

# Sustainability

Report 2014

TRANSFORMING FOR A BRIGHTER FUTURE



Attock Refinery Limited





Business Excellence Award  
2013-14



Best Sustainability Report Award  
2013



The Royal Society  
for Prevention of Accident  
2014



EFP OSH&E Award  
2014



ICAP & ICMAP Sustainability  
Report Award 2013



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# Vision & Mission

## 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

# Core Values

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

### Integrity & Ethics

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

### Quality

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

### Social Responsibility

### 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.



# CEO's Message



I feel pleasure in unveiling the Sustainability Report-2014, another milestone towards greater transparency and accountability to all stakeholders of Attock Refinery Limited (ARL). This report is an emblem to show the Company's continued commitment to uphold its core values of Integrity & Ethics, Quality, Social Responsibility, Learning & Innovation, Team Work and Empowerment, in spite of the challenging socio-economic environment. We feel honoured when our communities, regulators, customers and suppliers value their relationships with us as we sustainably deliver value to our stakeholders.

The health, safety and wellbeing of our people are paramount; regardless of what type of work our people undertake, we strive to create an environment that is free from occupational illness or injuries. This report illustrates the manner we naturalize the triple bottom line approach in our business practices. We believe the organizations taking responsibilities for their People, Planet and Profit will always be in frontlines, that is the reason ARL gives sustainability

prime importance.

Our company resolves for doing business with care for society and for our future generations; it is not a onetime stand, rather a continuous and enduring journey to achieve wholesome success. The history of Attock Oil Group of Companies, since its inception in 1913, adequately reflects our seriousness of purpose in this regard. Our sustainability attributes are based on five pillars of strength i.e., diversification, competitiveness, transparency/compliance, synchronized community & social responsibility services and environmental protection.

Identifying, understanding and managing material risk is a critical component of our approach. By this we provide greater protection to our people, assets and communities. Across our operations, we work to improve energy efficiency, reduce pollution, protect biodiversity and improve quality-of-life indicators for people in our surrounding communities. ARL is aware of the current energy crisis in the country and believes that even the small scale efforts by individuals and



organizations can play vital and leading role. In the same context ARL took initiative to convert its offices electricity source from non-renewable thermal power generation to renewable solar power. The Company continued its efforts for building a strong safety culture, develop resource efficiency, manage energy & water, to demonstrate its continuous commitment for safety, environment & quality. Reduction of overall refinery energy consumption from 0.183 MMBtu/bbl of crude processed to 0.175 MMBtu/bbl of crude processed with effective implementation of ISO-50001 (EnMS), up-gradation project for the production of Euro-II compliant fuels, up-gradation project of ARL effluent treatment, water conservation measures like drip irrigation, waste water recycling/reuse, zero effluent, volunteer implementation of British Safety Council guideline for Five-Star-Environmental-Audit rating Program, installation of low-emission burner management system at boilers, phasing out of old high energy consuming motors with energy efficient motors and maintaining even higher safety levels are some of the examples of ARL's commitment to sustainable development. ARL activities in this regard have successively been recognized by international and national bodies, like winning of RoSPA (Royal Society for Prevention of Accidents) Gold Award for consecutively third time, 1<sup>st</sup> position in sustainability reporting from ACCA-WWF, 2<sup>nd</sup> position in 9<sup>th</sup> EFP-OSH&E award from Employer Federation of Pakistan, third position in ICAP-ICMP sustainability reporting award for the second time, certification & practicing of ISO Management Systems and continuous compliance of national laws, are some of our noteworthy achievements.

ARL is environmental conscious company and one of our key performance indicators is the compliance of National Environmental Quality Standards (NEQS). The Company also complies with all requirements outlined in the Environmental Impact Assessments (EIA) / Environmental Approvals for the construction phase activities of Refinery Up-gradation Project - as mentioned in our last year sustainability report, construction activities are in progress on three projects namely, Pre-flash Unit, Isomerization Unit and Diesel Hydro Desulfurization Unit to address the future challenges of products specifications warranted by environmental concerns. These units will become operational by the end of year 2015. The construction of a Secondary Treatment unit for enhancing the

capability of our effluent treatment system to cater for the future units load has already been completed in year 2014 and is in operation successfully.

Equal importance has been given to maximum transparency in governance processes, the personal growth the involvement of local communities, and constructive relations with shareholders, regulatory authorities, customers and suppliers. ARL has never ignored the community well-being and remains committed to its community welfare policy. Attock Hospital Limited (AHL) provided community services in the shape of free medical camps, blood donation campaigns and free or discounted rate medical services for poor and needy persons of the surrounding community. In addition, ARL continued its support for the women welfare activities in the neighboring vicinity through Attock Sahara Foundation (ASF). The supply of clean drinking water, maintenance & provision of utilities to community, schools, organization for special people and the parks continued throughout the year without any interruption.

I understand that with a vision to be a world class and leading organization providing environment friendly energy resources and petrochemicals the importance of human capital is like blood in body, and we value it like that; through state-of-the-art hiring process, continuous motivation through trainings, challenging assignments, rotations, involvement, engagement, and providing better chances of professional development and growth in a culture of meritocracy and mutual respect. We leave no stone unturned in nourishing and maintaining our human Capital. The hard-working, disciplined and talented people at ARL are, and will always be, the key to our success.

I express my gratitude to our stakeholders, employees and contractors for showing consistent commitment to our core values. In the conclusion, while we resolve to keep continued focus on achieving sustainability objectives for an even better future, we invite you to explore this report in detail and your feedback will be a source of enlightenment for us.

M. Adil Khattak  
December 31, 2014



# Risks & Opportunities



Our business is subject to risks, uncertainties and opportunities. The risks that we consider most relevant to our business are identified. 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.

## CURRENT EXPANSION & UP-GRADATION PROJECTS

ARL has taken following measures for the sustainability of current expansion & up-gradation projects. ARL is in process of installing:

- a. A Pre-flash Unit to increase its refining capacity.
- b. An Isomerization Unit to increase Premier Motor Gasoline production and improve its quality to make it more environment friendly.
- c. A DHDS unit to improve diesel specifications.

The here-mentioned detailed steps have been

taken at ARL for the afore-stated expansion projects so far:

1. The entire Project “Engineering, Procurement, Construction and Commissioning (EPCC) Contract” was awarded to M/S Hyundai Engineering Co. Ltd Korea (world renowned EPCC Contractor).
2. Financial Close was achieved by ARL with consortium of local banks in order to finance the afore-stated Expansion Projects. Disbursement of the loan is in progress according to the schedule.
3. The entire Site Clearance required for setting up of plants was completed on schedule and the site handed over to the M/s Hyundai.
4. Receipt of equipment, its placement at site and related work is in progress.
5. Project staff & operational staff hiring and training is in progress

## STRINGENT PRODUCT SPECIFICATIONS

As per plan, ARL is proceeding with its upgradation project to meet stringent product specifications and



produce Euro-II compliant environment friendly fuels. Installation of a DHDS unit will enable ARL to produce Euro-II compliant diesel by reducing the sulfur to 500 wt. ppm, whereas the Isomerization unit will further improve PMG quality by lowering of benzene and aromatics content below the current Euro-II specification level.

These units are expected to become operational in 2015.

### ON GOING CIRCULAR DEBIT ISSUE

The circular debt mainly arises from government owned entities. The issue of circular debt, which had aggravated in prior years, has been resolved to a greater extent as a result of inter-corporate debt settlement arranged by government in June 2013. Still we keep on following-up the issue at all available forums for its permanent resolution which requires long term remedial actions. Further, we closely monitor receivable/payable positions and dispatches.

### FLUCTUATING EXCHANGE RATE

The prices of ARL's products and crude oil are primarily determined in foreign currency therefore fluctuation in exchange rate has a mitigating effect in our case to extent of respective flows involved. ARL will consider getting the forward exchange cover for its major capital expenditure.

### SECURITY AND POLITICAL ISSUES 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.

### ENVIRONMENTAL ISSUES

ARL has installed the Second Phase of its Effluent Treatment Plant (ETP) to further improve the quality of effluent water and to cater for the future units load as well as to comply NEQS requirements consistently. The new system has been commissioned successfully w.e.f. June 2014.

ISO-50001 (Energy Management System) has been implemented and self-declared to manage energy requirement, address the environmental issues of greenhouse gas emissions along with other impacts.

### INCREASING CRUDE FROM THE NORTH

Crude oil production from the North of Pakistan has increased significantly.

Keeping in view the afore-said increase, ARL is in the process of upgrading its refining capacity.

In the first plan, the Preflash unit will increase the capacity of the refinery up to 53,400 BPD. This will cater for the existing additional available crude production. ARL is also reviewing the possibility to further increase the capacity by installing a 50,000 BPD green field refinery, if sustained production of North Crude (over and above 53,400 BPD) is realized.

### COMPETITION

PSO has planned one refinery in North, however, the plan could not progress. Viability of an inland gross root complex refinery of small capacity far from port is uncertain & minimal.

Even if the Project of PSO does materialize, from conception to commissioning, then it will take about 5 years and by that time ARL would have completed its up-gradation project.

Availability of crude and program of PSO refinery project needs to be monitored regularly to ensure crude availability at ARL and resolve any issues with Govt. Of Pakistan, if the need arises.

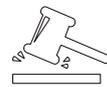
### MAN POWER RETENTION

The company's management is fully cognizant of retention of skilled manpower and has taken appropriate measures including revision of certain HR Policies i.e. salary revision and provision of accommodation to bachelors etc. which will help the management in curtailing employee's turnover rate.

### LAND DISPUTES

Land department remains vigilant to report about any possible construction activity within 200 yards of ARL land and deal any violation (if any) within the parameters of the relevant laws.





# Executive Summary

Sustainability report for year 2014 of Attock Refinery Limited highlights the company's growth and performance during the year. The report has been prepared following the same perspective as being presented in our previous year reports but with some further addition. The summary includes precise and complete description of stakeholder's needs, how we respond 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), United Nations Global Compact (UNGC) Indices, ISO management Standards and ARL vision, mission and core values.

ARL's social, environmental and economic performance for the year 2014 is described in detail supported by information on core and additional GRI indicators. Update on ARL short / mid / long term plans are also presented in the report.

At ARL CSR is not a new concept. 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 Govt. Special School, Junior Model Schools, Pak Darakhshan, Vocational training for local community and scholarships for employees children, Support in Health sector include providing free medical assistance to poor patients of nearby locality, arranging free Medical camp, blood donation camp and awareness sessions on health related topics, like dengue etc. providing support for rural development, providing financial Assistance to area union councils and arranging conferences to bring all stakeholders and business communities at one forum.

Detail on all CSR activities are given in the report. In year 2014, HSE affairs remain the top priority of ARL. Our Health, Safety & Environment (HSE) performance in year 2014 compared with previous years has improved significantly. ARL keep working on BSC Five star Environmental rating program & WWF green office initiative. The results of energy conservation measures being achieved after the implementation of ISO-50001 (Energy Management System) also provided in the report. Celebration of Energy week

remain one of the most significant activity of the year. An update on ARU project is also given.

ARL effluent water & gaseous emissions remain within NEQS compliance and after the commissioning of ETP phase-II and Burner Management System (BMS) its quality improved further. Data of all parameters is given in the environment section.

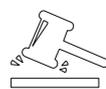
Total Accident Incident Frequency Rate (TAFIR) reduced from 0.85 to 0.42. Detail on scenario based emergency response exercises, engagement of stakeholders and community for the celebration of events like World Environment Day, Earth Day, Biodiversity Day, Energy Week and Safety Week is given. Tree Plantation campaign in and around the Morgah area is also an important success of the year 2014.

The year 2013-14 was a difficult year for refinery business. During most part of the year, there was unfavourable movement in prices of products as compared to crude oil prices. Resultantly, on an overall basis, we experienced suppressed gross refiner's margin. Consequently there was decline in profit and the Company earned profit after tax from refinery operations of Rs 696 million as compared to profit of Rs 2,628 million in last year. Despite this difficult situation the Company ensured continuous supply of petroleum products by operating at 100% capacity level.

Board's timely decision of making investment in non-refinery business continued to provide strategic support to the Company's operations. Income from non-refinery operations was Rs 1,847 million (June 30, 2013: Rs 1,298 million). This enabled the Company to post profit of Rs 2,543 million (June 30, 2013: Rs 3,926 million).

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

The report is being assured externally from URS.



# About this Report

## SCOPE

This report covers Social, Environmental & Economic aspects of our organization and 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 economic, 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 2014. Economic and financial data correspond to fiscal year July 2013 to June 2014.

## DATE OF MOST RECENT PREVIOUS REPORT

The previous sustainability report by ARL was dated and published in Jan- 2014. The report was the sixth 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 groups determined the relevance and identified key stakeholders expected to use the report. The report was reviewed & verified by the Managers of all departments involved in the process of data gathering and reporting.

In sustainability reporting, ARL followed the GRI, guidelines, 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 in this report which is generated through ARL management information system is the product of systems which are reviewed on continuous basis by Business Review & Assurance Department. 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 A.F. Ferguson & Co. 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 National 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 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
- Shareholder Annual General Meeting resolutions and anecdotal feedback
- Employee surveys and other input gathered through feedback mechanism
- Input gathered through stakeholder dialogues
- Customers contact, surveys and feedback
- Meetings with Neighbors & Union Councils
- Media news and blog discussions
- Stakeholder feedback
- Suppliers input

After reviewing these sources, we compile a list of issues and prioritize each one into actionable targets. ARL is publishing its report since 2007 and the progress given on some of the activities in 2014 report is 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. External assurance from third party external assurance body has been sought for this report to make it credible as per GRI guidelines.

## ASSURANCE

To ensure credibility of the report contents and reporting procedures against GRI guidelines, this report has received third party assurance from URS.

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 also available at ARL website ([www.arl.com.pk](http://www.arl.com.pk))

## REPORT AUDIENCE

We have identified our audience like Investors, Board of Directors, Employees, Contractors, Community, Union Councils, CBA Union, Utilities suppliers like SNGPL, WAPDA, PTCL, crude oil suppliers like OGDCL, OPL, POL, MOL, MGCL 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, Customers like APL, PSO, Shell, Chevron, Total PARCO, External Auditors like SGS and Ferguson.

## FEEDBACK FORM & CONTACT PERSON FOR FURTHER INFORMATION

Please apprise 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](mailto: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 Gaith 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 Ibrahim, Chairman  
Abdus Sattar, Member  
Agha Sher Shah, Member  
Babar Bashir Nawaz, Member,

**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. It also recommends annual capital and revenue budget to the board.

## TECHNICAL & FINANCE COMMITTEE

Abdus Sattar, Chairman  
Agha Sher Shah, Member  
Shuaib A. Malik, Member  
M. Adil Khattak, Member

**Responsibility:** To recommend and review key financial matters or technical aspects relating to refinery operation/upgradation etc.

## HR & REMUNERATION COMMITTEE

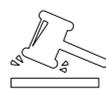
Shuaib A. Malik, Chairman  
Munaf Ibrahim, Member  
M. Adil Khattak, Member

**Responsibility:** The prime role of the Human resource & remuneration committee is to give recommendations on 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, 2014: Registered shareholders were 3,849 and total number of shares were 85,293,000. Detail pattern of Share holding is available at [www.arl.com.pk](http://www.arl.com.pk).

## BANKERS

- Al Baraka Bank (Pakistan) Limited
- Allied Bank Limited
- Askari Bank Limited
- Bank Al Habib Limited
- Dubai Islamic Bank Pakistan 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 EXECUTIVE OFFICER

M. Adil Khattak

## CHIEF FINANCIAL OFFICER

Syed Asad Abbas, FCA

## COMPANY SECRETARY

Saif ur Rehman Mirza, ACA

## SHARE REGISTRAR

THK Associates (Pvt) Limited 2nd Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, P.O.Box No. 8533, Karachi-75350

## AUDITORS

A. F. Ferguson & Company, Chartered Accountants

## LEGAL ADVISOR

Ali Sibtain Fazli & Associates, Legal Advisors, Advocates & Solicitors

## REGISTERED OFFICE

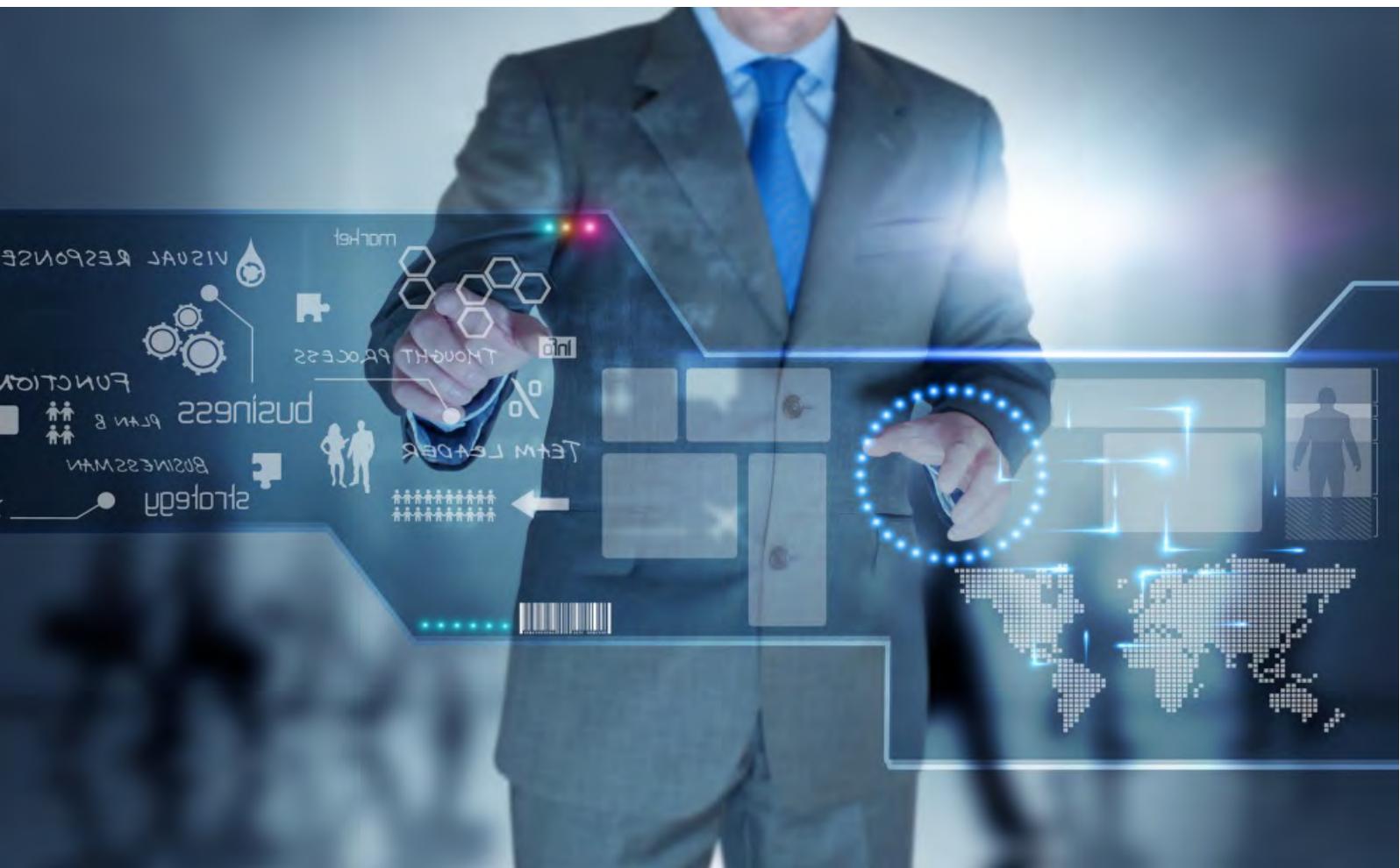
The Refinery, Morgah, Rawalpindi

Tel: (051) 5487041-5

Fax: (051) 5487254

E-mail: [info@arl.com.pk](mailto:info@arl.com.pk)

Website: [www.arl.com.pk](http://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) relating to refining of crude oil and supplying of refined petroleum products. It was subsequently converted into a Public Limited Company in June, 1979 and is listed on the three Stock Exchanges of the country. The Company is also registered with Central Depository Company of Pakistan Limited (CDC).

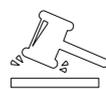
Original paid-up capital of the Company was Rs 80 million which was subscribed by the holding company i.e. AOC, Government of Pakistan, investment companies and general public. Later, the Government had taken out its investment. The present paid-up capital of the Company is Rs 852.93 million.

ARL is the pioneer of crude oil refining in the country with its operations dating back to 1922. Backed by a rich experience of more than 90 years of successful operations, ARL's plants have been gradually upgraded / replaced with state-of-the-art hardware to remain competitive and meet new challenges and requirements.

