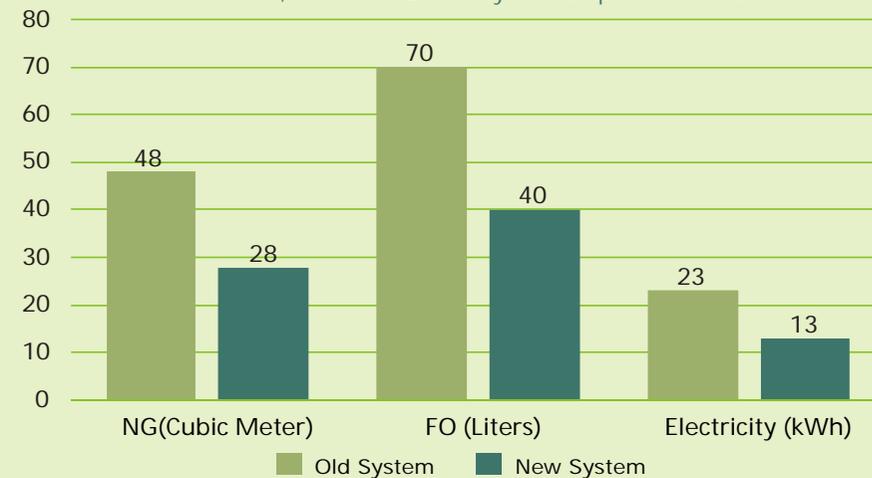
EN5: Energy saved due to conservation and efficiency improvement

Response

1. Burner Management System

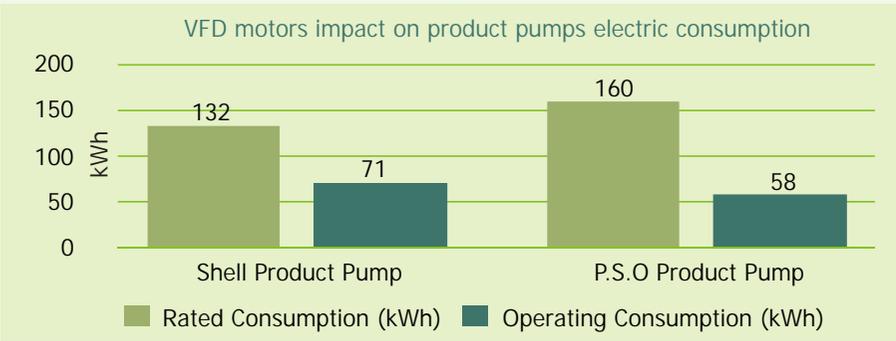
Due to the implementation of state of the art burner management system on one of the boilers, significant reduction in energy has been achieved. Below graph shows the reduction in energy achieved.

Natural Gas, Fuel Oil & Electricity Consumption/Ton of Steam

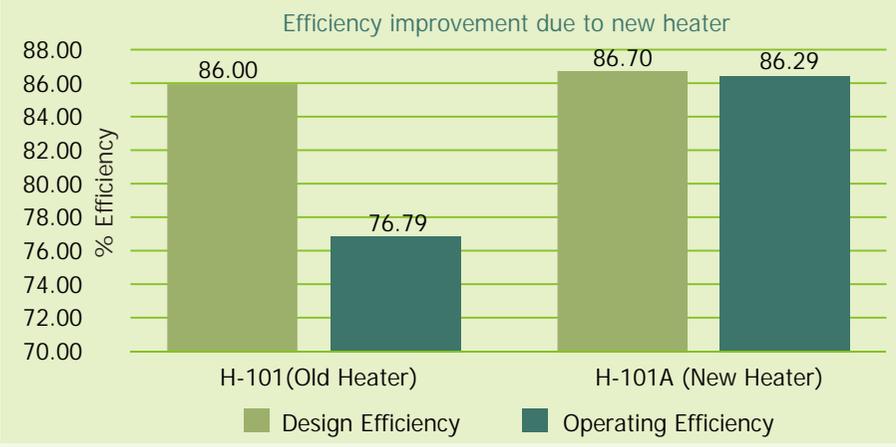


2. Variable Frequency Drive (VFD) Motors

Three new product dispatch pumps having VFD Motors were successfully commissioned on Oct 22, 2012. Significant savings in energy have been achieved due to VFD Motors, as shown in the following graph.



3. New heater commissioning at HBU-II
 New heater was commissioned at HBU-II on Oct 18, 2012. Remarkable improvement in efficiency was recorded against the old heater as mentioned in below graph.



EN6: Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.

Response
 Procedure regarding purchase of energy efficient equipment, products and services

has been developed being the requirement of ISO-50001 (Energy Management System).

EN7: Initiatives to reduce indirect energy consumption and reductions achieved.

Response

1. Reduction in fuel gas, fuel oil and electricity consumption due to installation of burner management system at one of the boilers.
2. Significant saving in electricity achieved due to installation of variable frequency drive motors at product meeting station.
3. New efficient heater installation at HBU-II.

Aspect: Water

EN8: Total water withdrawal by source

Source	Quantity	Unit
Drinking Water	152.64	Million Gallons
Fire Water	9.24	Million Gallons
Boiler Water	102.20	Million Gallons
Water to AGL	6.16	Million Gallons
Water to AOC	5.16	Million Gallons
Miscellaneous	50.16	Million Gallons
Total Withdrawal	325.67	Million Gallons

EN9: Water sources significantly affected by withdrawal of water.

Response

No water sources are affected by ARL water withdrawal due to following reasons:

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.

Aspect: Water

EN10: Percentage and total volume of water recycled and reused.

Response

Total water recycled (Volume) = 7.196 million gallons

Total water recycled (Percentage) = 4%

Aspect: Biodiversity

EN11: Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

Response

Attock Refinery Limited has established a Morgah Biodiversity Project (MBP) as a Pro-Poor Public-Private Partnership (5Ps) at Rawalpindi located in north west of Pakistan. The concept of Biodiversity Conservation under Morgah Biodiversity Project has started with an objective of ex-situ conservation by construction of a biodiversity park over a core area of 20 acres.