It all began in February 1922, when two small stills of

2,500 barrels per day (bpd) came on stream at Morgah, Rawalpindi 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 up gradation project was



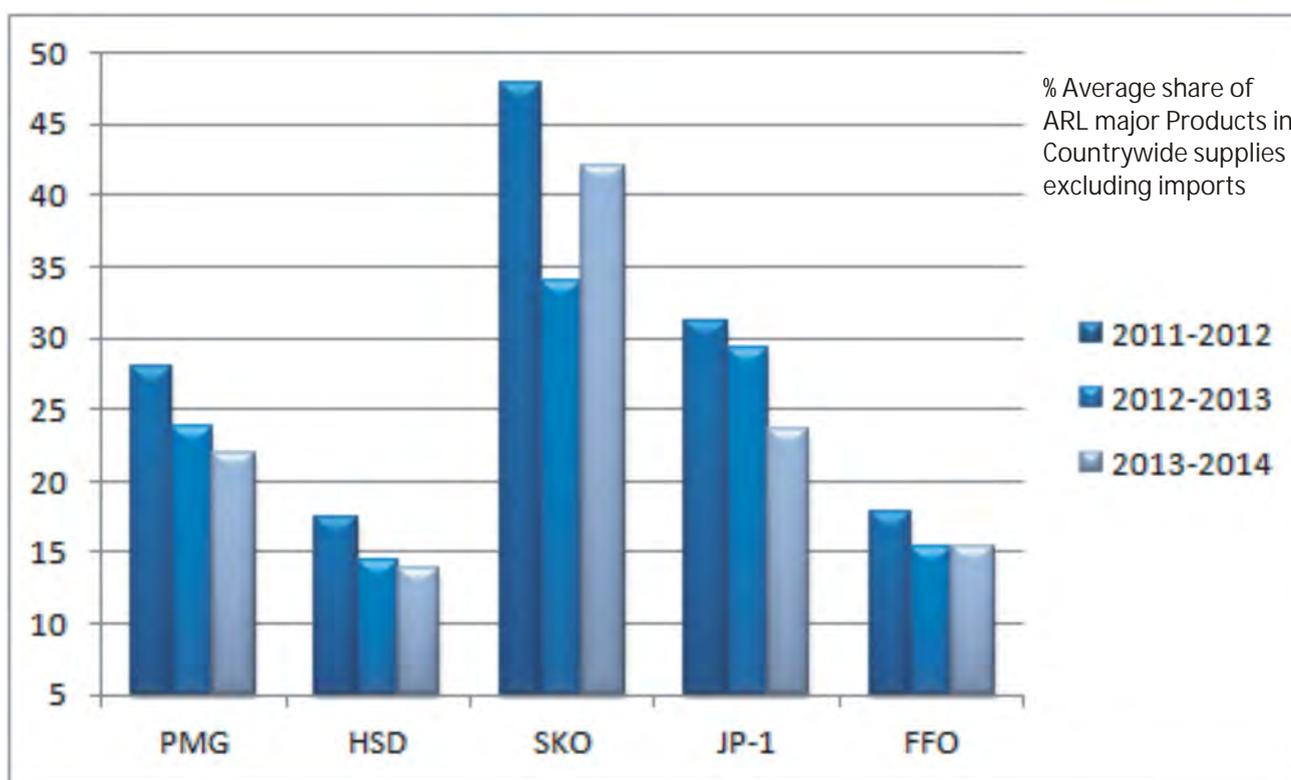
completed in 1999 with the installation of a Heavy Crude Unit of 10,000 bpd and a Catalytic Reformer of 5,000 bpd. ARL's current nameplate capacity stands at 43,000 bpd and it possesses the capability to process lightest to heaviest (10-65 API) crudes.

Entrepreneurial success is fueled by creativity, imagination, bold moves into uncharted waters and visionary zeal.

We, at ARL, are aware of the increasingly challenging times we live in. These challenges have stemmed from the dynamics of deregulation, environmental concerns, economic recession, increasing

human resource in all spheres of its operations. New standards for efficiency, safety and environment were set-up and have been achieved successfully to help ensure successful continuity of the journey that started 90 years back. The Company is ISO 9001, ISO 14001, OHSAS 18001 certified, ISO/IEC 17025 accredited and is the first refinery in Pakistan to declare implementation of ISO 50001 (Energy Management System).

In addition to bringing excellence in refining facilities and operations, ARL through a well planned investment strategy has also entered into



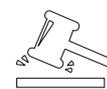
globalization, and technological breakthroughs. This situation calls for a creative and out of the box solutions.

Our transformation efforts started with the strategic alignment of Company Corporate Vision, Mission and Core Values through a bottom up participative process. With the evolution in HR, employee engagement surveys were conducted all the way through third parties and the outcomes were used as the basis for taking future HR transformations.

The Refinery has gone into major transformation from very small and simpler refining operations to state-of-the-art processing units by means of using advanced technologies and improvement in skill index of its

diversification of its business by investing in non-refining operations thus ensuring the sustainability of the Company for the benefit of all stakeholders.

Automation of different critical processes like state-of-the-art Distributed Control System (DCS) from the pneumatic control system, MAXIMO - Inventory & Maintenance Management Systems, Human Resources Management System (HRMS), ORACLE Financials, Laboratory Information Management System (LIMS), Integrated Management System (IMS), Incident Reporting System (IRS), Permit to Work System (PTW) and Fuel Management System (FMS) are some of the important examples for technological transformations that has taken place in



our various spheres of activities during the last decade or so.

Succession planning process was instituted to ensure continuity of management. Performance Improvement Process and Skill Development Program were initiated during the period to enhance staff involvement. Another major initiative was the project of embedding and inculcating the core values in ARL family.

The initiation of learning & innovation conference, as an annual event, proved to be a great facilitator for enhancing learning environment in the Company. Similarly the conduct of Conference by different functional areas was undertaken with a view to share success stories and current trends with the corporate and academic circle and to learn from them; ARL HR Conference, HSEQ Conference, and Turnaround (Maintenance) Conference etc. are examples to quote in this regard.

The revamped processes for induction of staff through statutory apprenticeship schemes/ management trainee programs have resulted into availability of trained manpower for the Company. Suitable resources for internal training have been identified and trained; they are proving to be a long term asset for the organization. With the installation of new plants, we are in the process of acquiring a state-of-the-art simulator to ensure quality training facilities for our human resources.

One of the major transformations at ARL is in the area of Health, Safety and Environment (HSE). Concrete measures have been taken to ensure that every employee or contractor at ARL 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 the environment. As a result of these efforts, significant reduction in Total Accident Incident Frequency (TAIFR) rate as well as Loss Time Injury (LTI) at ARL has been achieved.

Number of initiatives / best practices have been implemented in the area of HSE. All these initiatives have been achieved through a bottom up participative process involving all stakeholders. Our emphasis on safety, environment and quality assurance has enabled us to meet international safety best practices benchmarks as well as compliance to National

Environment Quality Standards (NEQS). In recognition of these achievements, ARL has been awarded many prestigious national and international awards.

Benchmarking of British Safety Council (BSC) 5-star environmental rating has been taken up voluntarily. Similarly UN Global Compact Principles have been enacted in our business process. All these steps prove our commitment to reduce the environmental footprint of our processes.

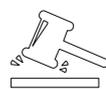
ARL has taken concrete steps for energy management, water preservation, conservation of biodiversity and resource efficiency to demonstrate its seriousness to achieve the ultimate goal of greeneconomy. Implementation of ISO-50001 Energy Management System, Up-gradation of Effluent treatment facilities, water conservation through drip irrigation, waste water re-cycling demonstrate our seriousness for environment and energy.

ARL being pioneer and pace setter in oil refining sector, takes lead by adopting the economy of sustainable development "the green economy" to grow in a way to benefit rather than sacrifice the environment, social justice and equity.

ARL Sustainability Report, which sets out how the Company manages its environmental and social impacts and illustrates the work being undertaken internally and externally to achieve its sustainability goals, is a good example for others to emulate.

ARL's current Expansion / Up-gradation Projects comprises of Preflash Unit, Naphtha Isomerization unit, Diesel Hydro Desulphurization (DHDS) Unit and expansion of existing Captive Power Plant. This would increase refinery capacity by 10,400 bpd, environment friendly motor gasoline production would increase by 20,000 Tons per month and would enable ARL to produce Euro II compliant low sulfur diesel. This would also result in expansion of captive power plant by 18 Mega Watt. All these projects are expected to be completed by September 2015.

ARL has always believed in working as part of the community and all CSR activities cover a wide spectrum including environment, health care, development of women skills, income generation, poverty alleviation, HRD, education, promotion of sports or conservation of biodiversity industry academia linkages.



# The Management



Syed Asad Abbas  
AGM (F & CA)



Ejaz H. Randhawa  
DGM (Operations)



Malik Masood Sadiq  
AGM (C & MM)



Asif Saeed  
Sr. Manager (HR & A)



M. Adil Khattak  
Chief Executive Officer



Khurram Jalil  
Sr. Manager (Engg)



Salman Tariq  
Sr. Manager (Maint)



Munir A. Temuri  
Sr. Manager (TS)



M. Aliemuddin  
Manager (HSEQ)



Usman Ishaq Raja  
Dy Manager (BR & A)



Nayyer Ahmad  
Manager (OM & U)



Arshad Hayee Khan  
Manager (Plants)



Khalid Mahmood  
Manager (P & D)



Raja Nadeem Khalid  
Manager (Maintenance)



# 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, 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 role 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.

## TRAINING STEERING & SCHOLARSHIP COMMITTEE

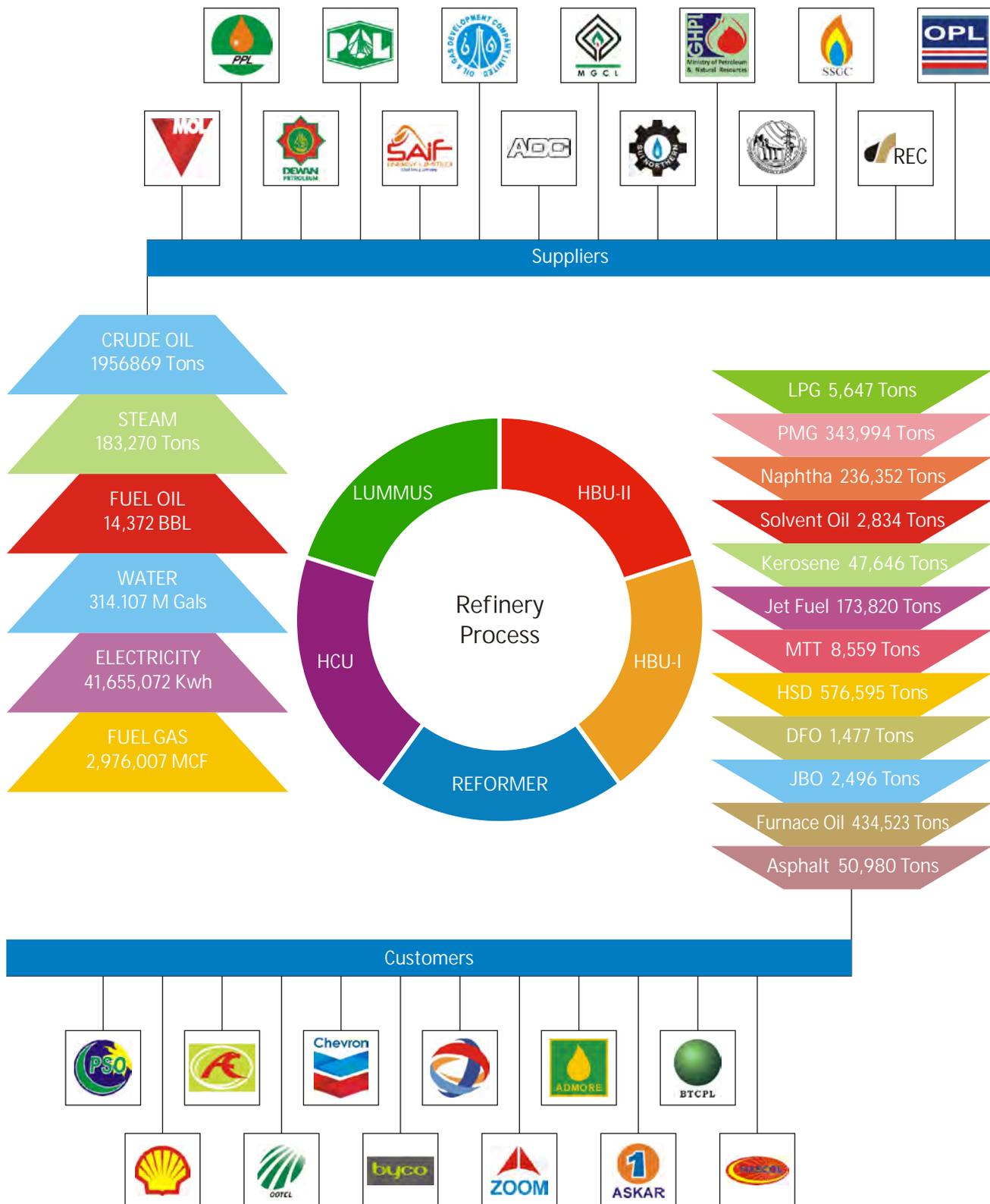
This committee proposes names of staff members for outside trainings and also approves scholarships for employees' children.



# Operational Configuration

Attock Refinery Limited (ARL) receives 50 % crude oil through bowzers and 50% 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

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.
4. Expansion of existing Captive Power Plant by 18 MW.
5. Existing Reformer Complex Revamp.
6. Utilities & Offsites
  - 3 New Steam Generating Boilers (26 TPH each)
  - 1 New Air Compressor (~1000 SCFM)
  - 1 New Cooling Tower
  - 2 Isomerase Storage Tanks (Low Pressure)
  - 2 Distillate Feed Tanks (Atmospheric)
  - Hydrocarbon Flare (Main Flare)
  - Acid Gas Flare
7. Auxiliary Units
  - Sour Water Stripper Unit
  - Amine Unit
  - Sulfur Recovery Unit
  - Hydrogen Unit

Basic design of Preflash unit and Isomerization / DHDS units was carried out by M/s CB&I USA and M/s UOP

USA respectively where as the basic design of utilities and off-sites was performed 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 produce Euro-II compliant low sulfur diesel respectively.

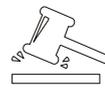
Expansion of existing captive power plant will be carried out to meet the increased power requirement due to addition of new process units and modernization of existing refinery equipment like fire protection pumps etc. Renowned international contractors participated in the bidding process for these projects.

EPCC contract for the complete project was awarded to M/s Hyundai Engineering Co. Ltd, Korea on April 11, 2013.

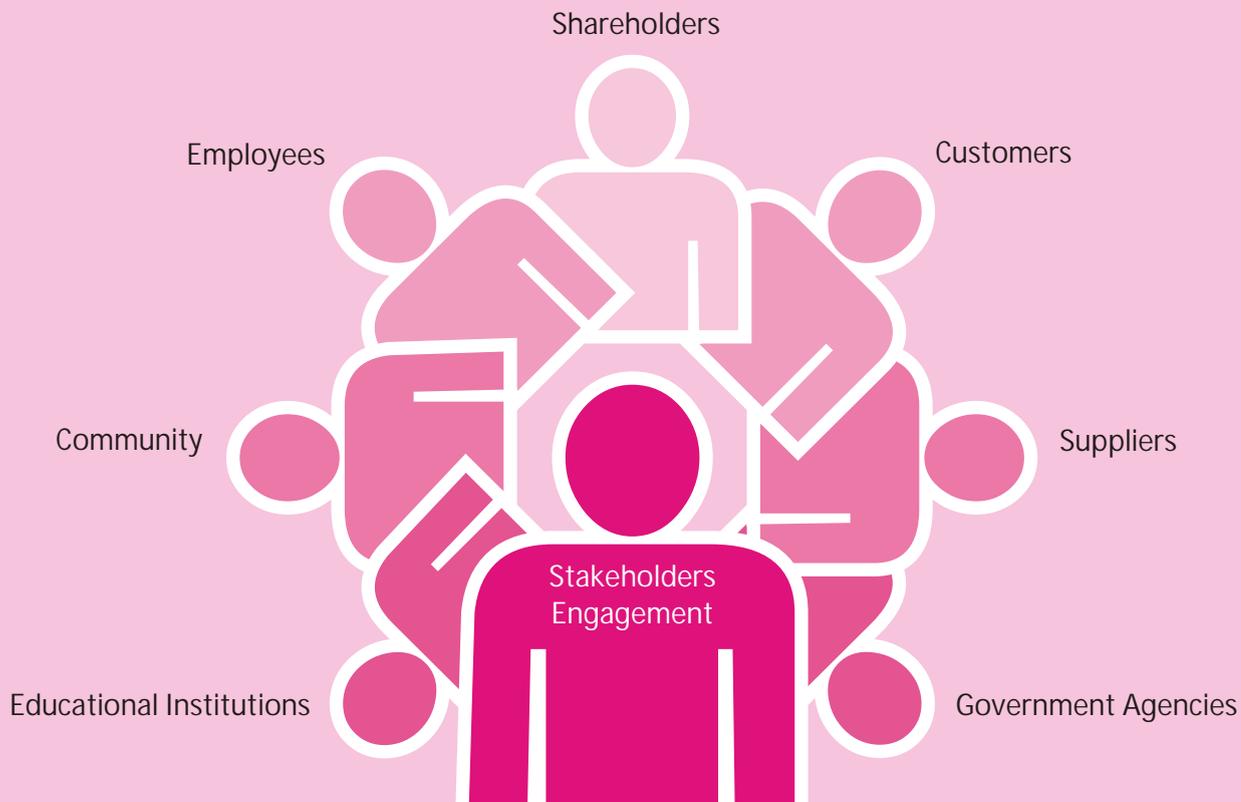
Detailed Engineering and 3 Dimensional (3D) modeling of the units has been completed where as Procurement of Equipments and Materials is in progress. About 50% of the items have been received at site and major equipments are being installed.

Construction activities at all sites are underway and commissioning of Preflash, Isomerization, DHDS, Auxiliary units, Offsites, Utilities and Captive power plant (after expansion) is expected in Third Quarter of 2015.





# Stakeholders Engagement Cycle



## SHAREHOLDERS AND PROVIDERS OF CAPITAL

**INSTITUTIONAL SHARE HOLDERS:** Banks, Financial Institutions, Non-Banking Financial Institutions, Insurance & Investment Companies, Joint Stock Companies, Associate companies and related parties

**PRIVATE SHAREHOLDERS:** Investors majority Shareholders.

### INTERESTS

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

### 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.

## RESPONSE

**OPERATION DEPT:** Safe operation of Plants and 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.

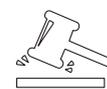
**HR & A DEPT:** Succession planning for key managerial positions to keep operation smooth and trouble free

**HSEQ DEPT:** Sharing Social & Environmental performance with share holders

**COMPANY SECRETARY:** Arrangement of board & shareholder meetings

## CUSTOMERS

**OIL MARKETING COMPANIES:** Attock Petroleum Limited, Pakistan State Oil, Shell Pakistan Ltd., Chevron Pakistan Ltd., Total Parco Pvt. Ltd etc.



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.

#### INTERESTS

Response for After Sale Services, Quality & Quantity, Timely Availability of Products, Customer Satisfaction, Technical Assistance and Financial Compliance.

#### MODE OF ENGAGEMENT

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

#### RESPONSE

OIL MOVEMENT SECTION: Ensures Timely Availability, Quantity Compliance, Response to Queries, Administrative Complaints.

QUALITY CONTROL LAB: Ensures Quality, End user and Customer Satisfaction, Technical Assistance, Quality Complaints.

INVOICING & RECEIVABLES MANAGEMENT: Accurate Timely Billing, Coordination, Financial Complaints.

BI-ANNUAL QUALITY COUNCIL MEETINGS: Customer Feedback, Compliance Status, Analysis & Action Plan, Integrated Management System Audit Findings, follow-ups.

SALES SECTION: Customer liaison & satisfaction, Compliance of sales agreements.

### SUPPLIERS

CRUDE OIL SUPPLIERS: POL, OGDCL, PPL, OPL, MOL and MGCL

OTHERS: WAPDA, SNGPL, PTCL and General Order Suppliers

#### INTERESTS

Timely Bill payments, Prompt response, Assets safety, Conducive working Environment, Technical feedback, Compliance to code of corporate governance, Contract agreements

#### 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

#### RESPONSE

OIL ACCOUNTING SECTION: On time payment to crude Suppliers and Utility bills.

HSEQ DEPARTMENT: Crude oil evaluation, Assets safety, Technical feedback and R&D

OPERATION DEPARTMENT: Crude oil receipt and technical feedback.