EN12: Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

Response

By establishing Morgah Biodiversity Park, following positive impacts related to Biodiversity preservation have been achieved.

- ♦ Improved vegetation cover under green plan and access to biodiversity in the two union councils and adjacent communities.
- ♦ Enhanced institutional capacities for the protection of biodiversity and exchange of information and expertise for conservation in Potohar region.
- ♦ Solid waste management at ARL premises and development of compost at park from organic waste for growing medicinal herbs and organic vegetables.

- ♦ As successful biodiversity conservation venture, provide foundation to win PLATTS Global Energy Award for ARL.
- ♦ Established as a public awareness point regarding biodiversity, its importance, role in human lives and need to conserve.
- ♦ Biogas generation through organic waste has successfully installed & operated.
- ♦ Organic vegetables are being cultivated on area of about three hectares. Training & awareness to the residents and communities is continued.

EN13: Habitats protected or restored

Response

Morgah biodiversity Park has been established in the area having great threats to biodiversity due to ever increasing population pressures and urbanization. The existing park is a good example of conversion of a garbage dump to a "Biodiversity Reserve". The park is a place for variety of flora.

EN14: Strategies, current actions, and future plans for managing impacts on biodiversity.

Response

ARL realizes the importance of biodiversity conservation and believes to adopt practical approaches to achieve the objectives through community participation, awareness and enhancing sense of responsibility at grass root level. A model biodiversity park has been established for replication in other habitats of the country to reduce the overall impacts on biodiversity.

EN15: Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.

Response

Nil

Aspect: Emissions, Effluents and Waste

EN16: Total direct and indirect greenhouse gas emissions by weight.

Response

Total direct and indirect CO₂ emission = 42,662 M. Ton

EN17: Other relevant indirect greenhouse gas emissions by weight.

Response

Indirect greenhouse gas emissions = Nil

EN18: Initiatives to reduce greenhouse gas emissions and reductions achieved.

Response

1. Burner Management System
 - Savings in Fuel Gas Achieved = 20 cubic meter/ton of steam
 - Saving in Fuel Oil Achieved = 30 liters/ ton of steam
 - Savings in Electricity Achieved = 10 kW
2. Variable Frequency Drive Motors Installation
 - Reduction in Electricity consumption(rated and operating) for Shell product pumps in % = 46.6%
 - Reduction in Electricity consumption (rated and operating) for two PSO product pumps in % = 63.75%

EN19: Emissions of ozone-depleting substances by weight.

Response

Purchase of all equipment using ozone-depleting substances is discontinued on September 3, 2004 as a matter of policy.

EN20: NO_x, SO_x, and other significant air emissions by type and weight.

Response

Air emissions are given in detail in section "NEQS Compliance".

EN21: Total water discharge by quality and destination.

Response

Quality of effluent water is discussed in detail in section "NEQS Compliance". Final destination of the effluent water is River Sawan.

EN22: Total weight of waste by type and disposal method

Type	Quantity	Unit
Oily rags	4520	Kg
Oily sludge	70150	kg
Hospital waste	6106	kg
Asbestos	Nil	
Polythene	Nil	
Paper	Nil	
Misc. steel structure	Nil	
Misc. Electric fitting & panels	Nil	

EN23: Total number and volume of significant spills.

Response

- Total No. of Oil Spills = 2
- 1st Spill = 2 Tons Bitumen
- 2nd Spill = 2.2 Tons Slope Oil
- Spills contained within refinery drains and recovered/corrected.

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.

Source	Quantity	Unit
Asbestos	Nil	Kg
Hospital Waste	6106	Kg (Incinerated)

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.

Response

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

EN26: Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.

Response

1. New Effluent Treatment Plant installation project.
2. ISO-50001 Energy Management System Implementation at ARL.
3. Merox Unit Spent Caustic Treatment to comply NEQS.
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. Boiler Blowdown Water Treatment to control pH of final effluent water.

EN27: Percentage of products sold and their packaging materials that are reclaimed by category.

Response

ARL products sold are Non-reclaimable

Aspect: Compliance

EN28: Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.

Response

Monetary Fines = None

Non-Monetary Sanctions = None

Aspect: Transport

EN29: Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.

Response

ARL is an environmental friendly organization and in case of oil spillage during transportation of crude and other petroleum products, bio-remediation of oil spillage is done on site.

During 2012, one oil spillage is treated with bio-remediation at Morgah Rawalpindi area on April 07, 2012.

Aspect: Overall

EN30: Total environmental protection expenditures and investments by type.

Project	Cost (in PKR Million)
New Effluent Treatment Plant	152.00
Environmental Impact Assessment Study	0.35
Spent Caustic Treatment	5.00
New Incinerator	2.50
EMS audits	0.22

ARL Environmental Plans

	Short Term 1-2 Years	Medium Term 2-5 Years	Long Term Beyond 5 Years
Vital	<ul style="list-style-type: none"> 100% Compliance to National Environmental Quality Standards (NEQS) for effluent and emissions. Implementation of energy management system ISO-50001. Upgradation of Effluent Treatment System with installation of new DAF unit having Cost of Rs. 152 Million to meet the future requirement of refinery units. 	<ul style="list-style-type: none"> DHDS project to reduce sulphur content in high speed diesel fuel in order to meet Euro-II standards. Development of ARL image as most Environment friendly refinery. Development of Environmental Inventory and Accounting System. Recovery of effluent waste water after treatment. 	<ul style="list-style-type: none"> Treatment of domestic waste water of Refinery residential areas. Waste heat recovery from power plant stack gases. Rain water harvesting.
Significant	<ul style="list-style-type: none"> Green Plan for plantation of saplings (10-15 thousands) in Morgah and Kotha Kalan areas. Conservation of Potohar region Flora at Morgah Biodiversity Park. Organization of 3rd National HSE Conference. All refinery pool Vehicle emission testing. 	<ul style="list-style-type: none"> Research and Development on alternate energy resources e.g. Biogas Plant and Solar PV's. Carbon foot print calculations of ARL activities. Implementation of green office project at ARL. 	<ul style="list-style-type: none"> Conducting steam system survey of ARL for minimization of steam consumption and conservation of energy. Zero effluent project. Recovery of Refinery flare gases.
Noteworthy	<ul style="list-style-type: none"> Local industries facilitation for Environmental testing. Bench marking of ARL environmental Management System with British Safety council 5 Star environmental rating program. Implementation of burner management system on boilers for environmental compliance & efficient use of energy. 	<ul style="list-style-type: none"> Morgah Club Swimming pool heating through solar water heaters. Liaison with other educational and environmental institutions to improve awareness and develop solutions for different environmental issues. Steam consumption minimisation up to 10%. 	<ul style="list-style-type: none"> Recovery of steam Condensate at Plant (HCU) Development of fruit orchard at Morgah Biodiversity Park.