TECHNICAL SERVICES DEPARTMENT: Technical evaluation of crude and other raw materials.

COMMERCIAL & MATERIAL MANAGEMENT DEPARTMENT: Liaison with General order suppliers

### GOVERNMENT AGENCIES

Oil and Gas Regulatory Authority (OGRA), Ministry of Petroleum & Natural Resources (MP&NR), Pakistan Standards and 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).

#### INTERESTS

Compliance to code of corporate governance, Compliance of Quality products & services, Legal and NEQS compliance, Tax deduction & deposition, Development of policies framework, Safety, Infrastructure Development, Workers Welfare, Conducive working Environment, Compliance of Govt. Rules and regulations

#### MODE OF ENGAGEMENT

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

#### RESPONSE

BR & A SECTION: Compliance to code of Corporate



## Governance

OIL ACCOUNTING SECTION: Coordination with MP&NR for crude pricing and discounts, Petroleum development levy, Excise duty, OGRA for IFEM, Payment to crude suppliers, FBR for excise duty & sales tax

PAYROLL & EMPLOYEES FUND SECTION: FBR for monthly/annual return of withholding, income & personal tax

ACCOUNT PAYABLE SECTION: FBR for contractors, suppliers & service providers tax deposition

CORPORATE AFFAIR SECTION: Stock exchanges, SECP, Financial institutions

SALES SECTION: MP&NR for product sales figures (daily), MP&NR & OCAC for supply & demand of petroleum products. Import decisions, Area wise product analysis

HR & ADMIN: Local Govt. Labor deptt, Directorate of Apprentices, EOBI, NHA

HSEQ DEPARTMENT: PSQCA, Rescue 1122, EPA

## EMPLOYEES

Regular, Contract, Employees Representative Groups like CBAs, Contractors

### INTERESTS

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

### MODE OF ENGAGEMENT

HR policy, Succession planning & career management committee, Organization Environment surveys, Meeting with Employees, Training need assessment and Trainings

### RESPONSE

HR & ADMIN: New employees induction, Arranging Training Programs, Meeting with employees, Conducting regular employees satisfaction surveys, Formal agreement with CBA after 2 year, Administrative Assistance

HSEQ DEPARTMENT: Safe and secure working Environment

FINANCE DEPARTMENT: Timely payment of Salaries and bonuses

## LOCAL COMMUNITIES, NGOs, COMMUNITY ORGANIZATIONS

Neighbors, Third party Independent Auditors, HR consultants, Professional Trainers, Local Refineries, Media, Crude/Products Transporters.

### INTERESTS

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

### 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 audits, conferences and seminars

### RESPONSE

OPERATIONS DEPT: Driver comfortable stay at ARL, Liaison with local Refineries.

BR & A DEPT: Coordinate with third party Auditors,

FINANCE DEPT: Payment to transporters

HR & ADMIN: Providing financial & Administrative support, Community welfare projects, Media liaison, Liaison with neighbors & community, Liaison with HR Consultants and Professional Trainers

C&MM DEPT: Compliance to Transport agreement and payment facilities

HSEQ DEPARTMENT: Safety briefing, Provide support in case of any incident, Sharing Social and Environmental performance

## EDUCATIONAL INSTITUTIONS

Schools, Colleges & Universities, Students & Teachers

### INTERESTS

Educational visits, Internship facilitations, R&D, Trainings

### MODE OF ENGAGEMENT

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

### RESPONSE

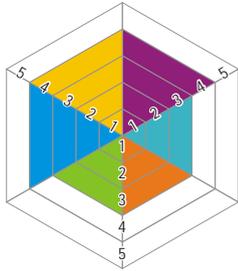
HR & ADMIN: Arrange for Educational Visits, Internship programs and trainings, Liaison with Educational Institutions, Teachers and Students

HSEQ DEPARTMENT: Safety briefing, Sharing Technical Information, Providing technical support, Sharing social & Environmental performance.

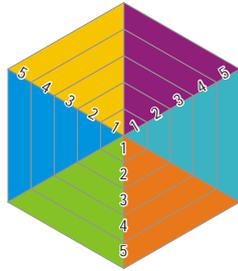


# Customer Feedback

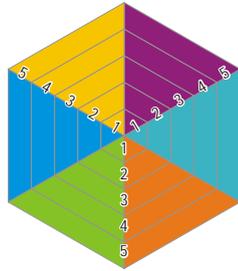
## THIRD QUARTER 2014



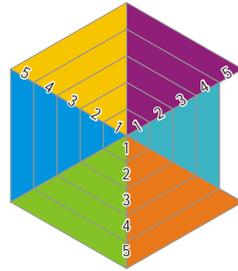
Pakistan State Oil



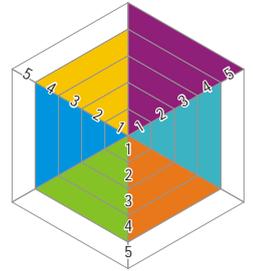
Pakistan Air Force



Attock Petroleum Limited

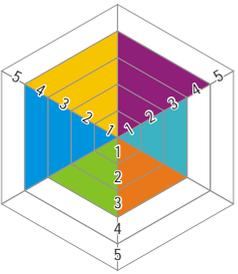


Chevron Pakistan Limited

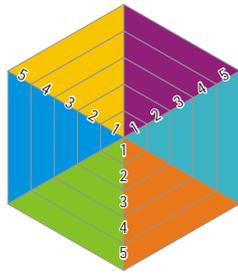


Shell Pakistan Limited

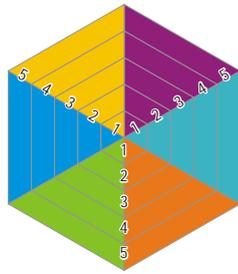
## SECOND QUARTER 2014



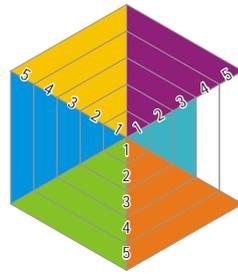
Pakistan State Oil



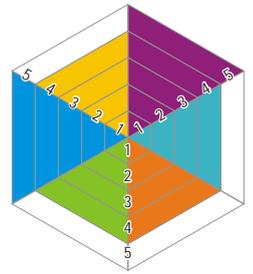
Pakistan Air Force



Attock Petroleum Limited

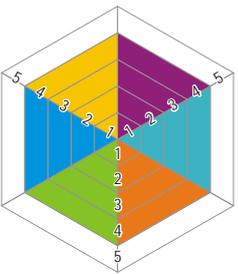


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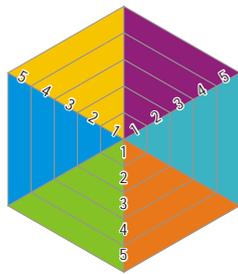


Shell Pakistan Limited

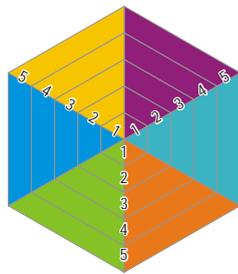
## FIRST QUARTER 2014



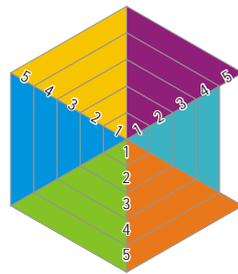
Pakistan State Oil



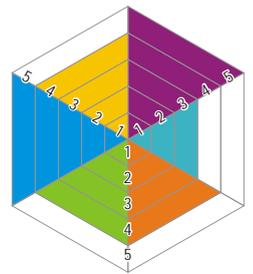
Pakistan Air Force



Attock Petroleum Limited

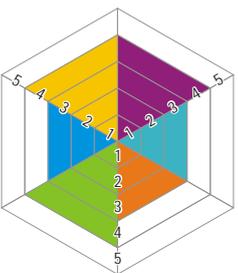


Chevron Pakistan Limited

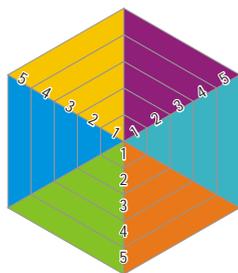


Shell Pakistan Limited

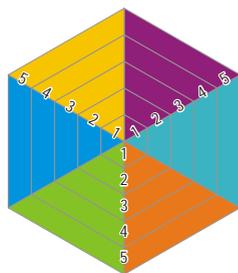
## FOURTH QUARTER 2013



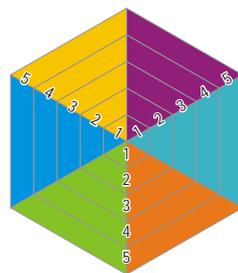
Pakistan State Oil



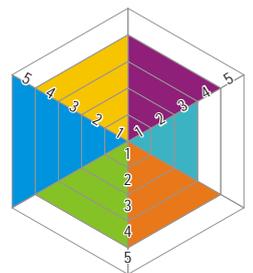
Pakistan Air Force



Attock Petroleum Limited



Chevron Pakistan Limited



Shell Pakistan Limited

## LEGEND





## CUSTOMER FEEDBACK

ATTOCK PETROLEUM LIMITED



Mr. Aqeel Ahmad Khan  
DGM (Sales & Marketing)

I would like to sincerely thank you for the services and cooperation extended by APL. The refinery has always ensured highest quality of products, timely response to all queries and courteous attitude of all concerned staff members. We are highly satisfied with the professionalism and technical support provided by your team and look forward to continuing this warm business relationship in times to come.

Sincerely,

Aqeel Ahmed Khan.  
DGM(S&M).



## CUSTOMER FEEDBACK

PAKISTAN STATE OIL



Mr. Sohail Nawaz Khan  
Installation Manager  
(Sihala Terminal)

It is my privilege to write a few lines about ARL (Sales & operations Dept) with which we interact on daily basis. The response from both these departments to our complains has been quite encouraging, because of the highly professional staff working in these departments. I am hopeful that our professional relations will further strengthen in the times to come.

Best wishes,

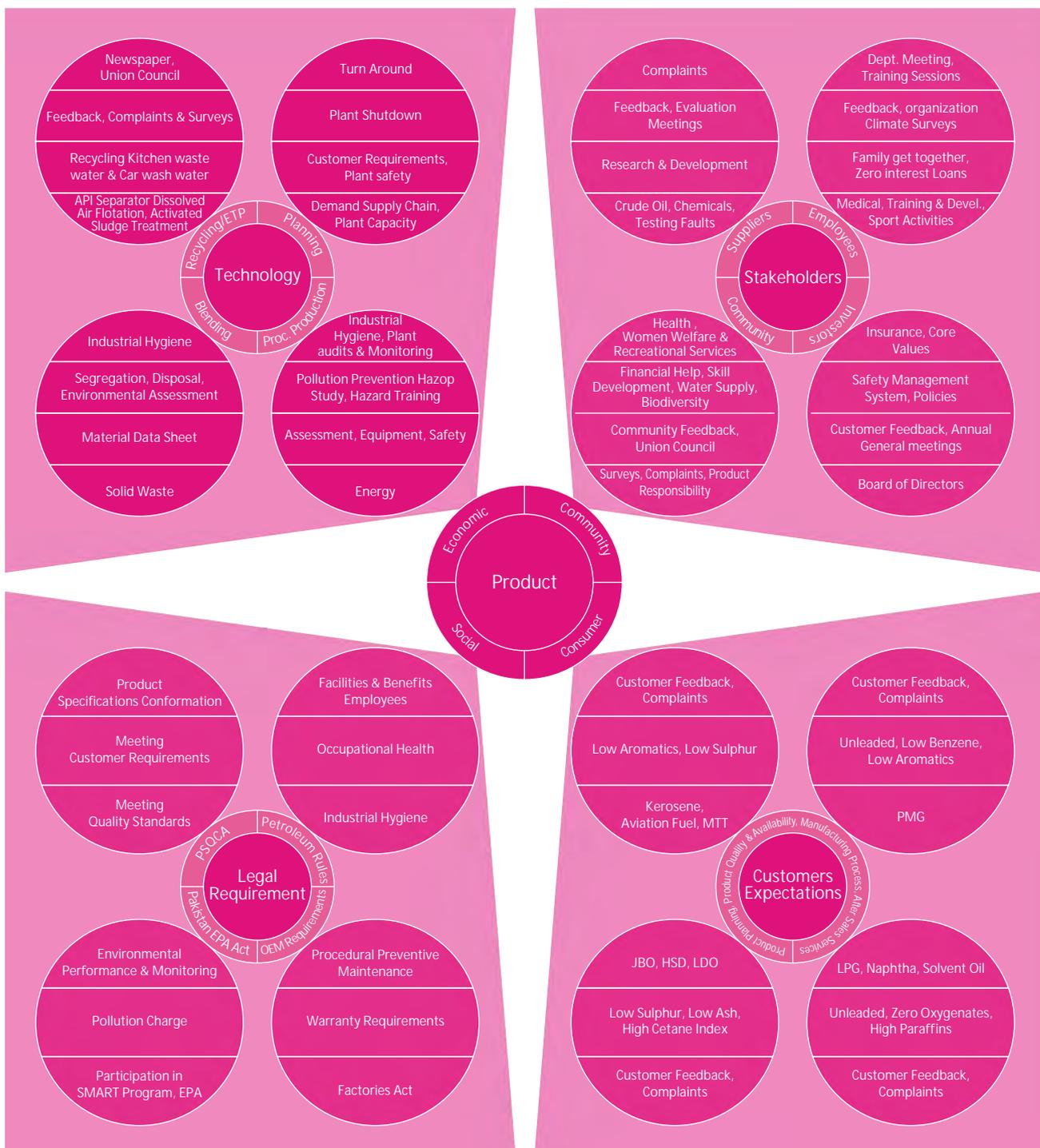
**SOHAIL NAWAZ KHAN**  
Installation Manager  
Pakistan State Oil  
Sihala Terminal



# 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 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.





# 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:

ARL corporate policy on human resources is to

1. Employ the best-qualified persons available; attain the highest standards of professionalism 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.



# Whistle Blowing Policy



The Management encourages whistle blowing culture in the organization and has adopted a culture to detect, identify and report any activity which is not in line with the Company policies, any misuse of Company's properties or any breach of law which may affect the reputation of the Company. The Company has adopted the best corporate policies to protect employee(s) who report corporate wrongdoings, illegal conduct, internal fraud and discrimination against retaliation. The Company promotes transparency and accountability through publication of accurate financial information to all the stakeholders, implementation of sound effective and efficient internal control system and operational procedures.

All employees have signed a code of conduct and the Company takes any deviation very seriously.

The Company encourages Whistle Blowing to raise the issue directly to Chief Executive Officer provided that:-

The Whistle Blower has sufficient evidence(s) to ensure genuineness of the fact after a proper investigation at his/her own end.

The Whistle Blower understands that his / her act will cause more good than harm to the Company and he / she is doing this because of his / her loyalty with the Company and

The Whistle Blower understands the seriousness of his/ her action and is ready to assume his / her own responsibility.

The Management understands that through the use of a good Whistle Blowing Plan, they can discover and develop a powerful ally in building trust with its employees and manage fair and transparent operations. The Company therefore provides a mechanism whereby any employee who meets the above referred conditions can report any case based on merit without any fear of retaliation and reprisal.





# Social Responsibility Commitment & Assurance



# CSR

ARL approach to sustainable development derives from our vision, mission, core values and organizational principles. We have a very strong commitment to maintain & introduce best practices beyond legal compliances in its business covering all aspects of economy, society and environment. Goal of sustainable development could not be accomplished without the involvement of stakeholders and 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, ARL 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. Everything we do as a company is intended for the good & well being of our stakeholders especially community.

Social Responsibility has been the heart of Attock refinery since its inception. 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, social promotion and community development.

Attock Refinery has adopted Global reporting initiative (G3.1) guidelines, Aa1000 Standard and UN Global Compact indices for planning and reporting of its social programs to achieve high standard of transparency, fairness and objectivity.



Key Characteristics principles applied in the assurance process are:

**MATERIALITY PRINCIPLE** to ensure that all stakeholders are fully on board for planned social and other sustainable development programs covering legal & regulatory policies related performance, behaviors impacts, views and their perceptions to enable them for informed & quick judgments, decisions and actions.

**COMPLETENESS PRINCIPLE** to ensure the presentation of information is reasonable and appropriate & to assess and identify the dimensions of scope, boundary, and time, extent of un-biased 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 and adequately communicated its responses. ARL sustainability report has been used as a tool to communicate its 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 organizations 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 reports
- Stakeholder dialogues & Community meetings
- Employee's & Organizational Climate surveys
- Shareholder resolutions and feedback
- Stakeholders Input & Feedback
- 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 the material issues of key importance to ARL and its stakeholders. These issues then planned as short, medium and long term plans for our social endeavors.





# Social Programs Identification Forums

## COMMUNITY

The cornerstone of being a good neighbour our social performance is listening and responding positively to local communities. For this reason, we have a company-wide approach for engaging with our neighbors and keep periodic liaison with all other stakeholders to get their insights 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 councilor's & Nazims, Schools & colleges administration in the locality, District Coordination officer, Local Fire Club members like 1122, National Disaster Management Authority (NDMA) and our supplier & customers. However, we are always looking for other ways to further improve relationships with communities.

This approach 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

These meetings provide us community perception and This is an effective forum that Provide us community

perception and interpretation of ARL business operation and translatable expectation of the community. One of our representative attend Morgah and Kotha Kalan Union Council meetings to record debates, discussion and demands of Union councilor's specific to ARL.

## INVOLVEMENT OF GENERAL PUBLIC

ARL commitment and social programs are communicated by displaying large number of colorful banners with thought provoking statements displayed at prominent locations to get involve maximum number of general public in these programs. Apart from that general public was also invited on public hearing for Environmental impact assessment (EIA) of ARL up gradation projects via newspapers. The communication of our social endeavors to general public is helpful for receiving feedback, which is then translated into future social action plans.

## ATTOCK SAHARA FOUNDATION

To keep Our Social initiatives in line with economic and environmental endeavors, ARL sponsored NGO, Attock Sahara Foundation (ASF) was established which is playing a vibrant 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 Programmer delivery. Greenacre Associates-a project of British High Commission in Pakistan has declared ASF as a champion NGO in the areas of governance, project Management and Financial Management. ASF would be leading and implementing training to 25 selected NGO in the above areas. 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 best interest of community & organization.

## FREE MEDICAL & VACCINATION CAMPS

These camps helped us in the identification of disease



profile being faced by community and to make a data base for future planning. Its feedback was utilized for continual improvement. These were organized involving community & employees to inculcate the spirit of volunteerism and service to mankind.

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

- Direct & Indirect jobs to local residents
- Women Skill Development
- 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
- Contractors manpower facilities
- Scholarships for deserving students of community
- Employees Retention
- Dengue Virus
- Rural Development
- Industry-academia relationship
- Recognition of employee services
- Human Rights Awareness
- Employees grievances handling
- Supply Chain Management
- Water resources development
- Tree plantation
- Safety/ security of employees & community
- Media Fearlessness
- Urbanization

## SOLUTIONS & PERFORMANCE

ARL strategies to address 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 education over and above the reliance of its workforce on it. ARL provided the opportunity of continuing education to the students of the areas. In this connection the company borne 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 continued awarding of scholarships to the children of employees from primary up to post graduation from top rated institutions of Pakistan.

For Rural development & capacity building our company also continued the 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 parks and sports facilities 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 such fuel reimbursed during the year amounted to Rs.2.02 million.

ii) In order to provide financial assistance to a special



school for hearing impaired children and for helping disabled women, the Company has made donation to a NGO, Pak Darakhshan. Darakhshan is one of the four programs of Pakistan Foundation Fighting Blindness (PFFB). The annual expenditure incurred was Rs 0.59 million.

### 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 2.84 million.

### WELFARE SPENDING FOR UNDER-PRIVILEGED CLASSES

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 include vocational training, computer classes, financial and dowry assistance, medical assistance through Poor Patient Fund, elementary education etc. Such activities are carried out by ASF on a self financing basis by generating funds through fund raising activities. ASF's annual expenditure is over Rs 12.35 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 of ARL in year 2014.

Attock Sahara Foundation (ASF) arranged a colorful Meena Bazaar at McCarthy Park of Attock Refinery Limited on Sunday March 30, 2014 with the objective to raise funds for assistance of the poor. Funds so generated are spent on health, education, skill development, income generation and women development activities. ASF has also established Zakat and Marriage Support fund. This amount is distributed to deserving widows, orphans and poor people of the



surrounding areas.

I) ASF arranged an awareness session for disable persons with the collaboration of Johanniter International at Elliot Club, ARL on February 14, 2014. The purpose of the session was to educate the disable persons on the easy ways of performing daily tasks.

II) ASF arranged an awareness session for females of the surrounding area on "Family health" with the collaboration of Attock Hospital Limited on June 11, 2014 at Elliot Club ARL. Attock refinery HSEQ representative delivered presentation on home safety. One hundred and fifty ladies participated in this session.

III) ASF provided financial aid, Medicines and Pedestal Fans to the IDPs of North Waziristan in Bannu city and far flung areas of district Bannu. These items were provided after a visit of ASF team and evaluating the basic needs of the IDPs.



IV) To impart Technical & vocational Education to local community & to meet one of our last year social plan, ASF continued to provide training in the Areas of Nursing aid, Tailoring, Beautician, Electrician / A/c Mechanic & computer operator for the capacity building of local community.

### COMMUNITY ASSISTANCE

ARL is also providing education allowance for orphan children 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 Rs 0.93 million.

### FREE MEDICAL & VACCINATION CAMPS

ARL in collaboration with Attock Hospital and Attock Sahara Foundation arranged a free medical camp in March, 2014 at Attock Hospital, Morgah, Rawalpindi. 1230 patients were attended with free medicines. Through this camp quality healthcare facilities were provided to the poor and needy community of Union



Councils Morgah, Kotha Kalan and surrounding areas. Special Vaccination Camps were also organized for Hepatitis, Polio & Measles outbreak.

In collaboration with the Government of Punjab, ARL arranged Dengue awareness Seminars during the months of August, October and November 2014. A large number of Company staff went through this process. This awareness campaign proved to be highly



successful as most of our staff members are now fully aware of this looming danger and they know the ways to avoid this menace and to tackle its harmful impact.

### 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 3.94 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.

The company also assisted government of Punjab in the development of an alternate road of 1.5 Km length to facilitate the local inhabitants of adjoining union councils in term of infrastructure development. The total cost incurred in this connection is Rs. 8.9 Million.

### 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 1 to PhD to employees' children. During the year 13



scholarships were awarded to 59 students at different levels. Similarly 31 bright students amongst employees' children who got excellent marks in their Secondary and Higher Secondary Board exams were encouraged through token gifts. The Company has incurred an annual cost of Rs 2.02 million on these scholarships.

### ANNUAL SPORT DAY

Annual Sports Day is a regular feature at ARL. The Company provides all kinds of opportunities to the



employees to keep them physically and mentally fit. A large number of employees take part in these games every year

### TREE PLANTATION 2014

Tree plantation campaign was held on March 05, 2014 at Morgah Biodiversity Park. Various indigenous tree



species along with citrus and other fruit plants were planted at the occasion. Tree saplings are also being donated to various educational institutions and local communities to enhance the vegetation cover and improve the environmental conditions in the surrounding communities.

### TRAINING PROGRAMS FOR STUDENTS

The Company is also operating an extensive management training programme whereby fresh graduates from different disciplines are provided 1 to 2 years training opportunity to enable them to get practical on hand experience. The Company is also operating an apprenticeship programme 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 30.72 million.

### MORGAH BIODIVERSITY PARK

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

The park has more than 300 different plant species of potohar region, having grapes & olive orchids and a bird ivory. The electricity requirements of the park are being managed through solar power. This park is a place of amusement for the local community. A number of schools & universities students' visit the



park.

## MEMORANDUM BETWEEN ARL, AGL & CES-NUST

In order to facilitate the academia for joint research opportunities and to develop Industry-academia linkages for collaborative research, ARL entered into Memorandum of Understanding (MOU) for ongoing and future research collaboration with NUST Business School (NUST), and FAST School of Management (FAST-NUCES). For the year 2014, ARL and NUST Business School (NUST) and FAST School of Management (FAST-NUCES) agreed for carrying out business case researches on different challenges and dilemmas faced by ARL. The key research areas are 'The Talent Hunt Strategies', 'Performance Management System', 'Capital Investment Analysis', 'Organizational Development', 'The Evolving Organizational Culture and Supply Chain.

## 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 employees' welfare. The Company provides subsidized food through its dining facilities, subsidized flour on monthly basis, school and college pick / drop for employees' children, quarterly / annual awards for good performance and long service awards and sports and entertainment facilities. Hajj and Umra facility is also provided to eight (8) Muslim workers annually. The Company also provides financial support to Non-Muslims employees to facilitate their visit to holy places.

The total cost incurred in this connection amounted to over Rs 26.42 million

## BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

Our Company voluntarily adopted the ten principles of United Nations Global Compact (UNGC) during 2008 and since then is fully complying with such standards in our business practices in letter and spirit. 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. The compliance of UNGC principles in business is endorsed by United Nation Global Compact by awarding living the UN Global Compact Business Excellence Award 2013-14. Comment of International Juries on ARL is given below.

**Human Resources:** with less than 2% female participation in the work force it would be good to see this improved on as an area of focus-if not in mainstream technical roles, most certainly administrative and operational. Overall summary: in essence that would have been the only negative for this nominee-but not so much a negative as a goal to works towards. Because, all other documentation was of a high standard. The sustainability report has been externally assured which gets a big tick from me. Also, the report is comprehensively put together and also shows how they match against external indicators such as the GRI- in other words I see the report as faultless. The financial statements in the annual report summary shows to me that there is a high degree of transparency and the fact that continue to maintain complex ISO standards and certifications also indicates they are committed to quality control and best practice.

The mappings towards the UNGC Principles are clearly outlined in the annual report (page 5) in "addition to they are aligned with the company corporate vision. In terms of company-wide strategy I am impressed they are focused on mapping outcomes and outputs through the analysis of data (Sustainability report page 27-48) and then how these also align more generally with industry standards. This nominee- in my



opinion is a stand-out performer and deserves to be duly recognized.

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.

We are now on track to reach a critical mass of companies in the Global Compact.

This initiative has self-sustaining networks in 100 countries, with more than 8,000 companies on board. More than 1,000 companies are engaged on issue platforms covering climate, water, gender, children's rights, food and peace. Our country networks are taking greater ownership on the ground where we have the most potential to catalyse action.

UN Secretary-General Ban Ki-moon, United Nations  
New York, 2 July 2014

## 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:

### TRAINING & DEVELOPMENT

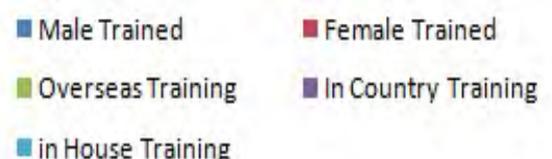
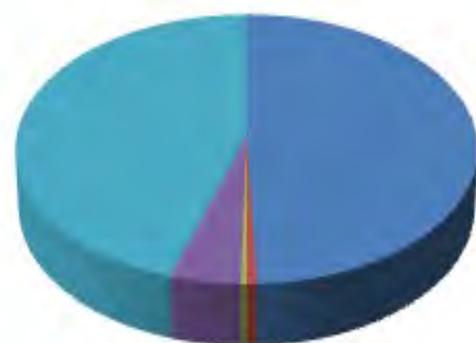
The Company management considers its human resource as the prime resource and continuously endeavors to ensure systematic enhancement of their technical and managerial competence through well rounded training and development. Training plan forms a part of our performance management strategy and is structured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

In order to create awareness on HSE aspects, the process of scenario based drills is being Continued. Different emergency scenarios are defined and response planning is done as to how to handle & what recourses in terms of men, machines, and materials are required. This process is providing excellent results in terms of cultivating safety consciousness among the





Employees.

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 workers' 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 safely be termed as "Exemplary".

### 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.

### SAFETY AWARDS

Workers' safety and process safety are given prime importance at ARL as we consider our workers and employees as our prime asset. In order to inculcate a sense of safety consciousness in our employees and workers, the Company holds Safety Awards ceremonies on quarterly basis. Such awards are given to those workers who set high standards of safety consciousness in their normal working. This process has helped a lot in maintenance of safety culture in the Company.

To create a sense of positive competition among departments, a Quarterly Safe-Man-hours Trophy is awarded to a Department for taking concrete measures to ensure safe working environment including safe man-hours. This has considerably boosted our efforts to engage all levels of staff in

exhibiting even more safety consciousness. Similarly, Safety Week was celebrated and Safety Walks held to strengthen safety culture in the Company.

### HOUSE KEEPING AWARDS

Cleanliness and tidiness is promoted in the organization through conduct of Housekeeping competitions on quarterly basis. The Company discourages poor housekeeping and considers it as one of the prime contributing factors that affect productivity as well as workers' safety. Employees show considerable enthusiasm in such competitions. These Housekeeping competitions are playing a significant role in molding the positive safety attitude of employees.

### ORGANIZATION DEVELOPMENT

Following efforts have been made to ensure organizational development.

#### 1. SUCCESSION MANAGEMENT

In line with our policy of Management Development, the Succession Management Project is one of ARL's major HR initiatives. The main objective for introducing a formal Succession Management was to ensure leadership and management continuity throughout the Company. It ensures that replacements have been prepared to fill key vacancies on short notice, and that individuals have the development capacity to assume greater responsibilities and exercise increased technical proficiency and expanded management role in their work.

The process has been implemented in two phases and executed in line with the international best practices. By using our in house resources we have been able to save substantial amount which otherwise would have been incurred on hiring a consultant for the purpose.

#### 2. 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, number of international publications by our employees has 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 three HR Conferences, two HSEQ



Conferences, and two Plant Maintenance & Operation Conferences. On the other hand, a very well thought out training & development program is being pursued for ARL employees. Now we have put extra impetus on grooming of internal trainers and an upgraded technical skills development initiative has been rolled out with considerable success in its first year. Further details are as follow:

### 3. 5TH HUMAN RESOURCE CONFERENCE 2014

Attock Refinery Limited (ARL) management firmly believes that human resource is a key strategic asset for attaining sustained competitive business advantage. In pursuance of its commitment to wholesome development of Human Capital, ARL has been providing a knowledge sharing platform to HR

13 papers were presented by eminent HR experts, who shared their thoughts on important aspects of different management skills.

### 4. PLANT MAINTENANCE & OPERATION CONFERENCE 2014

The 2nd Plant maintenance & Operations conference was arranged on April 23, 2014 in which speakers and guests from contemporary major industries participated enthusiastically.

ARL undertakes such events in line with ARL's core value of Learning & Innovation with a view to share best business practices and learning from experiences of each other for a safer future. The challenges faced by the industry are of similar nature and any solution by one of the corporate entities may help others. This



professionals from diversified organizations through conduct of Annual HR Conferences for the last many Years.

HR Conference-2014 "HR Way forward" was organized by Attock Refinery Limited (ARL) on February 26, 2014. Eminent speakers and participants from diverse fields attended this prestigious event.

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 40 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. During the one day conference



Conference proved to be an excellent forum for open and honest dialogue and lasting cross-sector Networking.





# 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 gets quarterly feedback from external customers on quality of products and services. Few customer's registered complaints on quality of products and after sales services. All customers' complaints were discussed in quarterly Quality Council review 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.

## REVIEW, ASSURANCE & IMPROVEMENT

"In line with ARL's core values of Quality and Learning & Innovation, and Vision of Business Review & Assurance (Internal Audit) department of being the catalyst for improvement, an internal self-assessment of compliance of BR&A department with International Standards for the Professional Practice of Internal Auditing (the Standards) was carried out. These standards are issued by Institute of Internal Auditors (USA) which is an internationally recognized body of Internal Auditors. Following were the objectives of this activity:

- i. To assess the current status of compliance of BR&A with the Standards



- ii. To identify areas of non compliance
- iii. To identify actions needed to ensure complete compliance with the Standards

The Institute of Internal Auditors has issued a total of fifty one standards. These standards are classified into two categories i.e. Attribute Standards and Performance Standards. Eighteen standards are classified as Attribute Standards which address the attributes of individuals performing the internal auditing. Thirty three Performance standards describe the nature of internal auditing and provide quality criteria against which the performance of the services can be measured. The assessment revealed that 82% requirements were complied whereas 11% were partially complied by BR&A. Non compliance areas represent 7% of standard requirements for which action plan was developed to ensure complete compliance in a phased manner.

### CONTRIBUTION TO THE NATIONAL ECONOMY

Attock Refinery Limited 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 43 oilfields spread over the country.
- Meeting the petroleum products demand of both the civil and defense sectors.
- 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 development 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 annual contribution to the national exchequer in the form of taxes and duties amounted to over Rs 39 billion. Further, foreign exchange savings of US \$ 188 million were achieved through import substitution and Exports.





# GRI Social Performance Indicators

## G3.1-LA

### EMPLOYMENT

1

Regular Management Staff =	211	Statutory Apprentices =	132
Contract Non Management Staff =	42	Contract Management Staff =	193
Regular Non Management Staff =	274	Contractor Staff =	708
Total ARL Staff =	720	Trainees =	39

2

Total number of new employees hired = 139  
Turnover rate = 9.15

3

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, Leave Fair Assistance which are offered only to regular staff.

## G3.1-LA

### LABOR/MANAGEMENT RELATIONS

4

36.8% of total workforce (96.7% of Non-Management Staff) is covered under collective bargaining agreement, while 3.3% Non-Management Staff is not covered under CBA being essential services staff of safety, security and health.

5

Minimum notice period is 3 months for permanent staff and 1 - 2 months for contract staff. In case of non management staff applicable labour laws and CBA agreements are followed.

## G3.1-LA

### OCCUPATIONAL HEALTH & SAFETY

6

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.

7

In last eight years ARL has brought down total accidents incidents rate from 12 to 2, which clearly shows continual improvement in safety culture at ARL. Since last time injury on 04 July 2014, ARL has achieved 2,074,073 Safe Man Hour till Dec. 31, 2014. One Lost time injury reported during the year while no work related fatality reported.

8

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 please refer to CSR disclosures.

9

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

## G3.1-LA

### TRAINING & EDUCATION

10

Total number of employees trained in year 2014:	555
Total training hours:	1910
Average hours of training per year per employee:	3.44
Overseas Training:	12
In-Country Training:	23
In-House Training:	26



**11** 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. For detail please refer to CSR disclosures.

**12** 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 targets and traits.

## G3.1-LA DIVERSITY & EQUAL OPPORTUNITY

**13** Our governance bodies and their compositions have already been discussed in chapter 1 "The Company". Female/ Male Ratio: 10 / 710 - There are significant number of employment opportunities for females at Attock Hospital Private Limited and Attock Sahara Foundation.

## G3.1-LA EQUAL REMUNERATION FOR WOMEN AND MEN

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

## G3.1-HR INVESTMENT AND PROCUREMENT PRACTICES

**1** 100% outsourced employment agreements include human rights clauses.

**2** Zero percent suppliers and contractors have undergone screening on human rights.

**3** Management staff is being trained on some of the aspects related to human rights i.e, gender justice labor laws etc.

## G3.1-HR NON-DISCRIMINATION

**4** No incident of discrimination reported during the year.

## G3.1-HR FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

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

## G3.1-HR CHILD LABOR

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



## G3.1-HR

### FORCED OR COMPULSORY LABOR

7

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 UNGlobal Compact Principles.

## G3.1-HR

### SECURITY PRACTICES

8

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.

## G3.1-HR

### INDIGENOUS RIGHTS

9

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

## G3.1-SO

### LOCAL COMMUNITY

1

ARL has actively been involved in different CSR Initiatives including education, poverty alleviation, environment, health, community development, sports, water provision etc. Local Community is being engaged its all CSR initiatives where practical. For detail please refer to CSR disclosures.

## G3.1-SO

### CORRUPTION

2

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.

3

All employees (100%) have signed code of conduct document, which is a general document in accordance with Company Core Values, Goals and objectives.

4

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.

## G3.1-SO

### PUBLIC POLICY

5

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, ARL provides supports in public policy development and lobbying where required.

6

No financial and in-kind contributions made to Political Parties, Politicians and related Institutions.

## G3.1-SO

### ANTI-COMPETITIVE BEHAVIOR

7

No case for anti competitive behavior, antitrust and monopoly practices identified.



## G3.1-SO

### COMPLIANCE

8

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

## G3.1-PR

### CUSTOMER HEALTH AND SAFETY

1

ARL's complete product range and services (100%) 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. The impacts on health and safety from production till despatch are assessed for improvement.

2

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.

## G3.1-PR

### PRODUCT AND SERVICE LABELING

3

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.

4

ARL has no incident of non-compliance with regulations and voluntary codes concerning product, service information and labeling during the reporting period.

5

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".

## G3.1-PR

### MARKETING COMMUNICATIONS

6

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.

7

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.

## G3.1-PR

### CUSTOMER PRIVACY

8

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.

## G3.1-PR

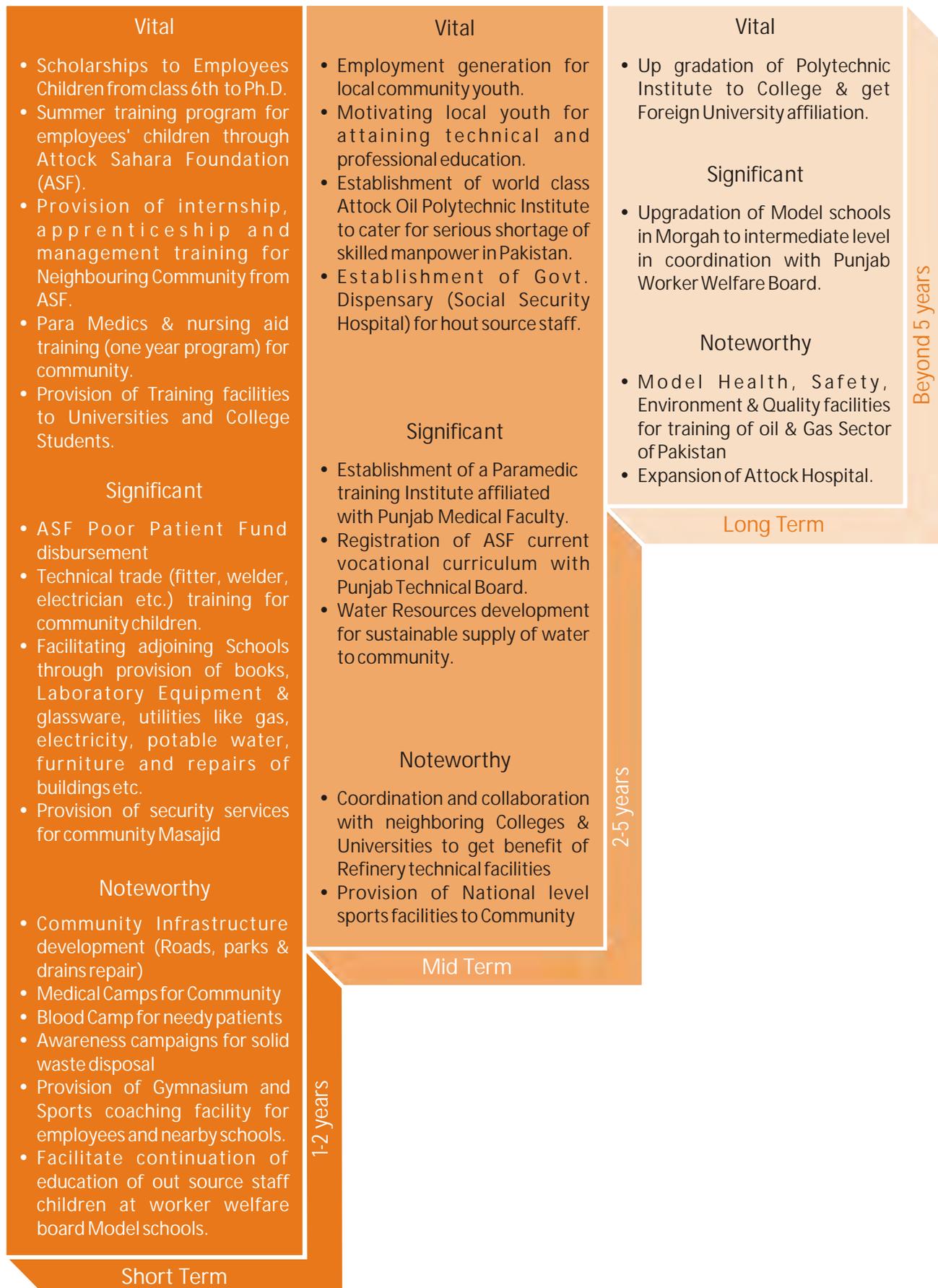
### COMPLIANCE

9

ARL has never been fined regarding non-compliance with laws and regulations concerning the provision and use of products.