ARL Economic Initiatives

ARL Economic Initiatives vs. Sustainability

Chairman's Review



During the year 2011-12 prices of crude oil as well as products showed a mixed trend. Accordingly, the gross refiner's margin kept on fluctuating. However, on average it remained positive but slightly lower than the previous year. The Company showed improved performance with respect to capacity utilization which rose to 99.5% as compared to 97.2% of last year. However, sharp decline in Pak Rupee value versus US Dollar caused major exchange loss of Rs 990 million (June 30, 2011: Rs 44 million). This restricted Company's operating profit (excluding other income) from refinery operations to Rs 382 million (June 30, 2011: Rs 927 million). Other income increased to Rs 2,389 million (June 30, 2011: Rs 1,566 million) mainly on account of

delayed payment charges of Rs 1,195 million (June 30, 2011: Rs 662 million) on fuel oil supplies.

Your Board's prudent decision regarding investment in non-refinery business also continued to bear fruit as non-refinery income rose to Rs 1,589 million (June 30, 2011: Rs 1,068 million). Accordingly, profitability of the Company has improved in comparison to the last year. Net profit for the year was Rs 2,735 million (June 30, 2011: Rs 2,186 million).

As a result of continuous follow-up and deliberations at various forums by the refineries in which your Company played a vital role, the Government last year notified de-regulation of some petroleum products. Your management 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 of the energy sector has further aggravated and Company's receivable on this account reached to the ever highest level of Rs 42 billion. However, subsequent to June 30, 2012, as a result of inter-corporate circular debt settlement arranged by the Government, trade debts amounting to Rs 31 billion have been adjusted against trade creditors of the same amount. We look forward that the Government will play its role to settle the remaining outstanding overdue balance enabling the Company to carry out its operations in a smooth manner.

Business Risks, Challenges and Future Outlook

Last year as a condition for de-regulation of prices, the Government made it mandatory for refineries to install Isomerization and Diesel Hydro Desulphurization (DHDS) units. However, the gain actually realized as a result of de-regulation of prices happened to be much lesser than expected. This made DHDS unit financially unviable.

The refineries have jointly taken-up this case for incentive for DHDS with the Government. Your Company is also part of a working group constituted by Ministry of Petroleum and Natural Resources (MP & NR) to examine this issue. Let me assure you that your Company would vigorously pursue new business opportunities but in a manner to ensure value for all stakeholders.

Employee Relations

The workers – management relationship continues to be cordial and depicts a will to

maintain mutual respect, co-existence and growth on the part of both parties. The settlement for a 2 years period 2011-2013 between the Company and Employees Union (CBA) was successfully concluded and signed on June 22, 2012. 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.

Acknowledgement

On behalf of the Board, I appreciate the continued support received from the MP & NR and other Government institutions and express gratitude to our valued customers, crude oil suppliers, banks, suppliers and contractors for their continued cooperation.

September 15, 2012
Dubai, United Arab Emirates

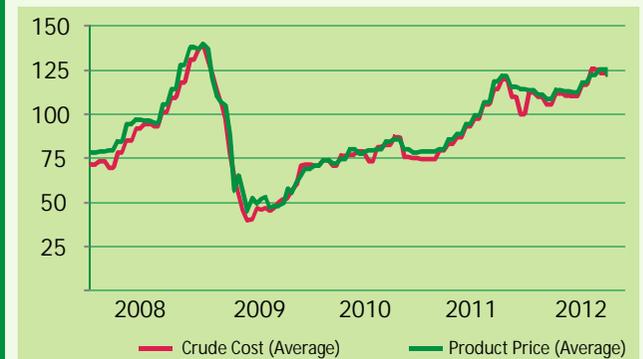


Shuaib A. Malik
Chairman

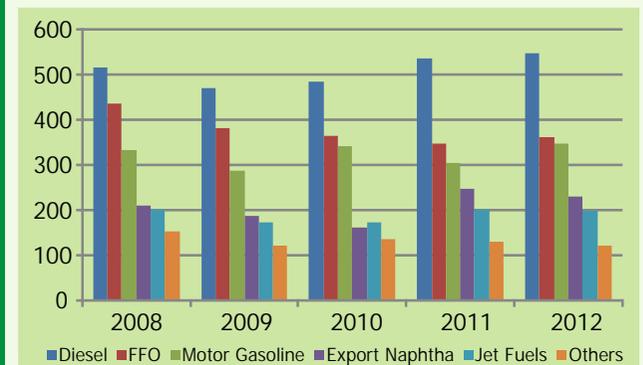
Gross Refiner's Margin (\$ per barrel)



Product & Crude Average Prices (\$ per barrel)



Production (M. Tons in thousand)



Statement of Compliance with the Code of Corporate Governance

Name of Company: Attock Refinery Limited

Year ended: June 30, 2012

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Karachi / Lahore / Islamabad Stock Exchanges for the purpose of establishing a 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 CCG 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 includes:

The independent directors meet the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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 NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurring on the board on 18th August, 2011 was filled up by the directors within 11 days.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company alongwith its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and

significant policies of the company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman or by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Four directors of the Company are exempted from the Directors Training Program on the basis of their level of education and length of experience as provided in the CCG. The Company will ensure that the remaining three directors acquire the certification under the directors training program within the timeline specified in the CCG.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. 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.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises of 4 members, of whom all are non executive directors and the Chairman of the committee is an independent director.