# Social Plans





# 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

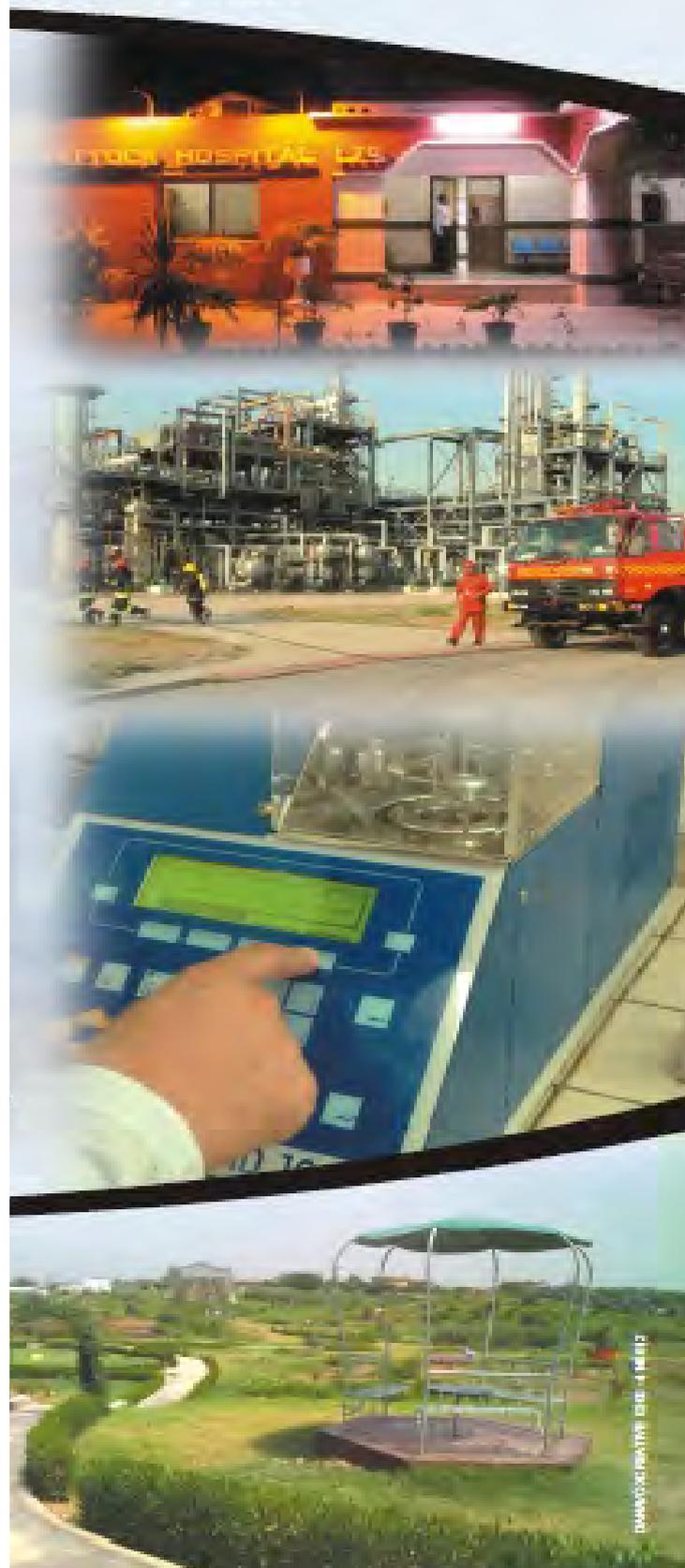
ARL believes that practically all accidents are preventable by carrying out risk assessments and reducing risk identified, by appropriate controls.

## 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.





# 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 greenhouse 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 wherever possible by regular monitoring and upgradation. 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.





# Sustainable Environmental Initiatives



## ARL APPROACH

We at ARL believe that Environmental sustainability is about making responsible decisions that reduce business negative impact on the environment. It is not simply about reducing the amount of waste or using less energy only, but it is an approach of developing such processes that lead to completely sustainable business in future.

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

Below points are discussed in detail to define ARL's environmental strategy, plans and performance:

- Materiality Analysis to Identify Environmental Issues
- Environmental Challenges
- Solution of Environmental Challenges
- Environmental Monitoring
- Future Environmental Plans
- Performance against GRI Environmental indicators

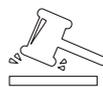
## MATERIALITY ANALYSIS TO IDENTIFY ENVIRONMENTAL ISSUES

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

By using a materiality analysis to identify and prioritize issues, we better able to allocate resources to those issues that are truly important to stakeholders and 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 term plans, legal environmental obligations, feedback from customers, best available Environmental management practices, community feedback, employees feedback, coordination with environmental protection agencies like Federal & Punjab EPA, Local government bodies etc. from the above mentioned strategy following material issues to



ARL identified:

- 100% compliance of National Environmental Quality Standards (NEQS)
- Bench marking of ARL Environmental Management System with British Safety Council Five Star Environmental Rating Program/adoption of best available environmental practices
- 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 on our HSE endeavors from customers, employees and community
- Implementation of WWF-Green office initiative

- b) Energy Projects with NUST University
- c) Celebration of Safety Week and World OHS Day-2014
- d) Hazards Identification & Communication
- e) Implementation of Biometric Attendance & Human Resource Management System Softwares
- f) Emergency Response Preparedness Drills
- g) Training and awareness of refinery staff
- h) National Cleaner Production Centre Foundation (NCPC)
- i) Paper consumption
- j) Key performance indicators like safe man hours and TAIFR

## ENVIRONMENTAL CHALLENGES

Based on materiality analysis result, following environmental challenges identified:

- 1 100% compliance of NEQS
  - a) Upgradation of Effluent Treatment Plant to meet future requirements
  - b) Amendment in NOx limit in NEQS for oil-fired reciprocating engine power plants
  - c) Solid waste management
  - d) Energy Conservation
- 2 Stakeholders Awareness
- 3 Health, Safety & Environment Protection
  - a) Observance of International Days and other Events
  - b) Process Safety Management
  - c) Best Environmental Practice Adoption Approach
  - d) Morgah Club Annual Flower Show-2014
- 4 Green image of ARL
- 5 HSEQ department vision, mission and deliverables
- 6 Sustainable initiatives:
  - a) Energy Management Awareness Week

## SOLUTION TO ENVIRONMENTAL CHALLENGES

Our responses to above challenges are summarized below:

### 1. 100% COMPLIANCE OF NEQS

ARL achieved 100% compliance of National Environmental Quality Standards (NEQS) for priority & non-priority parameters of liquid effluent and gaseous emissions in year 2014. This was achieved by maintaining all the treatment facilities (API Separators, SRC, Activated Sludge treatment unit, DAF units) in optimum working conditions which resulted in controlling of priority & non priority parameters within NEQS limits. ARL ensures compliance to NEQS on top most priority.

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

A brief review on environmental Management initiatives for achieving 100 % compliance of NQES are as under:

### a) 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 install secondary treatment technologies to meet future requirements after the commissioning of ARL Upgradation projects.

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. The project has been commissioned in second quarter of 2014. After the installation of the ETP Phase-II project the effluent water that has already meeting the NEQS requirements further improved.

#### b) 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 NO<sub>x</sub> limit of 2,000 mg/Nm<sup>3</sup> in light with World Bank guidelines 1998 for internal combustion oil fired thermal power plant engine emissions.

NEQS specifies NO<sub>x</sub> limits of 600mg/Nm<sup>3</sup> 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 NO<sub>x</sub> limit of 600mg/Nm<sup>3</sup> 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/Nm<sup>3</sup> in this case is exempted. The matter is pending with Federal EPA for approval.

#### c) 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 being incinerated and metals which are collected and are either reused or sold. National Cleaner Production Centre Foundation NCPC (F) a non-governmental organization with the support of ARL commissioned a new incinerator increasing their waste handling capacity from 50 to 200 kg/day. Oily sludge and oily mud is being properly bioremediated as per standard procedures.

Oily rags, filters and other materials having traces of oil are properly incinerated. Attock Hospital Limited (AHL) arranged for the proper safe disposal of hospital waste.

#### d) ENERGY CONSERVATION & EFFICIENCY

The Company continues with its internal programme





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. Additionally, a number of initiatives have been taken to optimize energy consumption in the refinery by introducing fuel efficient processes. Further public awareness programmes are also conducted on the subject. In this connection your Company has also implemented Energy Management System ISO 50001-2011. This has helped ARL in improving energy performance with optimum energy consumption.

ARL is ambitious in reducing Crude Oil processing price by Implementation of Energy Management System EnMS ISO 50001 which provides framework for working with best practices to find new areas for conservation of energy and procurement of energy efficient equipments.

Following Energy Conservation and Efficiency measures taken in the year under review:

- Steam Line Survey conducted which results in conserving of 8 tons steam consumption per day.
- Optimization of process unit energy efficient parameters in work instructions conserved 0.008MMBTU/BBL energy.
- Replacing the standard motors with energy efficient motors helped in conservation of more than 40% energy in different process plants.
- 3.6 KW solar system has been installed in Biodiversity Park to meet the requirement of park gardening pumping and lighting, Budget has also been approved for installation of 110KW solar panels at ARL general office.
- Cathode ray tube monitor (Computer Monitors) are replaced with energy efficient LEDs which reduce 50-70% electricity.

## 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 and Teachers at different schools, Public hearing on EIA of upgradation projects, observance of HSE related important days with international community i.e. World Environmental Day, Bio-diversity day, World Biological Diversity Day, Global Hand Washing Day, Earth day etc. and visits of stakeholders to ARL facilities. Besides these special trainings on HSE were also arranged for contractors.

## 3. HEALTH, SAFETY AND ENVIRONMENT PROTECTION

In line with the Health, Safety, Environment and Quality (HSEQ) policy of the Company which emphasizes on achieving and maintaining high standard of health, safety and environment, your Company is committed to protect the environment and to ensure the health and safety of its employees, contractors and customers and work for the continual improvement of HSEQ Management Systems. In this direction the Company conducted following activities and programs:

- OBSERVANCE OF INTERNATIONAL DAYS AND OTHER EVENTS

ARL always takes pride to be part of all those events which are being celebrated worldwide to recognize the importance of those events. Following days were celebrated in collaboration of National Cleaner Production Centre Foundation (NCPC) to create awareness among the employees and in the adjacent localities for the respective cause:



### WORLD BIODIVERSITY DAY

World Biodiversity day was celebrated in collaboration with NCPC, Environment Protection Agency (EPA-Punjab) and Fatima Jinnah Women University Rawalpindi on Wednesday, May 22, 2014. The theme of the day was "Island Biodiversity." Presentations for student's awareness about importance of biodiversity were delivered by the experts and research scholars.

### WORLD ENVIRONMENT DAY

The event was celebrated on June 5, 2014 at Refinery premises. The 2014 theme for World Environment Day was 'Small Islands and Climate Change'; the official slogan for the year 2014 was "Raise Your Voice Not the Sea Level".

### ENERGY WEEK, SAFETY WEEK AND WORLD OHS DAY

It is the tradition at ARL to celebrate Safety and Energy week every year. In this connection ARL planned and celebrated Energy Week (21- 24 January, 2014), Safety Week (April 28-May 02, 2014) and the World OHS day (April 28, 2014) this year. The reason of these celebrations is to motivate employees and make them safety conscious, refresh their commitment towards safety and health at workplace, achieve greater participation of the employees in managing environmental issues and conservation of energy.

### TREE PLANTATION

Tree plantation campaign was held on March 05, 2014 at Morgah Biodiversity Park. Various indigenous tree species along with citrus and other fruit plants were planted at the occasion. Tree saplings are also being donated to various educational institutions and local

communities to enhance the vegetation cover and improve the environmental conditions in the surrounding communities.

- PROCESS SAFETY MANAGEMENT

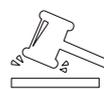
Process Safety Management focuses on preventing fires, explosions and accidental chemical (hydrocarbons) releases in process and outside process areas. The effective technique to identify and control the hazards at Process units is HAZOP (Hazards and Operability Study). This year HAZOP studies of three plants (Lummus, Reformer, HBU-I) have been successfully completed and study of two other plants (HCU & HBU II) is under progress. This activity will provide an opportunity to control the unmitigated risks and make ARL a safer work place for personnel besides preventing the accidents, property damage etc.

- BEST ENVIRONMENTAL PRACTICE ADOPTION APPROACH

ARL Environmental management policy includes complying with regulatory requirements and reducing environmental burden. It has shown strong commitment by establishing and upholding high environmental standards while at the same time pursuing capabilities and expertise towards softening impact of industrial activities on communities and natural environment. The company has taken one step forward towards achieving excellence in Environmental Management Systems by following British Safety Council 5-star Environmental Rating program guidelines at ARL for adopting best practices. Seminars, training workshops, festivals were



CONTRACTORS AWARENESS SESSION ON WED 2014



conducted during the year to highlight issues of immense importance like Hospital Waste Management, Environmental Management System (ISO-14001), Renewable Energy, Tree plantation 2014, No Littering Day etc. These were warmly attended and participated by individuals from various NGOs, universities and media.

- MORGAH CLUB ANNUAL FLOWER SHOW 2014

The 65th Annual Flower and Vegetable Show of Morgah Club, Attock Oil Group of Companies was held on Thursday, April 10, 2014. Mr. Shahid Khaqan Abbasi, Honorable Federal Minister for Petroleum & Natural Resources was the Chief Guest on the occasion. He appreciated the flower exhibits and the beautiful gardens which he visited and praised the Attock Group



of Companies for their persistence in carrying forward the healthy tradition of arranging the Annual Flower Show for the last many years. The Chief Guest appreciated the fact that Attock Group is pursuing excellence in Oil business as well as in the environmental issues. The Minister also commended other Corporate Social Responsibility initiatives of the Attock Group

#### 4. GREEN IMAGE OF ARL

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.

ARL HSEQ department continued its working on the Target to benchmark its environmental management system with British Safety Council Five Star Environmental Rating Program. The current Environmental Management system was assessed & benchmarked through an internal audit using BSC Five star environmental audit specification document.

To get the benefit of the program working would remain continue in the coming year 2015.

ARL continued its working on WWF-green office initiative program for implementation at its General office this year.

#### 5. HSEQ VISION MISSION DELIVERABLES

As ARL 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 risks, so that we can achieve our goal of sustainable development.

Following are the major actions, which we are currently practicing:

- Central Health, Safety and Environment Committee (CHSEC) meets every month headed by CEO to revitalize our commitment to HSE, so far 101 CHSEC meetings have been held.
- Quality council headed by CEO meets every six months to discuss the performance of ISO 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
- Ensuring ARL upgradation projects safety
- Internal and third party audits to check ISO systems 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, Energy week, World OHS Day and Safety week are also means to achieve HSEQ vision and mission.

#### 6. SUSTAINABLE INITIATIVES

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) ENERGY WEEK 2014

ARL is ambitious in reducing Crude Oil processing price by Implementation of Energy Management System EnMS ISO 50001 which is not providing frame work for working with best practices to find new areas for conservation and procurement of energy efficient equipments.

- Following Energy Conservation and Efficiency Program:
- Steam Line Survey helped in conserving 8 tons of consumption per day.
- Optimization of process unit energy efficient parameters in work instruction conserved .008MMBTU/BBL energy.
- Replacing the standard motors with energy efficient motors helped in conservation of more than 40% energy in different process plants.
- 3.6 KW solar system has been installed in Biodiversity park to meet the requirement of park gardening pumping and lighting. Budget has been approved for installation of 110KW solar panels for offices.
- Cathode ray tube monitor (Computer Monitors) are replaced with energy efficient LEDs which reduce 50-70% of energy consumption.

##### b) ENERGY PROJECTS WITH NUST UNIVERSITY

In order to facilitate academia & Industrial linkage and to develop academic & scientific relationships as well as to support research in field of energy, Attock Refinery Limited, Attock Gen Limited and CES-National University of Science and Technology Islamabad signed a Memorandum of Understanding (MOU) as a framework for mutual cooperation.

##### c) Celebration of Safety Week and World OHS Day 2014

It is the tradition of ARL to celebrate safety week every year. In this connection ARL planned and celebrated safety week (April 28-May 02, 2014) and the world OHS day (April 28, 2014) this year. The purpose was to reaffirm our commitment and dedication to make work places at ARL safer and healthier for its employees and other stakeholders as committed 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.

##### d) HAZARD IDENTIFICATION AND COMMUNICATION

Hazard identification is one of the continuous 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 6 years.

#### e) IMPLEMENTATION OF BIOMETRIC ATTENDANCE SYSTEM

ARL with a vision to improve and advance its operations without compromising on quality with a pace of global developments in corporate society and it leads to the launching of Biometric Attendance



System in June 2014.

#### f) EMERGENCY RESPONSE PREPAREDNESS DRILLS

ARL HSEQ department adopted the operational



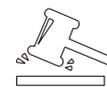
philosophy to equip and give the emergency Response Team (ERT) training through scenario based drills. In this regard different emergency scenarios are defined and response planning is done to practice how to handle and what resources in terms of men, machine and material are required to manage specific emergency scenarios. On site pre and post drill briefings were conducted to discuss the drill plans as well as areas for improvements highlighted by participants.

#### g) TRAINING AND AWARENESS OF REFINERY STAFF

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 2014:

- 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





- Training on occupational Health & safety
- Environmental Legal Compliance (NEQS) Awareness Session
- Process hazard Analysis techniques

#### h) NATIONAL CLEANER PRODUCTION CENTER FOUNDATION (NCPC)

National Cleaner Production Center aims to introduce and promote Cleaner Production (CP) techniques and processes for Pollution Prevention at source along with integrated waste management. It was established by United Nation Industrial Development Organization (UNIDO) in 1999 with collaboration of United Nation Environment Programme (UNEP), United Nation Development Programme (UNDP), EPA's, Ministry of Climate Change (MOCC), Ministry of Petroleum and Natural Resources (MNPR) and Attock Refinery Ltd. It is registered under Section 42 of the Companies Ordinance, 1984 by the Government of Pakistan in 2002 and is certified by Pakistan Centre for Philanthropy (PCP) and Federal Board of Revenue (FBR). NCPC is also Member of Global Network for Resource Efficient and Cleaner Production RECPnet (UNEP & UNIDO).

NCPC is working as a non-profit organization with the ultimate aim to improve the environmental conditions which in turn contributes to the welfare of community. This initiative is the first of its kind in Pakistan with the aim of introducing Cleaner Production Technologies and Cleaner Products.

During the year 2014, it has performed several environmental impact assessments studies including EIA and IEE for POL, ARL, Polish Oil and Gas Company and CAPGAS. Analytical services for environmental monitoring were provided to more than fifty organizations. A number of workshops and awareness sessions were organized to build the community capacity.

NCPC provided waste management services to a number of Pharmaceutical, Hospitals and Industrial units like Werrick Pharmaceuticals, MSF Holland, MSF Belgium, MSF France, Maryam Hospital, Valley Clinic, Hearts International Hospital, Cantonment Hospital, Safari Hospital, Abrar Surgery Hospital, Anwar Hospital, Kidney Hospital, Healthways Lab, Bilal Hospital, AFIP, AHL, Petro Waste, Pepsi Cola

International, PPL, Attock Refinery Limited, Engro Foods, Engro Chemicals, Qarshi International & Nestle etc.

Based on the performance, NCPC has achieved International Green Apple Award (Gold) in the field of hazardous hospital waste management in November 2014. The Green Apple Environment Awards were established in 1994 as an annual campaign to recognise, reward and promote environmental best practice around the world. The ceremony took place at the houses of parliament, London. The award was delivered by Miss UK Green Queen.

Following are some of the community development activities organized by NCPC during the year 2014.

- i) Internship has been provided to students from the following top leading universities of Pakistan:

Fatima Jinnah Women University Rawalpindi, International Islamic University Islamabad, Arid Agriculture University Rawalpindi, University of Engineering and Technology Lahore, National University of Science and Technology (NUST) Islamabad, COMSATS Islamabad, Foundation University Islamabad, University of Gujrat, COMSATS Lahore, Quaid-e-Azam University Islamabad and Bahria University Islamabad.

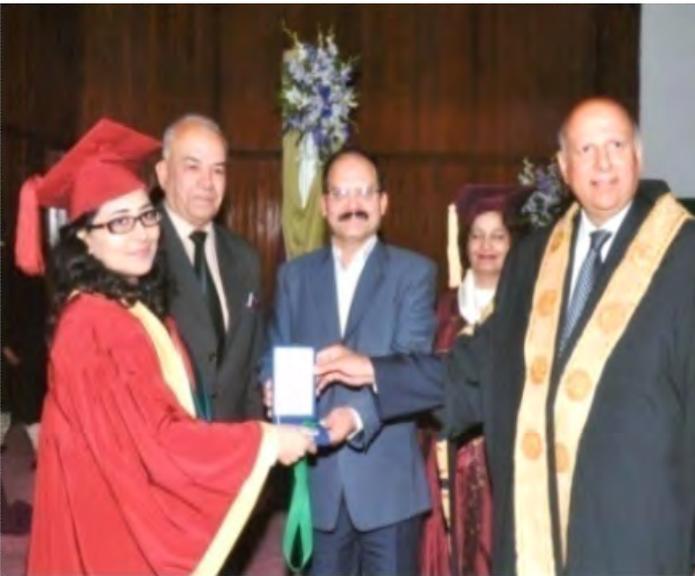
- ii) NCPC organized 'Environment Mela' on March 01, 2014 at Ayub National Park Rawalpindi. The event included a lot of activities with the theme of environment including Models/Posters competition, Games, Magic Show, Quiz Competition, Walk for environmental awareness etc. Solar cooking was also done throughout the day.