16. The meetings 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 CCG. The terms of reference of the committee have been formed and advised to the committee for

compliance.

17. The board has also formed an HR and Remuneration Committee. It comprises of CEO and 2 non-executive directors. The Chairman of the committee is non-executive director.

18. The board has set up an effective internal audit function.

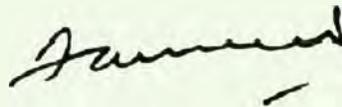
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed 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.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through all the stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.



(M. ADIL KHATTAK)
Chief Executive Officer

September 15, 2012



ARL Last Six Years Financial Summary

30 June (Rupees in Million)

Trading Results	2012	2011	2010	2009	2008	2007
Sales (Net of Govt. Levies)	154,381.56	116,388.37	88,184.03	76,546.45	91,910.70	59,108.53
Reimbursement from/(to) Government	–	9.00	–	714.05	1,743.60	355.39
Turnover	154,381.56	116,397.37	88,184.03	77,260.50	93,654.30	59,463.92
Cost of Sales	152,362.20	114,900.77	88,693.69	75,342.10	89,646.37	58,597.69
Gross profit	2,019.35	1,496.61	(509.66)	1,918.40	4,007.93	866.24
Administration and Distribution cost	377.63	315.80	270.12	243.63	218.47	191.82
Other Income	2,388.77	1,565.59	983.33	993.70	577.85	635.17
Non-Refinery Income	1,588.64	1,068.39	602.20	610.74	4,140.20	244.65
Operating profit	5,619.14	3,814.79	805.75	3,279.22	8,507.51	1,554.23
Financial and other charges	1,259.27	254.12	385.54	1,595.84	1,480.08	348.70
Profit before tax	4,359.87	3,560.67	420.21	1,683.37	7,027.43	1,205.53
Taxation	1,625.18	1,375.12	293.82	666.61	879.65	456.55
Profit after tax	2,734.69	2,185.55	126.39	1,016.76	6,147.77	748.98
Dividend	(639.70)	(170.59)	–	–	(568.52)	(227.45)
Bonus shares	–	–	–	–	(142.16)	(142.16)
Transfer from/(to) special reserves	(1,000.25)	(971.36)	475.81	(260.22)	(1,861.77)	(358.53)
Balance Sheet Summary	2012	2011	2010	2009	2008	2007
Paid-up Capital	852.93	852.93	852.93	852.93	710.78	568.62
Reserves	11,368.63	10,146.66	8,563.31	4,719.92	8,330.34	2,828.89
Unappropriated Profit	2,673.67	1,459.48	857.27	4,574.28	657.88	381.15
Share holder' funds	14,895.23	12,459.06	10,273.52	10,147.13	9,698.99	3,778.66
Property, plant & equipment (less depreciation)	9,840.29	9,670.97	2,868.00	2,916.21	2,929.65	2,968.13
Net current assets	430.21	(1,743.10)	(3,967.43)	(4,166.56)	(4,578.05)	(6,610.38)

Cash Flow Summary	2012	2011	2010	2009	2008	2007
Cash flows from operating activities	4,792.00	(1,972.58)	(3,741.38)	(11,543.76)	11,074.23	5,676.88
Cash flows from investing activities	2,476.55	1,913.70	1,214.90	1,434.62	444.62	89.08
Cash flows from financing activities	(1,292.24)	(45.43)	(308.97)	(2,037.95)	(1,471.19)	(4,917.71)
Increase / (Decrease) in cash and cash equivalents	5,979.39	(104.14)	(2,833.89)	(12,142.33)	10,064.52	848.52

Profitability Ratios		2012	2011	2010	2009	2008	2007
Gross profit ratio	%	1.31	1.29	(0.58)	2.48	4.28	1.46
Net profit to sales	%	1.77	1.88	0.14	1.32	6.56	1.26
EBITDA margin to sales	%	3.01	3.25	0.70	2.45	7.97	3.04
Operating leverage ratio	Time	0.71	20.20	(5.10)	4.29	6.73	5.54
Return on equity	%	18.36	17.54	1.23	10.02	63.39	19.82
Return on capital employed	%	19.99	19.23	1.24	10.25	91.23	23.20

Liquidity Ratio		2012	2011	2010	2009	2008	2007
Current ratio	Time	1.01	0.96	0.91	0.87	0.88	0.75
Quick / acid test ratio	Time	0.84	0.69	0.75	0.70	0.74	0.58
Cash to current liabilities	Time	0.14	0.09	0.09	0.21	0.49	0.34
Cash flow from operations to sales	Time	0.03	(0.02)	(0.04)	(0.15)	0.12	0.10

Activity/ Turnover Ratio		2012	2011	2010	2009	2008	2007
Inventory turnover ratio	Time	14.16	12.73	14.72	15.51	20.61	20.90
No. of days in inventory	Days	26	29	25	24	18	17
Debtor turnover ratio	Time	4.90	5.04	4.83	8.16	13.50	13.41
No. of days in receivables	Days	75	73	77	45	27	27
Creditor turnover ratio	Time	3.40	3.78	3.31	2.81	3.70	3.25
No of days in payables	Days	107	97	110	130	99	112
Total assets turnover ratio	Time	1.65	1.83	1.51	1.74	1.87	1.85
Fixed assets turnover ratio	Time	15.69	12.04	30.75	26.49	31.97	20.03
Operating cycle	Time	(7)	5	(9)	(61)	(54)	(68)