- iii) NCPC initiated a Project of Medicine Bank in collaboration with Attock Hospital Limited. The objectives of the project are:

Waste Minimization through collecting unused medicine and redistributing to the poor who deserve.

Environmentally safe disposal of expired medicines, which will protect the environment from further deterioration.

- iv) NCPC awarded gold medal to Ms. Anjum



Rasheed, PhD Student Environmental Sciences, Fatima Jinnah Women University at Convocation organized at Convention Centre Islamabad in January 2014. At this occasion Governor Punjab and Coordinator NCPC delivered this award.

j) REDUCTION IN PAPER CONSUMPTION

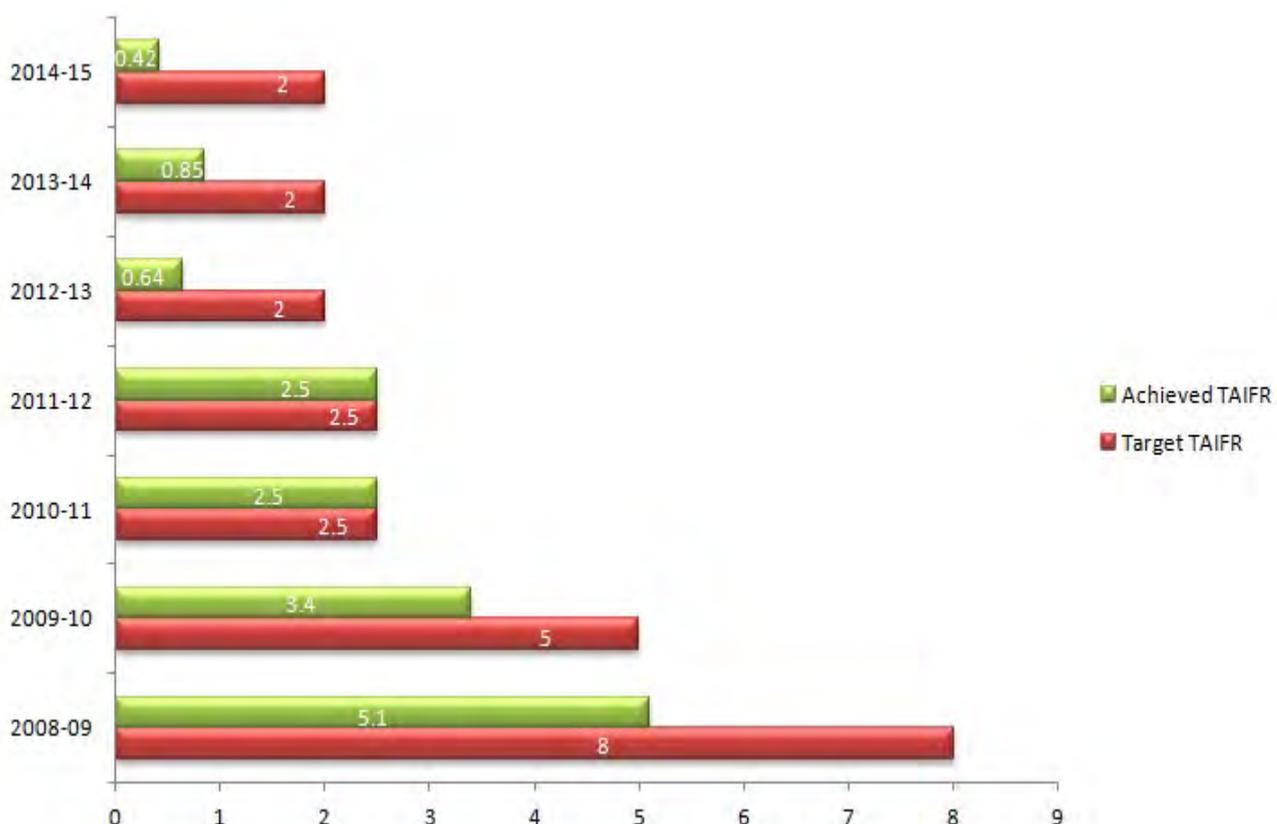
ARL IT section is converting the refinery operations from manual data entry systems to electronic customized software. From the last ten years it has

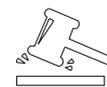
developed a number of softwares to facilitate users and reduce environmental burden by reducing the use of paper. Notable softwares are LIMS, Maximo, HSE management system, Oracle financials, Budgeting, Annual Appraisals system etc.

This year Human Resource management system developed in which employees can access their HR related affairs including salary slips online. The development of the above mentioned softwares has reduced the paper consumption significantly.

k) HSE STATISTICS LIKE SAFE MAN HOURS AND TOTAL ACCIDENT INCIDENT FREQUENCY RATE (TAIFR)

The company achieved 2,325,600 safe man hours after the last time injury at Jul 04, 2014 till Dec 31, 2014. ARL last 8 years record of Targeted total accident incident frequency rate (TAIFR) reduced from 12 to 2 and ARL achieved TAIFR is 9.3 & 0.42 respectively. The same has been shown below. Data has been recorded from January 2014 till December 2014 and 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 exits 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 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. From DAF unit the waste water is treated through biological treatment unit (Activated Sludge Treatment), which further reduces COD, TSS and BOD. The water then flows to polishing pond where its suspended solids further reduce.

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 2014 and all

parameters remained within National Environmental Quality Standards (NEQS).

## EFFLUENT WATER QUALITY

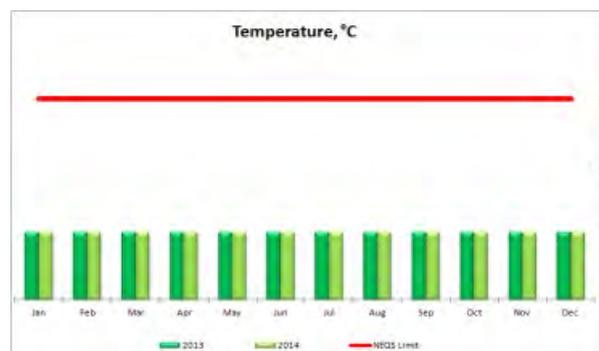
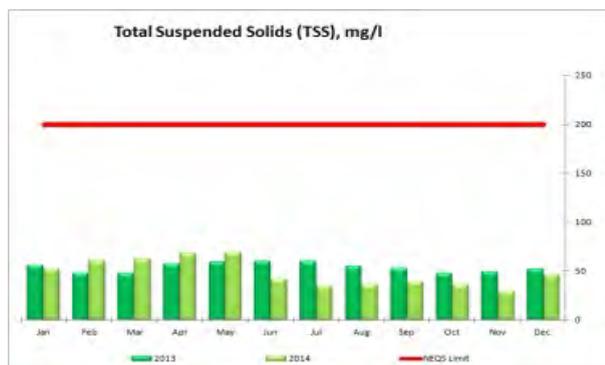
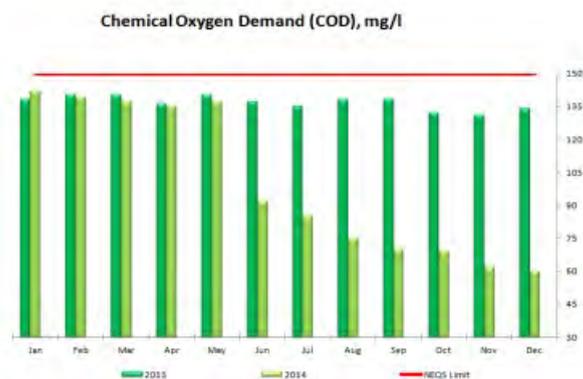
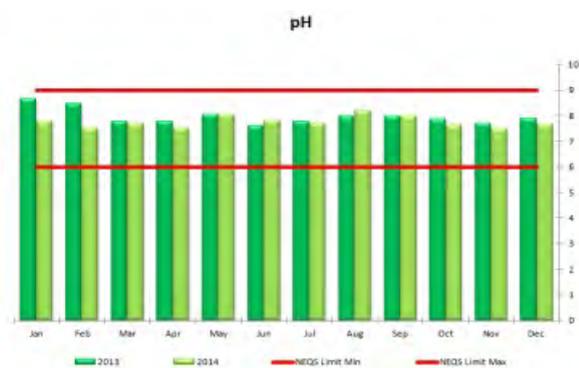
pH value in the liquid effluent stream remains within NEQS limits of 6 to 9 throughout 2014. The consistency of results are mainly due to the treatment of boiler blowdown water.

Chemical Oxygen Demand (COD) remained within NEQS due to implementation of Merox Plant Spent Caustic Treatment project. The COD further reduce after the commissioning of ETP phase-II. From COD graph below it is evident that after the commissioning of ETP phase-II more than 50% reduction in COD value achieved.

Total Suspended Solids (TSS) remained within NEQS throughout 2014 and reduced further after the installation ETP phase-II.

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

The emissions from Boilers and heaters stacks remained within NEQS compliance limits throughout the year.

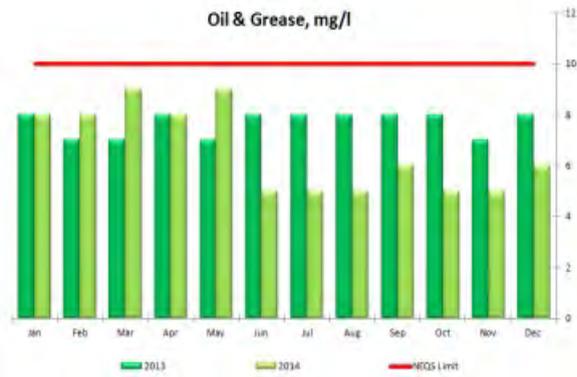




Biological Oxygen Demand (BOD), mg/l



Oil & Grease, mg/l



Phenol, mg/l



Sulfur Dioxide (SO<sub>x</sub>), mg/Nm<sup>3</sup>



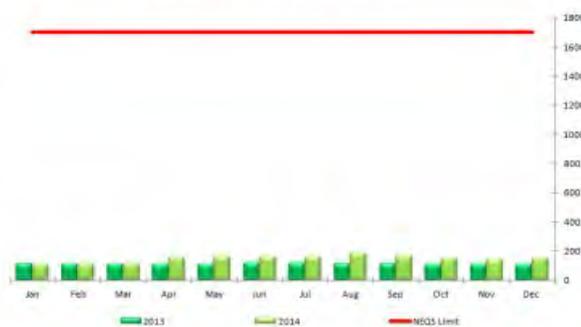
Nitrogen Oxide (NO<sub>x</sub>), mg/Nm<sup>3</sup>



Particulate Matter mg/Nm<sup>3</sup>



Carbon Monoxide (CO), mg/Nm<sup>3</sup>





# GRI Environmental Performance Indicators

## G3.1-EN

### MATERIALS

1	Material Used	Quantity	Unit
	Crude Oil	1,956,869	M. Ton
	Electricity	41,655,072	kWh
	Steam	183,270	M. Ton
	Fuel Gas	2,976,007	MCF
	Fuel Oil	14,372	BBL
	Water	314.107	Million Gallons

2	Recycled Input Material	Quantity	Unit
	Oil	6,066.29	M. Ton
	Water	5 to 6% of total effluent water	Million Gallons

## G3.1-EN

### ENERGY

3	Energy Source Used	Quantity	Unit
	Fuel Gas	2,976,007	MCF
	Fuel Oil	14,372	BBL
	Water	314.107	Million Gallons

4	Indirect Energy Source Used	Quantity	Unit
	Electricity	41,655,072	kWh
	Steam	183,270	M. Ton

5	Energy conservation & efficiency improvement measures taken during 2014:
	<ol style="list-style-type: none"> <li>Energy base line reduced from 0.183 MMBTU/bbl to 0.175 MMBTU/bbl in 2014.</li> <li>8.0 Tons steam per day consumption reduced due to replacing faulty steam traps and improving the insulation of uninsulated/or damages steam lines.</li> <li>Replacement of Mechanical BMS to new automated BMS at 2 fire tube boilers, which reduces the electricity consumption by 18% minimum.</li> <li>Right sizing of cooling water pump for one of the distillation unit which reduces the electricity consumption from 120 HP to 40 HP.</li> <li>Replacement of old motor at HBU-II with new highly efficient motor reduces the electricity consumption 25 HP to 20 HP.</li> <li>Cathode ray tube monitor are replaced with energy efficient LEDs which reduce 50-70% of energy consumption.</li> <li>3.6 KW solar system has been installed in Biodiversity Park to meet requirement of park gardening pumping and lighting.</li> </ol>





6

- Initiatives to provide energy efficient or renewable energy based products and services
1. Being ISO-50001 self declared company Procedures for purchase of energy efficient equipment has been developed and implemented which ensures purchasing of energy efficient equipments.
  2. Memorandum of Understanding with NUST university regarding energy projects signed last year on Energy Conservation and Bio Fuel Research are under process.
  3. 3.6 KW solar system at Morgah Biodiversity Park installed and commissioning of solar panels of 110 KW on Corporate office is budgeted this year and is to be installed by June-2015.
  4. Energy efficient parameters are included in work instructions of ARL to reduce energy consumption.
  5. Assessment of all motors used in ARL operations on the basis of energy consumption started to replace less Energy efficient motors.
  6. Illumine analysis of few offices were carried out to optimize the lighting.

7

- Initiatives to reduce indirect energy consumption:
1. Steam line insulation and Steam Traps Surveys conducted which resulted in 8.0 ton steam reduction.
  2. Solar panel installation on different area of refinery.
  3. Latest and highly energy efficient BMS installation (Variable Speed Drive Effect) on two fire tube boilers which resulted in Minimum 18% electricity saving.
  4. Replacement of the old technology motors with state of the art energy efficient motors.
  5. Energy week and awareness sessions organized to create awareness.
  6. Energy audit of refinery conducted.

## G3.1-EN

### WATER

8

Source of Water	Withdrawal	Unit
Tube Wells (Ground Water)	149.5112	Million Gallons
Shahpur Shallow Well (G. Water)	155.5541	Million Gallons
Sawan Shallow Well (G. Water)	9.041751	Million Gallons
Total Withdrawal	314.107	Million Gallons

9

- No water sources are affected by ARL water withdrawal due to following reasons:
- The water withdrawal is less than 5% of the mean annual flow of the water body.
  - It does not pose any threat to the ecosystem.

10

Total Water Recycled = 5 to 6 %  
Reused = 22 %

## G3.1-EN

### BIODIVERSITY

11

ARL has initiated a Morgah Biodiversity Project (MBP) as a Pro-Poor Public-Private Partnership (5Ps) at Rawalpindi district of Punjab province in Pakistan. The concept of Biodiversity Conservation under MBP has started with an objective of ex-situ conservation by establishment of a biodiversity park over a core area of 20 acres. The site is at an approximate distance of 30 km in south from Margallah Hills National Park.

12

- Established as public awareness point regarding biodiversity, its importance, role in human lives and need to conserve. A sustained source of income to poor households in the community through employment opportunities.
- 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 Pothohar 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.
- Biogas generation through organic waste has successfully installed and operated.
- Organic vegetables are being cultivated on area of about four hectares. Training & awareness to the residents and communities continued.
- A model biodiversity park with a core and frame has established for replication elsewhere.



13

Morgah biodiversity Park itself has established in the area having tremendous 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".

14

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 established for replication in other habitats of the country to reduce the overall impacts on biodiversity. This model may be used as strategic tool for national policy makers for reducing the threats to biodiversity through public-private partnerships.

15

There is no IUCN Red List species and national conservation list species with habitats in ARL vicinity however; The concept of biodiversity conservation under Morgah biodiversity project has a limited objective of ex-situ conservation of species indigenous to Pothohar region by establishment of a biodiversity park. A number of indigenous bird and plant species are being conserved under this project.

## G3.1-EN

### EMISSIONS, EFFLUENTS AND WASTE

16

Total direct and indirect greenhouse gas (CO<sub>2</sub>) Emission = 34090 M. Ton

17

Other relevant indirect greenhouse gas emissions by weight = Nil

18

- Some of the initiatives for the reduction of green house gas emissions are
- 1- VFD installation on two F.D fan motors which reduces the electricity consumption by 18 % minimum.
  - 2- Reduction in steam consumption by 8 Tons per day
  - 3- Reduction in Furnace Fuel Oil/Fuel Gas consumption due to installation of Burner Management System (BMS) on two boilers.
  - 4- Awareness sessions arranged for employees and stakeholders.
  - 5- Alternate energy resources have been deployed i.e. Solar panels at Morgah Biodiversity Park.

19

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

20

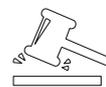
NO<sub>x</sub> emissions by weight: 128 M Ton  
SO<sub>x</sub> emissions by weight: 110 M Ton  
Air emissions are given in detail in section "NEQS Compliance". Please refer Environmental Monitoring graphs.

21

Total water discharge is 23-24 M<sup>3</sup>/hr. Quality of effluent water is discussed in detail in section "NEQS Compliance".  
Final destination of the effluent water is River Sawan.

22

Type	Quantity	Unit	Disposal Method
Oily Rags	1,956	Kg	Incinerated
Oily Sludge	109,676	Kg	Bio-Remediated
Hospital Waste	7,003	Kg	Incinerated
Paper	975	Kg	Incinerated
Empty Salt Bags	330	Kg	Incinerated
Misc. Aluminum Scrape	3,700	Kg	Sold/Re-Used
Misc. GI Scrape	5,080	Kg	Sold/Re-Used
Misc. MS Scrape	203,980	Kg	Sold/Re-Used
Misc. Rubber Scrape	3,760	Kg	Sold
Plastic Scrape	3,110	Kg	Sold
Fire Wood	104,660	Kg	Sold



23

Total Number of Oil Spills = 3  
1st Spill Volume = 0.126 barrel Crude oil  
2nd Spill Volume. = 1.94 barrel of Crude oil

3rd Spill Volume. = 24.0 barrel of crude oil  
All spills had been contained within refinery drains and recovered/recycled.

24

ARL does not import/Export hazardous waste however hospital waste from AHL is transported for incineration.  
Hospital Waste incinerated in 2014: 7003 Kg

25

ARL effluent water moving out of refinery premises has no significant impact downstream on the biodiversity value of water bodies and related habitats.

## G3.1-EN

### PRODUCTS AND SERVICES

26

Initiatives to mitigate environmental impacts of products and services.

1. Installation of New Effluent Treatment Plant to cater for the additional load of effluent after the commissioning of ARL up gradation projects.
2. ISO-50001 Energy Management System Implementation at ARL
3. Installation of Burner Management Systems at boilers.
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 Blow down Water Treatment to control pH of final effluent water.
7. WWF Green office initiative
8. British Safety Council Five Star Environmental audit rating program bench marking.
9. Installation of solar system at different areas in refinery premises.