INVESTMENT/MARKET RATIO		2012	2011	2010	2009	2008	2007
Earnings per share (EPS) *							
(on shares outstanding at 30 June)	Rs	32.07	25.63	1.48	11.92	86.49	13.17
Dividend **	%	75	20	–	–	80	40
Cash dividend per share	Rs	7.50	2.00	–	–	8.00	4.00
Bonus share issue	Rs	–	–	–	–	2.00	2.50
Price earning ratio	Time	4.09	4.68	53.96	12.99	1.63	12.31
Dividend yield ratio	%	5.72	1.67	–	–	7.10	4.01
Dividend cover ratio	Time	4.28	12.82	–	–	10.81	3.29
Dividend payout ratio	%	23.39	7.81	–	–	11.56	49.35
Break-Up Value (Rs per share) without Surplus on Revaluation of Property, plant & equipment	Rs	174.64	146.07	120.45	118.97	136.46	66.45
Break-Up Value (Rs per share) with Surplus on Revaluation of Property, plant & equipment	Rs	277.17	248.61	143.00	141.52	163.52	100.28
Highest market value per share during the year	Rs	136.89	145.50	169.62	248.00	305.50	123.80
Lowest market value per share during the year	Rs	104.42	122.14	80.59	40.95	212.81	72.40
Market value per share	Rs	131.05	119.86	79.86	154.86	140.90	162.10
CAPITAL STRUCTURE RATIO		2012	2011	2010	2009	2008	2007
Financial leverage ratio		–	–	–	–	–	–
Debt to equity ratio		–	–	–	–	–	–
Weighted average cost of debt		–	–	–	–	–	–
Interest cover ratio		–	–	–	–	–	6.23

* The price earning ratio is without the effect of Bonus issue.

** The Board has proposed a final cash dividend @ 60% in their meeting held on September 15, 2012.

GRI Economic Performance Indicators

Aspect: Economic Performance

EC1: Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

Response

All values are (Rs. '000)

Revenue: Rs. 154,381,558

Operating Cost: Rs. 152,362,204

Employee compensation: Rs. 811,000

Other community investments:

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. 1.99 million. Moreover, Attock Sahara Foundation's annual expenditure for the year 2011-12 was Rs. 10.8 million.

Payment to Government as taxes: Rs. 28,561,000

EC2: Financial implications and other risks and opportunities for the organization's activities due to climate change.

Response

No Significant risk and Financial implications due to climate change

EC3: Coverage of the organization's defined benefit plan obligations.

Response

ARL operates a pension plan for its Management staff and a gratuity plan for its

Management and Non Management staff. The pension and gratuity plan are invested through an approved trust fund. 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.

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.

Company's expenditure on account of employees' retirement benefits during the financial year 2011-12 is as follows:

All values are (Rs. '000)

Staff gratuity and pension benefits: Rs. 76,273

Contribution to Employees old age benefits: Rs. 2,839

Workers Welfare Fund: Rs. 114,939

Workers Profit Participation Fund: Rs. 244,585

EC4: Significant financial assistance received from government.

Response

Government of Pakistan has no shareholding in company. ARL has not received any financial assistance in any form from Government of Pakistan.

Aspect: Market Presence

EC5: Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.

Response

The entry level minimum wage at ARL is Rs. 18,000 as against the local minimum wage of Rs. 9,000.

EC6: Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.

Response

Not applicable

EC7: Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.

Response

ARL, being an equal opportunity employer, pursues a non-discriminatory hiring policy. Management staff hiring is based on pure merit through a comprehensive assessment process. Preference, however, is given to locals while hiring support staff.

Aspect: Indirect Economic Impact

EC8: Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind or pro bono engagement.

Response

Availability of potable water is a big issue in this region. To facilitate local community in this regard, ARL continued with its policy of providing potable water to the surrounding population in the villages of Morgah, Kotha Kalan, Jhamra & to the welfare organization like SOS village, Deaf & Dumb School, other schools, Masjids and Churches.

ARL is paying an annual contribution of Rs 75,000 to union council Morgah and Kotha Kalan other than provision of free of cost electricity and gas connections to the area. Local community is also benefitted by ARL's efforts to ensure cleanliness of the area and upkeep of roads in appropriate condition. The famous Morgah Biodiversity Park, developed and maintained through ARL support provides a picturesque look to the area besides preserving natural habitat. Similarly, through pursuing its green plan, ARL has planted thousands of trees in the adjoining areas.

EC9: Understanding and describing significant indirect economic impacts, including the extent of impacts.

Response

All the raw materials produced in Pakistan are treated as local. The Refinery processed 14.665 Million barrels (2011: 14.289 Million barrels) 98% of the crude oil was received from northern oilfields, while remaining 2% was received from southern oilfields. 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 "2012-13"

aligned with ARL Vision & Mission

State of the Art Technology

S#	Description	Unit	HOD/Lead Person	Target Date	Total
1-a	Refinery Upgradation project - Award of contract for EPC	% Progress	TS, P&D	30-Sep-12	100
1-b	Execution of Pre-flash / Isomerization Unit	% Progress	TS, P&D	30-Jun-13	35
1-c	DHDS Unit: Start of execution (subject to GOP approvals)	% Progress	CEO	30-Jun-13	100
1-d	Refinery Upgradation project - Financial Close	% Progress	F&CA	15-Oct-12	100
1-e	Implementation of Time Office Management System and integration with Security Management System	% Progress	HR&A/F&A/C&MM	28-Feb-13	100
1-f	Implementation of Employee Self Service (ESS) Module	% Progress	HR&A/F&CA/C&MM	30-Apr-13	100

High Performing People

S#	Description	Unit	HOD/Lead Person	Target Date	Total
2-a	Ensuring at least 30 hours training per annum for each Management staff	Hours	HR&A	30-Jun-13	30
2-b	Conduct of 30 in-house training sessions	No of sessions	HR&A	30-Jun-13	30
2-c	Employee turnover rate for Management Staff (Regular/Contract).	% Progress	CEO/HR&A	30-Jun-13	Max 8
2-d	Employee turnover rate for Critical Management Staff	% Progress	CEO/Relevant HODs	30-Jun-13	Max 4
2-e	Issue of Management Staff Appraisal Letters	% Progress	CEO/App Committee	1-Jan-13	100
2-f	Conduct of ARL HR Annual Conference	% Progress	HR&A	15-Nov-12	100
2-g	Conduct of ARL Autumn Conference	% Progress	HR&A	31-Oct-12	100

Excellent Business Processes

S#	Description	Unit	HOD/Lead Person	Target Date	Total
3-a	Unplanned Plant Shut Down	No of shutdowns	MAINT/OPS	30-Jun-13	0
3-b	Increase in Mid Distillates to 43.50% by volume (HSD, Kero & Jet Fuels)	% Production	OPS	30-Jun-13	43.5
3-c	Throughput per day subject to refinery economics	BPCD	OPS	30-Jun-13	41088
3-d	Refining cost	Rs/Bbl	OPS	30-Jun-13	190
3-e	Refinery losses	% Vol	OPS	30-Jun-13	0.93
3-f	Naphtha Transportation & Storage Losses	%	OPS	30-Jun-13	0.85
3-g	Optimum Stores Inventory (excluding CAPEX and safe custody stores)	Rs. Million	C&MM	30-Jun-13	540
3-h	Water availability	Gph	OPS	30-Jun-13	60000
3-i	Water consumption	Gph	OPS	30-Jun-13	36000

Expectations of Stakeholders

S#	Description	Unit	HOD/Lead Person	Target Date	Total
4-a	Improve the Refinery Pricing Formula and Profitability	Impact (Yes/No)	CEO/F&CA	30-Jun-13	Yes
4-b	Sale of 100% production	% Progress	C&MM	30-Jun-13	109
4-c	Production of PMG	M. Tons	OPS	30-Jun-13	348,000
4-d	Best Corporate Annual Report in Energy Sector	Distinction	F&CA	30-Jun-13	1 st Position
4-e	Best Sustainability Award by ICAP/ICMA	Distinction	HSEQ	30-Jun-13	1 st Position
4-f	UN Global Compact Award	Distinction	HR&A/HSEQ	30-Jun-13	1 st Position
4-g	RoSPA (The Royal Society for the Prevention of Accidents) Occupational Health and Safety Award	Distinction	HSEQ	30-Jun-13	Gold
4-h	Overtime hours for Regular Staff	Hours	All	30-Jun-13	120,000
4-i	Overtime hours for Outsourced Staff	Hours	All	30-Jun-13	120,000
4-j	Telephone, fax & e-mail expenses (Communication Expenses)	Rs. "000"	HR&A	30-Jun-13	2,300
4-k	Staff traveling & entertainment	Rs. "000"	HR&A	30-Jun-13	3,000
4-l	Fuel for Pool vehicles	Kilolitre	HR&A	30-Jun-13	51
4-m	Medical	Million Rs.	CMO	30-Jun-13	75,00
4-n	Acquisition of 140 Kanal of land at APL/Caltex Road	% Progress	HR&A	30-Jun-13	10
4-o	Construction of Alternate Road	% Progress	HR&A	31-Dec-12	10

Safety & Quality

S#	Description	Unit	HOD/Lead Person	Target Date	Total
5-a	Cumulative Safe Man Hours	Million man hours	HSEQ	30-Jun-13	16.10
5-b	Safe Man Hours during the year	Million man hours	HSEQ	30-Jun-13	4.70
5-c	Total Accidents / Incidents Frequency Rate (TAIFR)	per million hours	HSEQ	30-Jun-13	2.00

CSR/Environment

S#	Description	Unit	HOD/Lead Person	Target Date	Total
6-a	Effluent Treatment Plant Project	%	TS/P&D/HSEQ	30-Jun-13	10
6-b	Implementation of Energy Management System (EnMS) ISO 50001-2011	%	HSEQ	30-Jun-13	100
6-c	Benchmarking for British Safety Council (BSC) 5-star environmental rating program	%	HSEQ	30-Jun-13	40



Credibility & GRI Index

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 25-26, 2012.

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 progress towards their achievement.

The internal audit program has been fully implemented and demonstrated effectiveness as a tool for maintaining and improving the 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, 2012

In our opinion, the consolidated financial statements present fairly the financial position of ARL and its subsidiary company as at June 30, 2012 and the results of their operations for the year ended.

Statement from Pakistan National Accreditation Council for ISO/IEC 17025 November 14-15, 2012

The laboratory complies with the conditions of ISO/IEC 17025 accreditation and is

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)



GRI content index

Standard Disclosures part I: Profile Disclosures

1. Strategy & Analysis

GRI Code	Description	Status of Reporting	Reference Page
1	Statement from the most senior decision-maker of the organisation.	Reported	4 & 5
1.2	Description of key impacts, risks, and opportunities.	Reported	6 & 7

2. Organizational Profile

GRI Code	Description	Status of Reporting	Reference Page
2.1	Name of the organization	Reported	14
2.2	Primary brands/products, and or services	Reported	17
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Reported	15 & 17
2.4	Location of organization's headquarters.	Reported	13
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Not applicable	-
2.6	Nature of ownership and legal form.	Reported	13
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Reported	14 & 17
2.8	Scale of the reporting organization.	Reported	9
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Reported	9
2.10	Awards received in the reporting period.	Reported	92

3. Report Parameters

GRI Code	Description	Status of Reporting	Reference Page
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Reported	9
3.2	Date of most recent previous report (if any)	Reported	9
3.3	Reporting cycle (annual, biennial, etc.)	Reported	9
3.4	Contact point for questions regarding the report or its contents.	Reported	10
3.5	Process for defining report content.	Reported	9
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Reported	9
3.7	State any specific limitations on the scope or boundary of the report.	Reported	9

GRI Code	Description	Status of Reporting	Reference Page
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Not applicable	-
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Partially Reported	9
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	Reported	10
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Reported	9
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI Index	80 to 88
3.13	Policy and current practice with regard to seeking external assurance for the report.	Reported	10

4. Governance, Commitments and Engagements

GRI Code	Description	Status of Reporting	Reference Page
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Reported	11, 12 & 13
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Reported	11
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Reported	11
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Reported	20
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives and the organisation's performance.	Reported	12 & 13
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Reported	12 & 13
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	Reported	12 & 13
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Reported	2
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Reported	12, 13 & 16
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Reported	12, 13 & 16
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	Reported	12, 13 & 16