27

ARL products sold are 100% Non-reclaimable

## G3.1-EN

### COMPLIANCE

28

Monetary Fines = None  
Non-Monetary Fines = None

## G3.1-EN

### TRANSPORT

29

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 2014, No oil spillage treated with bio-remediation. Emissions of bowzers under review with crude suppliers

## G3.1-EN

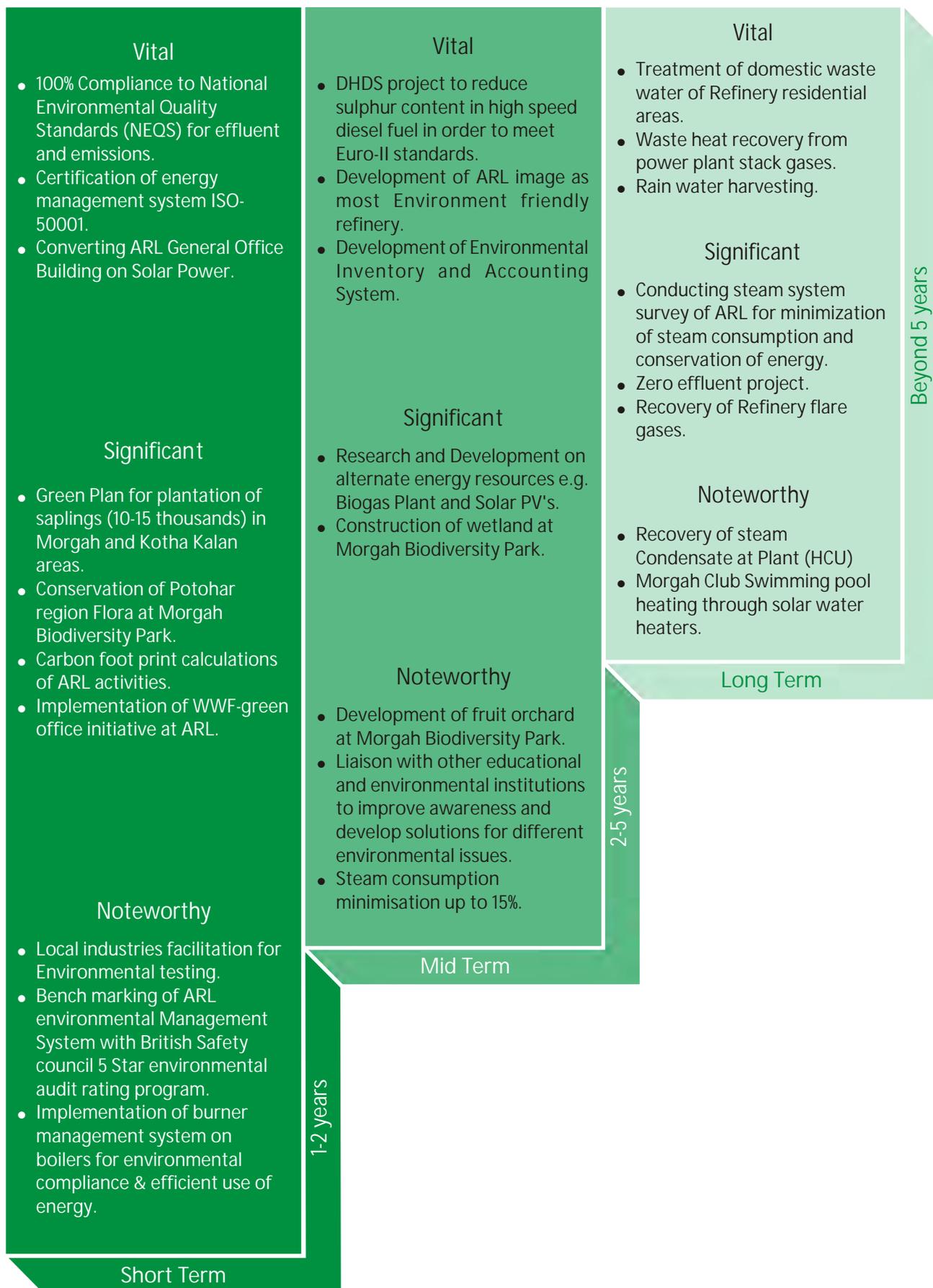
### OVERALL

30

Activity	Cost (in PKR Million)
Environmental Monitoring & Testing in-house	2.054
Environmental Impact Assessment & Monthly reporting from third party	0.275
EMS Audits from third party	0.532
Incineration ,Bio-remediation	6.081
Environmental Monitoring & Testing from Third party	2.856
Total Environmental Protection Expenditure	11.798



# Environmental Plans





# Chairman's Review



It gives me great pleasure to welcome you to the 36th Annual General Meeting of the Company and to present annual review of the results of Company's operations and audited financial statements for the financial year ended June 30, 2014.

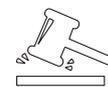
## BUSINESS REVIEW

The year 2013-14 was a difficult year for refinery business. During most part of the year, there was Unfavourable movement in prices of products as compared to crude oil prices. Resultantly, on an overall basis, we experienced suppressed gross refiner's margin. Consequently there was decline in profit and the Company earned profit after tax from refinery operations of Rs 696 million as compared to profit of Rs 2,628 million in last year. Despite this difficult

situation the Company ensured continuous supply of petroleum products by operating at 100% capacity level.

Your Board's timely decision of making investment in non-refinery business continued to provide strategic support to the Company's operations. Income from non-refinery operations was Rs 1,847 million (June 30, 2013: Rs 1,298 million). This enabled the Company to post profit of Rs 2,543 million (June 30, 2013: Rs 3,926 Million).

During the year under review the Government's efforts to strengthen Pak Rupee have remained successful with its multiple positive impacts on economy of the country. The Government's efforts to resolve circular debt issue are also commendable. We



look forward for implementation of policy decisions to address root causes for resolution of energy crisis on a long term and permanent basis.

## BUSINESS RISKS, CHALLENGES AND FUTURE OUTLOOK

As you are aware that in pursuance of its commitment towards refinery up-gradation and expansion, the Company has undertaken ARL Up-gradation Project comprising of a Preflash unit, Naphtha Isomerization unit, Diesel Hydrosulphurization (DHDS) unit and Expansion of existing Captive Power Plant. With the support and cooperation of all stakeholders, the implementation phase of the Project is overall progressing satisfactorily. The smooth and timely completion of the Project would play a pivotal role in the up-gradation of the refinery and also to economic development of the country.

### EMPLOYEE RELATIONS

The relationship of workers and management continues to be cordial and depicts a will to maintain mutual respect, co-existence and growth on the part of both parties. I would like to appreciate the efforts and dedication of the Company's employees and the Collective Bargaining Agent (CBA) which enabled the management to run the Company in a smooth and efficient manner.

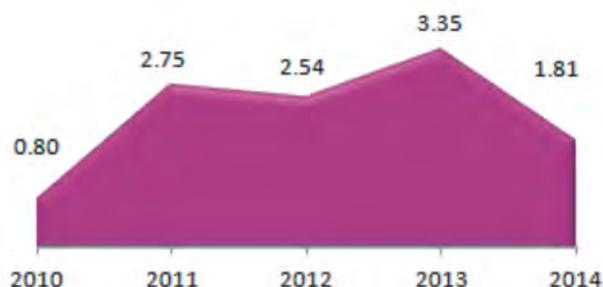
### ACKNOWLEDGEMENT

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

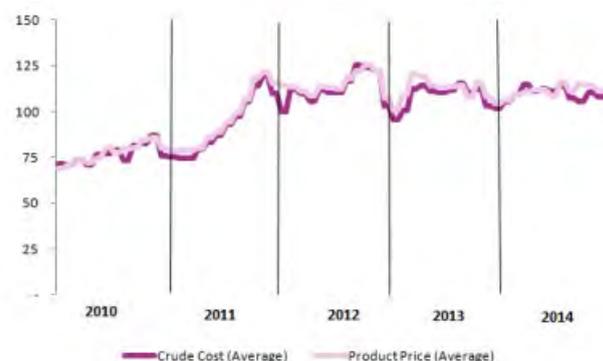
August 14, 2014  
Beirut, Lebanon

Shuaib A. Malik  
Chairman

### Gross Refiner's Margin (\$ per barrel)

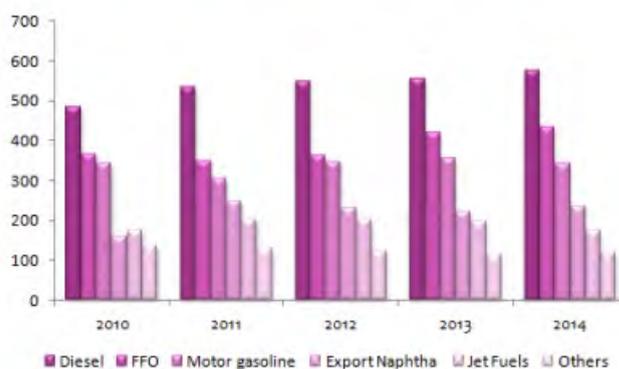


### Products and Crude Average Prices (\$ per barrel)



— Crude Cost (Average) — Product Price (Average)

### Production (Quantity in M.tons in thousand)





# Statement of Compliance

## With the Code of Corporate Governance

NAME OF COMPANY:

Attock Refinery Limited

Year ended:

June 30, 2014

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 35 of listing regulations of Karachi, Lahore and 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 Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

CATEGORY	NAMES
Independent Directors	
	Mr. Munaf Ibrahim Agha Sher Shah
Executive Directors	
	-
Non-Executive Directors	
	Dr. Ghaith R. Pharaon Mr. Laith G. Pharaon Mr. Wael G. Pharaon Mr. Shuaib A. Malik Mr. Abdus Sattar

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

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 Development Finance Institution or a Non Banking Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board of Directors during the year ended June 30, 2014.

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 Chief Executive Officer, other executive and nonexecutive 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. Five 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 Code. During the year 2013-14 one director has completed this program.

10. The Board has approved appointment of Chief Financial Officer, 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 Code and



fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

13. The directors, Chief Executive Officer 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 Code.

15. The board has formed an Audit Committee. It comprises of 4 members, of whom all are nonexecutive 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 Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The board has also formed a HR and Remuneration Committee. It comprises of 3 members, of whom 2 are non-executive directors. The CEO is also member of the Committee. 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 Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.

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. The board evaluation process has been Implemented to evaluate the Board as a whole.

24. We confirm that all other material principles enshrined in the Code have been complied with.

M. Adil Khattak

August 14, 2014

Chief Executive Officer





# Six Year Financial Summary

TRADING RESULTS		2014	2013	2012	2011	2010	2009
Sales (Net of Govt. Levies)		175,067.85	163,300.53	154,381.56	116,388.37	88,184.03	76,546.45
Reimbursement from/(to) Government		–	–	–	9.00	–	714.05
Turnover		175,067.85	163,300.53	154,381.56	116,397.37	88,184.03	77,260.50
Cost of Sales		174,930.91	160,259.07	152,362.20	114,900.77	88,693.69	75,342.10
Gross profit		136.94	3,041.46	2,019.35	1,496.61	(509.66)	1,918.40
Administration and Distribution cost		469.43	398.78	377.63	315.80	270.12	243.63
Other Income		1,764.18	3,082.10	2,388.77	1,565.59	983.33	993.70
Non-Refinery Income		1,847.12	1,298.09	1,588.64	1,068.39	602.20	610.74
Operating profit		3,278.81	7,022.87	5,619.14	3,814.79	805.75	3,279.22
Financial and other charges		104.61	954.51	1,259.27	254.12	385.54	1,595.84
Profit before tax		3,174.20	6,068.36	4,359.87	3,560.67	420.21	1,683.37
Taxation		630.81	2,142.68	1,625.18	1,375.12	293.82	666.61
Profit after tax		2,543.39	3,925.68	2,734.69	2,185.55	126.39	1,016.76
Dividend		–	(426.47)	(639.70)	(170.59)	–	–
Transfer from/(to) special reserves		(550.48)	(2,481.80)	(1,000.25)	(971.36)	475.81	(260.22)
BALANCE SHEET SUMMARY		2014	2013	2012	2011	2010	2009
Paidup Capital		852.93	852.93	852.93	852.93	852.93	852.93
Reserves		14,739.60	13,133.41	11,368.63	10,146.66	8,563.31	4,719.92
Unappropriated Profit		4,753.55	4,034.65	2,673.67	1,459.48	857.27	4,574.28
Shareholders' funds		20,346.09	18,020.99	14,895.23	12,459.06	10,273.52	10,147.13
Financing facilities (Long term including current portion)		480.69	–	–	–	–	–
Property, plant & equipment (less depreciation)		16,858.66	10,015.57	9,840.29	9,670.97	2,868.00	2,916.21
Net current assets		1,260.78	3,358.31	430.21	(1,743.10)	(3,967.43)	(4,166.56)
CASH FLOW SUMMARY		2014	2013	2012	2011	2010	2009
Cash flows from operating activities		1,438.58	74.16	4,792.00	(1,972.58)	(3,741.38)	(11,543.76)
Cash flows from investing activities		(1,453.25)	2,376.51	2,476.55	1,913.70	1,214.90	1,434.62
Cash flows from financing activities		276.64	(1,291.09)	(1,292.24)	(45.43)	(308.97)	(2,037.95)
Increase/Decrease in cash and cash equivalents		261.97	1,161.30	5,979.39	(104.14)	(2,833.89)	(12,142.33)
PROFITABILITY RATIOS		2014	2013	2012	2011	2010	2009
Gross profit ratio	%	0.08	1.86	1.31	1.29	(0.58)	2.48
Net profit to sales	%	1.45	2.40	1.77	1.88	0.14	1.32
EBITDA margin to sales	%	2.00	3.87	3.01	3.25	0.70	2.45
Operating leverage ratio	Time	(0.17)	13.61	0.71	20.20	(5.10)	4.29
Return on equity	%	12.50	21.78	18.36	17.54	1.23	10.02
Return on capital employed	%	13.26	23.85	19.99	19.23	1.24	10.25
LIQUIDITY RATIO		2014	2013	2012	2011	2010	2009
Current ratio	Time	1.04	1.09	1.01	0.96	0.91	0.87
Quick / acid test ratio	Time	0.69	0.76	0.84	0.69	0.75	0.70
Cash to current liabilities	Time	.31	0.29	0.14	0.09	0.09	0.21
Cash flow from operations to sales	Time	0.01	0.00	0.03	(0.02)	(0.04)	(0.15)



ACTIVITY / TURNOVER RATIO		2014	2013	2012	2011	2010	2009
Inventory turnover ratio	Time	15.02	14.31	14.16	12.73	14.72	15.51
No. of days in inventory	Day	24	26	26	29	25	24
Debtor turnover ratio	Time	14.31	5.97	4.90	5.04	4.83	8.16
No. of days in receivables	Day	26	61	75	73	77	45
Creditor turnover ratio	Time	8.36	4.08	3.40	3.78	3.31	2.81
No. of days in payables	Day	44	90	107	97	110	130
Total assets turnover ratio	Time	2.59	2.53	1.65	1.83	1.51	1.74
Fixed assets turnover ratio	Time	10.38	16.30	15.69	12.04	30.75	26.49
Operating cycle	Time	6	(3)	(7)	5	(9)	(61)
INVESTMENT / MARKET RATIO		2014	2013	2012	2011	2010	2009
Earnings per share (EPS) *							
(on shares outstanding at 30 June)	Rs.	29.82	46.03	32.07	25.63	1.48	11.92
Dividend **	%	–	50	75	20	–	–
Cash dividend per share	Rs.	–	5.00	7.50	2.00	–	–
Price earning ratio	Time	7.12	5.54	4.09	4.68	53.96	12.99
Dividend yield ratio	%	–	1.96	5.72	1.67	–	–
Dividend cover ratio	Time	–	9.21	4.28	12.82	–	–
Dividend payout ratio	%	–	10.86	23.39	7.81	–	–
Break-Up Value (Rs per share) without							
Surplus on Revaluation of Land	Rs.	238.54	211.28	174.64	146.07	120.45	118.97
Break-Up Value (Rs per share) with							
Surplus on Revaluation of Land	Rs.	365.31	313.81	277.17	248.61	143.00	141.52
Highest market value per share							
during the year	Rs.	272.81	208.28	136.89	145.50	169.62	248.00
Lowest market value per share							
during the year	Rs.	173.85	123.94	104.42	122.14	80.59	40.95
Market value per share	Rs.	212.29	255.15	131.05	119.86	79.86	154.86
CAPITAL STRUCTURE RATIOS		2014	2013	2012	2011	2010	2009
Financial leverage ratio		0.02	–	–	–	–	–
Debt to equity ratio		2:98%	–	–	–	–	–
Weighted average cost of debt		7.81	–	–	–	–	–
Interest cover ratio		–	–	–	–	–	–





# GRI Economic Performance Indicators

## G3.1-EC

### ECONOMIC PERFORMANCE

1

All values are (Rs. '000')

Revenue	Rs.175,067,853
Operating Cost	Rs.174,930,908
Employee wages and benefits	Rs. 982,250
Payments to providers of capital	Rs.22,931
(No dividend were recommended in 2013-14, due to heavy cash outflows made by company on the up gradation of projects and future commitments in this respect)	
Payments to government (as taxes)	Rs.39,000,000
Community investments	Rs. 15,000,000
(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. 2.84 million.	
Moreover, Attock Sahara Foundation's annual expenditure for the year 2013-14 was Rs. 12.35 million.)	
Gross Profit	Rs.136,945

2

The company has no Significant risk and Financial implications due to climate change but the price changes from regulatory authorities and the fluctuations' in the national and international market have significance.

3

Employee retirement benefits

The main features of the retirement benefit schemes operated by the ARL group for its employees are as follows:

Defined benefit plans

The ARL group operates a pension plan for its management staff and gratuity plan for its management and non-management staff. Gratuity is deductible from pension. Pension and gratuity plan is invested through approved trust funds. Management staffs hired after January 1, 2012 are only entitled to benefits under gratuity fund. Contributions are made in accordance with actuarial recommendations. Actuarial valuations are conducted by an independent actuary, annually using projected unit credit method related details of which are given in note 30 to the financial statements. The obligation at the balance sheet date is measured at the present value of the estimated future cash outflows. All contributions are charged to profit or loss for the year.

Defined contribution plans

ARL Group operates an approved contributory provident fund for all employees. Equal monthly contribution is made both by the Company and the employee to the fund at the rate of 10% of basic salary.

All values are (Rs. '000)

Staff gratuity and pension benefits:	Rs. 43,295
Contribution to Employees old age benefits:	Rs. 2,945
Workers Welfare Fund:	Rs. 140,015
Workers Profit Participation Fund:	Rs. 181,060

4

Government of Pakistan has no shareholding in company. ARL has received Tax Relief/Subside for refinery up-gradation from Government of Pakistan.

## G3.1-EC

### MARKET PRESENCE

5

Among the process industry our range of ratios is:

Senior Management Staff =	50th percentile
Senior Officers =	50th percentile
Non Management Staff =	60th percentile



6

ARL procures all products/equipment which are energy efficient. Furthermore, ARL encourage in supporting our Local Industry. All the purchases that are done from within the country are made on the basis of five important things these are;

- Supplier
- Quality (Specifications)
- Quantity
- Delivery (Time & Location)
- Price

These are listed depending upon the preferences as Supplier is a significant factor as his reputation counts a lot because the supplier's repute & quality of purchases affects the company's repute. Quality is also the most important and cannot be compromised. After that the time taken in delivering goods and their place plays important role in making a purchase. Our total local procurement from local suppliers for year 2013-14 is Rs. 281.302 million which is 38.21% of total procurement.

7

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 in case of a tie.

## G3.1-EC

### INDIRECT ECONOMIC IMPACTS

8

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 being a social responsible company, to avoid the current scenario of health issue, conduct the anti-virus spray to prevent dengue virus at Morgah. 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.

9

All the raw materials produced in Pakistan are treated as local. The Refinery processed 15.115 Million barrels (2013:14.989 Million barrels) 100% of the crude oil was received from northern oilfields. Further the entire indigenous crude production from the northern region including enhanced production from certain fields continued to be processed at the Refinery.