GRI Code	Description	Status of Reporting	Reference Page
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Reported	89 & 90
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Reported	79
4.14	List of stakeholder groups engaged by the organisation.	Reported	20 & 21
4.15	Basis for identification and selection of stakeholders with whom to engage.	Reported	20 & 21
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Reported	20 & 21
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	Reported	20 & 21

Standard disclosures Part II: Disclosures of Management Approach (DMAs)

5. Disclosures of Management Approach (DMAs)

GRI Code	Description	Status of Reporting	Reference Page
DMA EC	Disclosure on Management Approach EC - Economic	Reported	66 & 67
DMA EN	Disclosure on Management Approach EN - Environment	Reported	48
DMA LA	Disclosure on Management Approach LA - Labor	Reported	27 to 36
DMA HR	Disclosure on Management Approach HR - Human Rights	Reported	27 to 36
DMA SO	Disclosure on Management Approach SO - Social	Reported	27 to 36
DMA PR	Disclosure on Management Approach PR - Product Responsibility	Reported	36 & 37

Standard Disclosure Part III: Performance Indicators

EN. Economic

ECONOMIC PERFORMANCE

GRI Code	Description	Status of Reporting	Reference Page
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.	Reported	73
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Reported	73
EC3	Coverage of the organisation's defined benefit plan obligations.	Reported	73
EC4	Significant financial assistance received from government.	Reported	73

MARKET PRESENCE

GRI Code	Description	Status of Reporting	Reference Page
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Reported	73
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Reported	74
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	Reported	74

INDIRECT ECONOMIC IMPACTS

EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement.	Reported	74
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Reported	74

EN. Environmental

MATERIAL

GRI Code	Description	Status of Reporting	Reference Page
EN1	Materials used by weight or volume.	Reported	58
EN2	Percentage of materials used that are recycled input materials.	Reported	58

ENERGY

EN3	Direct energy consumption by primary energy source.	Reported	58
EN4	Indirect energy consumption by primary source.	Reported	58
EN5	Energy saved due to conservation and efficiency improvements.	Reported	58 & 59
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Reported	59
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Reported	59

WATER

EN8	Total water withdrawal by source.	Reported	59
EN9	Water sources significantly affected by withdrawal of water.	Partially Reported	59 & 60
EN10	Percentage and total volume of water recycled and reused.	Partially Reported	60

BIODIVERSITY

EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Reported	60
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of	Reported	60

GRI Code	Description	Status of Reporting	Reference Page
EN12	high biodiversity value outside protected areas.	Reported	60
EN13	Habitats protected or restored.	Reported	60
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Reported	60
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Reported	60
▶ EMISSIONS, EFFLUENTS, AND WASTE			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Partially Reported	61
EN17	Other relevant indirect greenhouse gas emissions by weight.	Partially Reported	61
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partially Reported	61
EN19	Emissions of ozone-depleting substances by weight.	Reported	61
EN20	NO, SO, and other significant air emissions by type and weight.	Partially Reported	57 & 61
EN21	Total water discharge by quality and destination.	Partially Reported	61
EN22	Total weight of waste by type and disposal method.	Reported	61
EN23	Total number and volume of significant spills.	Reported	62
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.	Reported	62
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.	Partially Reported	62
▶ PRODUCTS AND SERVICES			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Partially Reported	62
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Reported	62
▶ COMPLIANCE			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	Reported	62
▶ TRANSPORT			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Reported	62
▶ OVERALL			
EN30	Total environmental protection expenditures and investments by type.	Reported	62

LA. Labor Practices and Decent Work

EMPLOYMENT

GRI Code	Description	Status of Reporting	Reference Page
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Partially Reported	38
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Partially Reported	38
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Partially Reported	38
LA15	Return to work and retention rates after parental leave, by gender.	-	-

LABOR/MANAGEMENT RELATIONS

LA4	Percentage of employees covered by collective bargaining agreements.	Reported	38
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Partially Reported	38

OCCUPATIONAL HEALTH AND SAFETY

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.	Reported	38
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region and by gender.	Reported	38
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Reported	38 & 39
LA9	Health and safety topics covered in formal agreements with trade unions.	Reported	39

TRAINING AND EDUCATION

LA10	Average hours of training per year per employee by gender, and by employee category.	Partially Reported	39
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Reported	39
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Reported	39

DIVERSITY AND EQUAL OPPORTUNITY

LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Partially Reported	39
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EQUAL REMUNERATION FOR WOMEN AND MEN

LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Reported	39
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HR. Human Rights

INVESTMENT AND PROCUREMENT PRACTICES

GRI Code	Description	Status of Reporting	Reference Page
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Partially Reported	40
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Reported	40
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.	Reported	40
<h3>NON-DISCRIMINATION</h3>			
HR4	Total number of incidents of discrimination and corrective actions taken.	Reported	40
<h3>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</h3>			
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Reported	40
<h3>CHILD LABOR</h3>			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Reported	40
<h3>FORCED AND COMPULSORY LABOR</h3>			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Reported	40
<h3>SECURITY PRACTICES</h3>			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Reported	40 & 41
<h3>INDIGENOUS RIGHTS</h3>			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Reported	41
<h3>ASSESSMENT</h3>			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Not Reported	-
<h3>REMEDIATION</h3>			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Not Reported	-

SO. Society

LOCAL COMMUNITY

GRI Code	Description	Status of Reporting	Reference Page
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Partially Reported	41
SO9	Operations with significant potential or actual negative impacts on local communities.	Not Reported	-
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Not Reported	-

CORRUPTION

SO2	Percentage and total number of business units analyzed for risks related to corruption.	Reported	41
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Reported	41
SO4	Actions taken in response to incidents of corruption.	Reported	41

PUBLIC POLICY

SO5	Public policy positions and participation in public policy development and lobbying.	Reported	41
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Reported	41

ANTI-COMPETITIVE BEHAVIOR

SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	Reported	42
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COMPLIANCE

SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	Reported	42
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PR. Product Responsibility

CUSTOMER HEALTH AND SAFETY

GRI Code	Description	Status of Reporting	Reference Page
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Partially Reported	42
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Partially Reported	42

▶ PRODUCT AND SERVICE LABELING

GRI Code	Description	Status of Reporting	Reference Page
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Reported	42
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Reported	42
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Reported	42 & 43

▶ MARKETING COMMUNICATIONS

PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Reported	43
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Reported	43

▶ CUSTOMER PRIVACY

PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Reported	43
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▶ COMPLIANCE

PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	Reported	43
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United Nations Global Compact ten Principles



Adopted by ARL in January 2008 as a Guideline to Business Management

Human Rights

Principle #	Description	GRI Index Reference
1	Businesses should support and respect the protection of internationally proclaimed human rights.	LA4, LA7, HR1, HR4, HR6, HR7, PR1, PR8
2	Make sure that they are not complicit in human rights abuses.	HR1, HR4, HR6, HR7

Labor Standards

3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	LA4, HR1
4	The elimination of all forms of forced and compulsory labor.	HR1, HR7
5	The effective abolition of child labor.	HR1, HR6
6	The elimination of discrimination in respect of employment and occupation.	LA2, HR1, HR4

Environment

7	Businesses should support a precautionary approach to environmental challenges.	EC2, EN30
8	Under take initiatives to promote greater environmental responsibility.	EN1, EN3, EN5, EN8, EN16, EN21, EN22, EN28, PR3
9	Encourage the development and diffusion of environmentally friendly technologies.	EN5

Anti-Corruption

10	Businesses should work against corruption in all its forms, including extortion and bribery.	SO2, SO3
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Communication on Progress

Year: March 2011 to February 2012



Statement of Continued Support

ARL considers UN Global Compact one of the important CSR alliances in the world which works in support of a more sustainable and broad global economy. ARL's dedication to creating value for its stakeholders is connected hand-in-hand with its commitment to Corporate Social Responsibility (CSR) which is one of Company's core values. The triple bottom line approach i.e. people, planet & profit has been vigorously followed at ARL.

ARL considers the call of the Global Compact to companies a noble mission to embrace, support and enact, within their sphere of influence, a set of four issue areas of human rights, labor standards, the environment, and anti-corruption. ARL incorporates the UN Global Compact principles within its strategy, culture and day-to-day operations.

In pursuance of the Global Compact principles, our sustainability attributes are based on five pillars of strength i.e. diversification, competitiveness, transparency, 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 to embark on patrolling of boundaries between legal and illegal, ethical and unethical, right and wrong, fair and unfair, good and poor quality. In order to work within the defined boundaries and eliminate barriers to innovative ideas, our business practices are aligned with our deeply embedded core values.

My team is passionately committed to provide a healthy workplace which should have a positive impact on adjoining communities. The safety of our employees, contractors and stakeholders remains paramount for us. In view of our commitment to preserve Mother

Nature, we have applied to become first oil and gas sector industry in Pakistan to achieve green industry status from Federal Environment Protection Agency.

We once again reiterate our continual commitment to be a socially responsible company by extending full support to UN Global Compact guiding principles leading to fair business practices all over the world.

M. Adil Khattak

Chief Executive Officer

March 20, 2012

GRI Application Level Declaration



Standard Disclosures



	C	C ⁺	B	B ⁺	A	A ⁺
G 3.1 Profile Disclosure	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12, 4.1-4.4, 4.14-4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2, 3.9, 3.13, 4.5-4.13, 4.16-4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
G 3.1 Management Approach Disclosure	Not Required		Management Approach Disclosure for each Indicator Category		Management Approach Disclosure for each Indicator Category	
G 3.1 Performance Indicators Disclosure	Report on minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on minimum of 20 Performance Indicators, including at least one from each of: Economic, Environmental, Human Rights, Labor, Society, Product Responsibility.		Report on each core G3.1 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

*Sector supplement in final version

Achievements



Best Sustainability Report Award
(ICAP & ICMAP)



UN Global Compact Responsible
Business Achievement Award



Royal Society for Prevention of Accident
(RoSPA) Gold Award UK's
Occupational Health and Safety Award



Export Trophy (RCCI)

Best Sustainability Report Award

Due to remarkable and outstanding sustainability reporting continuously for the last five years, ARL has been honored a place in the judging panel of Association of Chartered Certified Accountants (ACCA) and WWF. Further, the Company won the Best Sustainability Report Award 2010 of the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). This prestigious award is meant to recognize and reward those organizations that report and disclose environmental, social and sustainability performance.

UNGC Responsible Business Award

This year the Company was awarded "Living the United Nations Global Compact (UNGC)" Business Award in the Large National Category for its demonstrated commitment in adhering to the UNGC principles. This Award recognizes Pakistani enterprises that best integrate the 10 principles of United Nations Global Compact into their business philosophy and acknowledges organizations demonstrating adherence to these principles in action. United Nations Global Compact principles require member companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment and anti corruption. It is important to note that ARL has voluntarily adopted United Nations Global Compact Principles in 2008.

RoSPA (Royal Society for Prevention of Accidents) Award

This year ARL has won RoSPA Gold Award of UK on maintaining high level of safety. RoSPA (Royal Society for the Prevention of Accident) is a UK based society working for the prevention of accidents and Her Majesty the Queen of UK is its Patron. This is based on the organization's individual occupational health and safety performance assessed against the RoSPA judging criteria. UK's Occupational Health and Safety Award 2012 (Gold category) was conferred upon the Company at an impressive ceremony held at the National Exhibition Centre, London on Tuesday, May 15, 2012.

RCCI 24th Annual Achievement Award

During the financial year your Company received the RCCI 24th Annual Achievement Award of The Rawalpindi Chamber of Commerce & Industry at an impressive ceremony held at the Convention Centre, Islamabad on October 18, 2011.

Feedback Form



Your comments and suggestions are invited

Please fill and deliver this leaf to your nearest OCS (Overseas Courier Services) Center, who will deliver this to us on our expense

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):
Name: Tel No.
Address:

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