# Corporate Targets “2014-15”

## Aligned with ARL Vision & Mission

STATE OF THE ART TECHNOLOGY					
S#	Description	Unit	HOD/Lead Person	Target Date	Total
1-a	Execution of Pre-flash /DHDS/ Isomerization Unit/Power Plant Expansion - Cumulative Progress	% Progress	HOD (TS&PD)	30-Jun-15	85
1-b	Execution of ARL OTS (Operator Training Simulator) Project	% Progress	HOD (TS P&D)	30-Jun-15	100
1-c	Implementation of Time Office Management System	% Progress	HODs (HR&A) / (F&A) / C&MM	31-Oct-14	100
HIGH PERFORMING PEOPLE					
2-a	Training hours for each Management staff per annum	Hours	HOD (HR&A)	30-Jun-15	12
2-b	Conduct of 30 in-house training sessions	No of sessions	HOD (HR&A)	30-Jun-15	30
2-c	Project Hiring under Phase I	%	HOD(HR&A)	31-Oct-14	100
2-d	Project Hiring under Phase II	%	HOD(HR&A)	30-Nov-14	100
2-e	Project Hiring under Phase III	%	HOD(HR&A)	30-Apr-15	100
2-f	Employee turnover rate for Management Staff (Regular/Contract).	%	CEO / M(HR&A)	30-Jun-15	8.0
2-g	Employee turnover rate for Critical Management Staff	%	CEO/ Relevant HODs	30-Jun-15	5.0
2-h	Issue of Management Staff Appraisal Letters	%	CEO/App Committee	1-Jan-15	100
2-i	CBA Agreement 2013-2015	%	HOD (HR&A)	31-Aug-14	100
EXCELLENT BUSINESS PROCESSES					
3-a	Unplanned Plant Shut Down	No. of Shutdowns	HOD (MAINT) / HOD (OPS)	30-Jun-15	zero
3-b	Increase in Mid Distillates to 43.50% by volume (HSD, KERO & JET FUELS)	% Production	HOD (OPS)	30-Jun-15	42.0
3-c	Throughput per day subject to refinery economics	BPCD	HOD (OPS)	30-Jun-15	37,796
3-d	Average Crude Receipts per day subject to refinery economics	BPCD	HOD (OPS)	30-Jun-15	37,796
3-e	Refining cost	Rs/Bbl	HOD (OPS)	30-Jun-15	216
3-f	Refinery losses	% Vol	HOD (OPS)	30-Jun-15	0.94
3-g	Naphtha Transportation & Storage Losses	%	HOD (OPS)	30-Jun-15	.75
3-h	Optimum Stores Inventory (excluding CAPEX and safe custody stores)	Rs. Million	HOD (C&MM)	30-Jun-15	590
3-i	Water availability	Gph	HOD (OPS)	30-Jun-15	60,000
3-j	Water consumption	Gph	HOD (OPS)	30-Jun-15	38,000



EXCELLENT BUSINESS PROCESSES					
S#	Description	Unit	HOD/Lead Person	Target Date	Total
3-k	Renovation & enhancement of 6 Warehouses	%	HOD(C&MM)	30-Jun-15	100
3-l	Energy management system (ISO-50001:2011) 1% reduction in energy baseline	%	HOD (HSEQ)/HOD (OPS) / HOD (TS)	30-Jun-15	100
EXPECTATIONS OF STAKEHOLDERS					
4-a	Improve the Refinery Pricing Formula and Profitability	Impact (Yes/No)	CEO/HOD (F&CA)	30-Jun-15	Yes
4-b	Sale of 100% production	% Progress	HOD (C&MM)	30-Jun-15	100
4-c	Production of PMG	M. Tons	HOD (OPS)	30-Jun-15	281,000
4-d	Best Corporate Annual Report in Energy Sector	Distinction	HOD (F&CA)	30-Jun-15	1st Position
4-e	Best Sustainability Award by ACCA/WWF	Distinction	#REF!	30-Jun-15	1st Pos.
4-f	Best Sustainability Award by ICAP/ICMA	Distinction	HOD (HR&A)/HOD (HSEQ)	30-Jun-15	1st Position
4-g	UN Global Compact Award	Distinction	HOD (HR&A)/HOD (HSEQ)	30-Jun-15	1st Position
4-h	EFP Employer Award (HR& Safety)	Distinction	HOD (HR&A)/HOD (HSEQ)	30-Jun-15	1st Position
4-i	Overtime hours for Regular Staff	Hours	All HODs	30-Jun-15	145,000
4-j	Overtime hours for Outsourced Staff	Hours	All HODs	30-Jun-15	150,000
4-k	Telephone, fax & e-mail expenses (Communication Expenses)	Rs. "000"	HOD (HR&A)	30-Jun-15	2,500
4-l	Staff traveling & entertainment	Rs. "000"	HOD (HR&A)	30-Jun-15	3,600
4-m	Fuel for Pool vehicles	Kilolitre	HOD (HR&A)	30-Jun-15	60
4-n	Medical	Million Rs.	CMO	30-Jun-15	110
4-o	Acquisition of land at Sohwan Pumping Station	% Progress	HOD (HR& A)	30-Jun-15	100
4-p	Acquisition of 140 Kanal of land at APL/Caltex Road	% Progress	HOD (HR&A)	30-Jun-15	100
4-q	Diversion of Route No. 5 traffic at Alternate Road	% Progress	HOD (HR&A)	31-Dec-14	100
SAFETY & QUALITY					
5-a	Cumulative Safe Man Hours	Million man hours	HOD (HSEQ)	30-Jun-15	4.66
5-b	Safe Man Hours during the year	Million man hours	HOD (HSEQ)	30-Jun-15	4.66
5-c	Total Accidents / Incidents Frequency Rate (TAIFR)	per million hours	HOD (HSEQ)	30-Jun-15	2.0
5-d	Compliance of NEQS	%	HOD (HSEQ)	30-Jun-15	100
SAFETY & QUALITY					
6-a	To sustain 3 - star British Safety Council (BSC) 5-star environmental rating	%	HOD (HSEQ)	30-Jun-15	3-Star



# Third Party Assessor's Statement

## STATEMENT FROM M/s SGS PAKISTAN (PVT) LIMITED FOR ISO-9001, ISO-14001 AND OHSAS-18001 MANAGEMENT STANDARD AUDIT HELD ON SEPTEMBER 22-23, 2014.

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, 2014

In our opinion, the consolidated financial statements present fairly the financial position of ARL and its subsidiary company as at June 30, 2014 and the results of their operations for the year ended.

## STATEMENT FROM PAKISTAN NATIONAL ACCREDITATION COUNCIL FOR ISO/IEC 17025 DECEMBER 03-04, 2013

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





# Membership in Industry and Business Associations

ARL is a member/having association with 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. Employers Federation of Pakistan (EFP)
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)
20. Pakistan Institute of Corporate Governance (PICG)
21. Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost & Management of Pakistan (ICMAP)
22. Association for Overseas Technical Scholarship (AOTS), Japan
23. WWF Pakistan





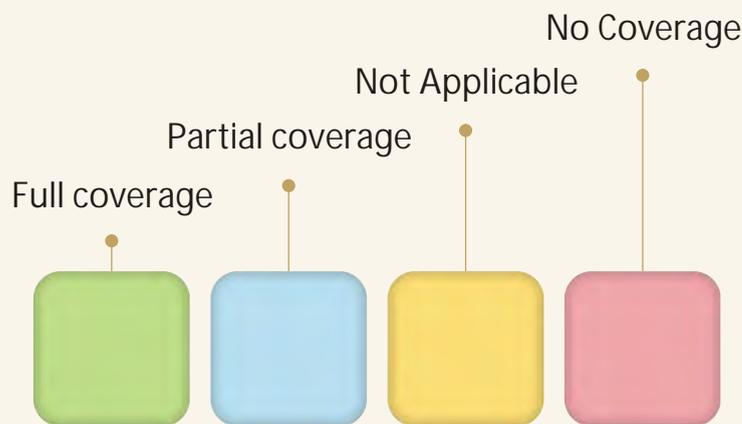
# GRI Content & Application Level

## BACKGROUND TO THE GRI SUSTAINABILITY REPORTING GUIDELINES

This index is organized using the **G3.1 (3rd Generation)** Global Reporting Initiative (GRI) Guidelines. The United Nations Global Compact (UNGC) Principles are also being referenced. The disclosure level against the G3.1 framework is **A+ (Externally Assured)**

A+

## STATUS OF REPORTING





# GRI Content Index

## STANDARD DISCLOSURES PART I: PROFILE DISCLOSURES

1. STRATEGY & ANALYSIS			
GRI Code	Description	Page & Status	UNGC principle(s)
1	Statement from the most senior decision-maker of the organization.	3&4	
1.2	Description of key impacts, risks, and opportunities.	5&6	
2. ORGANIZATIONAL PROFILE			
2.1	Name of the organization	13-15	
2.2	Primary brands/products, and or services	18	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	16 & 18	
2.4	Location of organization's headquarters	12	
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	13-15	
2.6	Nature of ownership and legal form	12	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	13-15 & 18	
2.8	Scale of the reporting organization	8	
2.9	Significant changes during the reporting period regarding size, structure, or ownership	8	
2.10	Awards received in the reporting period		
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3.2	Date of most recent previous report (if any)	8	
3.3	Reporting cycle (annual, biennial, etc.)	8	
3.4	Contact point for questions regarding the report or its contents	9	
3.5	Process for defining report content	8	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	8	
3.7	State any specific limitations on the scope or boundary of the report.	8	
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.	-	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation	8	



	of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	8	
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)	9	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	8	
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21	Total water discharge by quality and destination.	63	8
22	Total weight of waste by type and disposal method.	64	
23	Total number and volume of significant spills.	64	
24	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.	64	
25	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.	64	
<b>PRODUCTS AND SERVICES</b>			
26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	64	7,8,9
27	Percentage of products sold and their packaging materials that are reclaimed by category.	64	
<b>COMPLIANCE</b>			
28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	64	
<b>TRANSPORT</b>			
29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	64	8
<b>OVERALL</b>			
30	Total environmental protection expenditures and investments by type.	64	8
LA	<b>LABOR PRACTICES AND DECENT WORK</b>		
<b>EMPLOYMENT</b>			
1	Total workforce by employment type, employment contract, and region, broken down by gender.	42	
2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	42	
3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	42	
15	Return to work and retention rates after parental leave, by gender.	42	
<b>LABOR/MANAGEMENT RELATIONS</b>			
4	Percentage of employees covered by collective bargaining agreements.	42	1,3



5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	42	
<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
6	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.	42	
7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region and by gender.	43	
8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	43	
9	Health and safety topics covered in formal agreements with trade unions.	43	1
<b>TRAINING AND EDUCATION</b>			
10	Average hours of training per year per employee by gender, and by employee category.	37 , 43	
11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	43	
12	Percentage of employees receiving regular performance and career development reviews, by gender.	43	
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>			
13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	43	1,6
<b>EQUAL REMUNERATION FOR WOMEN AND MEN</b>			
14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	43	1,6
HR	<b>HUMAN RIGHTS</b>		
<b>INVESTMENT AND PROCUREMENT PRACTICES</b>			
1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	43	1,2,3,4,5,6
2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	43	1,2,3,4,5,6
3	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.	43	1,2,3,4,5,6
<b>NON-DISCRIMINATION</b>			
4	Total number of incidents of discrimination and corrective actions taken.	43	1,2,6



FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
5	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.	44	1,2,3
CHILD LABOR			
6	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.	44	1,2,5
FORCED AND COMPULSORY LABOR			
7	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.	44	1,3,4
SECURITY PRACTICES			
8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	44	
INDIGENOUS RIGHTS			
9	Total number of incidents of violations involving rights of indigenous people and actions taken.	44	46
ASSESSMENT			
10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	-	
REMEDIATION			
11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	-	
SOCIETY			
LOCAL COMMUNITY			
1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	44	
9	Operations with significant potential or actual negative impacts on local communities.	-	
10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	-	
CORRUPTION			
2	Percentage and total number of business units analyzed for risks related to corruption.	44	10
3	Percentage of employees trained in organization's anti-corruption policies and procedures.	44	10
4	Actions taken in response to incidents of corruption.	44	10



PUBLIC POLICY			
5	Public policy positions and participation in public policy development and lobbying.	44	1,2,3,4,5,6,7,8,9,10
6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	44	10
ANTI-COMPETITIVE BEHAVIOR			
7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	44	
COMPLIANCE			
8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	44	
PR	PRODUCT RESPONSIBILITY		
CUSTOMER HEALTH AND SAFETY			
1	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.	44	1
2	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.	44	
PRODUCT AND SERVICE LABELING			
3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	44	
4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product, service information and labeling, by type of outcomes.	44	
5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	44	
MARKETING COMMUNICATIONS			
6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	45	
7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	45	
CUSTOMER PRIVACY			
8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	45	
COMPLIANCE			
9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	45	



# United Nations Global Compact Ten Principles

## TEN PRINCIPLES ADOPTED BY THE COMPANY IN JANUARY 2008 AS A GUIDELINE TO BUSINESS MANAGEMENT

United Nations Global compact is not a code of conduct, but rather a voluntary call to action that is being taken by more and more businesses throughout the world. It asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption

### HUMAN RIGHTS

#### PRINCIPLE 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and

#### PRINCIPLE 2:

Make sure that they are not complicit in human rights abuses.

### LABOR STANDARDS

#### PRINCIPLE 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

#### PRINCIPLE 4:

The elimination of all forms of forced and compulsory labour;

#### PRINCIPLE 5:

The effective abolition of child labour; and

#### PRINCIPLE 6:

The elimination of discrimination in respect of employment and occupation.

### ENVIRONMENT

#### PRINCIPLE 7:

Businesses should support a precautionary approach to environmental challenges;

#### PRINCIPLE 8:

Undertake initiatives to promote greater environmental responsibility; and

#### PRINCIPLE 9:

Encourage the development and diffusion of environmentally friendly technologies.

### ANTI-CORRUPTION

#### PRINCIPLE 10:

Businesses should work against corruption in all its forms, including extortion and bribery.





# Communication on Progress

Year: March 2013 to February 2014



## STATEMENT OF CONTINUED SUPPORT

Taking pride in our over 90 years history of socially responsible business conduct, Attock Refinery Limited (ARL) considers economic upliftment, social cohesion, ethical consideration and environmental friendly impact of our activities on various stakeholders as our foremost duty. To achieve this objective, we have been following the triple bottom line approach i.e. people, planet & profits.

We believe in the call of the Global Compact to companies to embrace, support and enact, within their sphere of influence set of these principles, as a noble mission.

At ARL, we have adopted all these principles in our business operations and we believe this Compact an exciting venture that is making real difference by developing a holistic approach for the organizations.

In pursuance of ARL's compliance with the UN Global

Compact principles, it is our privilege to confirm that ARL's sustainability attributes are based on five pillars of strength i.e. diversification, competitiveness, transparency, synchronized community & social responsibility services and environmental protection.

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, ARL business practices are aligned with our deeply embedded core values.

ARL reiterates its resolve to keep no stone unturned to remain a socially responsible company by extending full support to UN Global Compact guiding principles leading to fair business practices all over the world which will ensure sustenance of our success for all times to come.

M. Adil Khattak

Chief Executive Officer

March 10, 2014





# Feedback

Your comments and suggestions are invited



-  Your overall comments on this report?
-  Your comments on our approach to stakeholders?
-  Any particular areas of improvement you would like to identify in this report?
-  What further information would you like to see in our future Sustainability Report?
-  Any other suggestions?
-  Personal Information (Optional):      Name:      Address:      Tel No.

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# External Assurance



## INDEPENDENT ASSURANCE REPORT OF THE ATTOCK REFINERY LIMITED SUSTAINABILITY REPORT 2014

### RESPONSIBILITY OF URS AND OF ATTOCK REFINERY LIMITED

United Registrar of Systems was retained by Attock Refinery Limited ("the Company") to provide independent assurance on its Sustainability Report, ("the Report") for the calendar year 2014. The Report has been prepared by the management of Attock Refinery, who are responsible for the collection & presentation of information reported. Our responsibility, in accordance with the management's instructions, is to provide a limited assurance engagement on the completeness and accuracy of information presented in the Report.

Our responsibility in performing the assurance activities is to the management of the Company only. We do not accept or assume any responsibility for any other purpose or to any other person or organization. This assurance statement should not be taken as a basis for interpreting the Company's overall performance, except for the aspects outlined in the scope below.

### BASIS OF THE ASSURANCE

URS was asked to express an opinion in relation to the assurance scope, which includes the following aspects:

- Review of the policies, initiatives, practices & performance described & referenced in the Report. Evaluation of the disclosed information in the Report & the processes which ARL has in place for adherence to the reporting principles set out in GRIG3.1 guidelines.
- Adherence to ISAE 3000 (2003) to provide limited assurance on performance data within the sustainability report.
- The intended users of this statement are the management of ARL and the readers of the Report.

### ASSURANCE METHODOLOGY

Our activities included a review of the report content against the principles of Materiality, Inclusiveness & Responsiveness. We communicated with ARL to determine the accuracy & authenticity of report content, data points, methodologies and policies around the organization's social, environmental & economic data and related activities.

Our procedures on this engagement included:

- Gain an understanding of ARL's targets for sustainability as part of the business strategy and operations;
- Review of the company's approach to stakeholder engagement and its materiality determination process;
- Verify the robustness of the data management system, information flow and controls;

The work was planned & carried out to provide limited, rather than absolute assurance and we believe that the desk top review of the ARL's Sustainability Report completed by URS provides an appropriate basis for our conclusions.

### FINDING & CONCLUSION

On the basis of the procedures we have performed, URS can confirm that the Report is a fair representation of the Company's sustainability-related strategies, management systems and performance. The Report, meets the general content and quality requirements of the GRIG3.1, and URS can confirm that the GRI requirements for Application Level 'A+' have been met.

We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement'

### MATERIALITY: ACCEPTABLE

The methodology of materiality determination used for the Report uses the perspectives of senior representatives from various functions of the company. The outcome has not missed out any significant, known material issues, but the process should be strengthened by a more specific framework to bring out material issues that reflect short, medium and long term impacts. In addition, input from external



stakeholders should be included in the materiality assessment process.

### STAKEHOLDER INCLUSIVENESS: ACCEPTABLE

ARL demonstrates engagement with all important stakeholders through various channels. The engagement process can be further strengthened by formally documenting and reviewing the needs and expectations expressed by stakeholders through different engagement channels. Responses to their views & needs of stakeholders are a focus that is still in its infancy but will improve in tandem with greater focus on inclusivity.

### RESPONSIVENESS: ACCEPTABLE

ARL comprehended expectations that can affect stakeholders' performance, took responsive actions accordingly, and appropriately depicted the information into the Report. ARL has used their Sustainability Report to publicly disclose its responsive activities and performance regarding sustainability management material issues.

### RECOMMENDATION

URS highly values ARL's diverse efforts and performance to improve its sustainability initiatives and we suggest the following to improve sustainability reporting and condition;

- Establishment of a sustainability management strategy system is needed in order to systematically promote sustainability management. Henceforth, based on sustainability management strategy system, its promotion tasks and KPI's should be drawn out. By continuously managing this process, ARL's sustainability management activity and performance can be depicted with more details in the report.

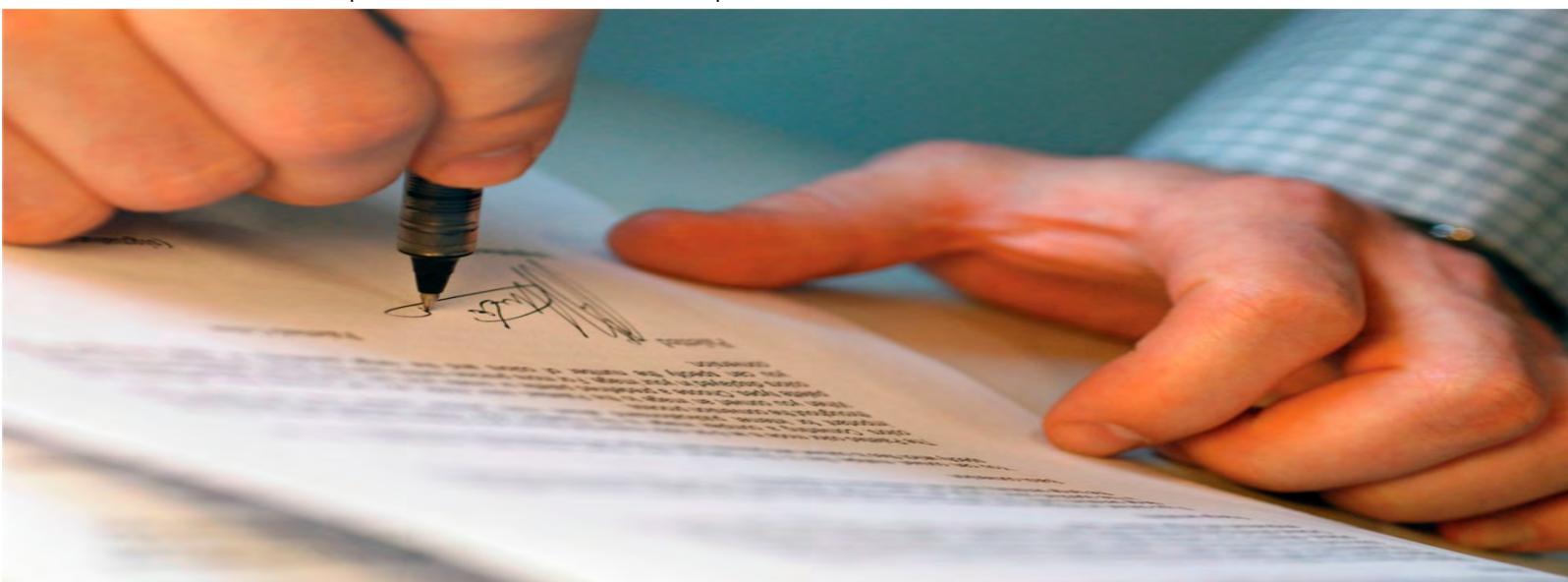
- Stakeholders participate as ARL gathers their opinions through surveys and interviews. However there is a need to highlight what transpired from these channels of communication and document how the expectations of different stakeholders' are met.
- Given the evolving business scenario & newer sustainability risks & opportunities, the Company may undertake a comprehensive review of its materiality analysis for future reporting & recalibrate its goals within these issues, taking into consideration external stakeholders views.

Ali Khan

CEO

United Registrar of Systems

Dated: February 18, 2015







#### COMPILATION TEAM

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- Mr. Aamir Shahzad Butt
- Mr. Fahid Mehmood
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