

# **SUSTAINABILITY REPORT 2021**



**ATTOCK REFINERY LIMITED**

## ENSURING SUSTAINABILITY

**A**ttock Refinery Limited (ARL) is the pioneer and pacesetter in Pakistan Oil Refining industry. Since its inception in 1922, the company has stood the test of time through war and peace. Today it has grown into a modern state-of-the art refinery with a name plate capacity of 53,400 bpd. Our growth story that started in 1922 continues unabated.

The dynamics of refinery business are constantly varying and changing with new challenges emerging due to environmental concerns, pandemic issues, economic recessions, globalization, technological breakthroughs, alternate sources of energy and government policies etc. The spread of COVID-19 has a meltdown effect on global crude oil and product prices and has severely impacted the refinery sector in Pakistan resulting in reduced margins.

Pakistan's refining sector has also been struggling for its survival due to various policy issues over the last two decades compounded by the last three years of a very difficult business environment. The last Refining Policy was announced in 1997. The said policy lost its efficacy within a few years as it could not keep pace with the accelerated changes happening in the refining sector. In spite of this local refineries invested in various expansion and up-gradation projects.

ARL along with other refineries has been intensively engaged with Ministry of Energy (Petroleum Division)-(MEPD) for the development of a comprehensive Refining Policy for the sustainability and up-gradation of existing refineries for the last two years. A Working Group comprising representatives from MEPD and refineries was set up in December 2019. The Working Group has drafted Refining Policy and presented its proposals to competent authority for approval. The outcome would be a new and vibrant policy for the oil refining sector to attract investment in green field refineries and enable the existing refineries up-gradation to produce more high value and environment friendly products.

ARL is fully cognizant of its responsibility to ensure its sustainability under the current economic circumstances. In this connection, the Company has taken several initiatives and implemented different economic and technological measures. Some of these measures include production of Euro III HSD without any hardware modification, introduction of 95 RON Petrol to its product profile, supply of Low Sulphur Furnace Oil at premium pricing, purchase of certain crude oil at discounted pricing and optimizing Reformer hydrogen internal usage.

Similarly, synergies have also been achieved through rationalization of production slate. Moreover loss making export Naphtha operation has been restricted or curtailed through maximization of Petrol production and maintaining refinery optimum throughput.

It is pertinent to mention that refining industry's efforts have also yielded positive results in mitigating some of the issues. These measures include fortnightly pricing of petroleum products and application of actual exchange rate in Petrol and High Speed Diesel pricing.

Due to above factors, the Company was able to reduce its loss of Rs 2.8 billion suffered last year to Rs 2.1 billion during the current year. While based on consolidated accounts, the Company's consolidated profit was Rs 1 billion (June 30, 2020: Loss of Rs 4.6 billion). We shall continue to strengthen our focus on planning for sustainability of our existing operations and to up-grade our facilities to meet the future challenges.

# PERFORMANCE OVERVIEW

**1530 Mega Liter**  
Water Consumption

**100% Compliance**  
Punjab Environmental Quality Standards

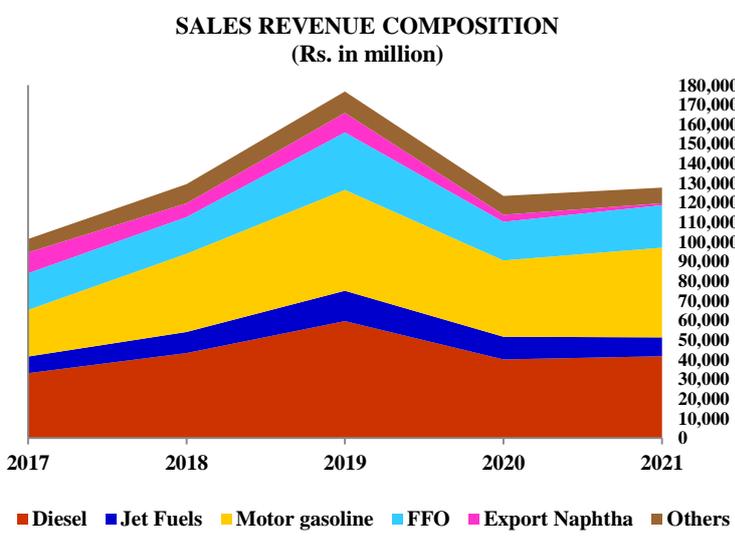
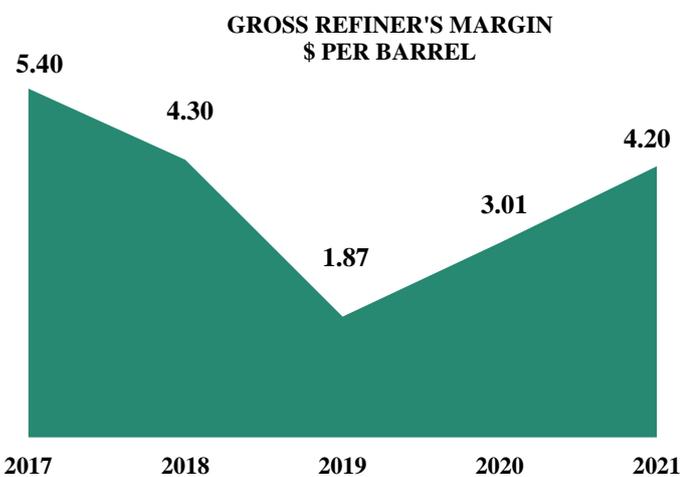
**137 Million PKR**  
Environmental Investment

**5.46 Million Man Hours**  
Safe Man Hours

**912 MMBTU**  
Renewable Energy production

**0.34 Per Million Hours**  
Total Accident Incident Frequency rate

**334 Mega Liter**  
Wastewater Recycle



## OUR JOURNEY

- 1922** First refinery of the region
- 1987** First to start dispensing major products through pipeline using computerized metering system
- 1988** First to produce low sulfur diesel -less than 0.5%, first to produce low sulfur furnace – less than 1%
- 1999** First to produce low lead premium gasoline direct from refinery process, first to achieve ISO 9002 certification for quality control laboratory
- 2001** First major industry to get ISO 9001: 2000 certification, first to produce polymer modified bitumen
- 2002** First major industry to get ISO 14001 certification
- 2006** First major industry to get OHSAS 18001 certification
- 2007** First in Oil and Gas sector to get ISO 17025 accreditation
- 2012** First in Pakistan to declare implementation of ISO 50001
- 2016** Pre-flash, ISOM, DHDS & Auxiliary units commissioned
- 2018** Transition of ISO 9001 & 14001 to 2018 versions
- 2020** Migration from OHSAS 18001 to ISO 45001



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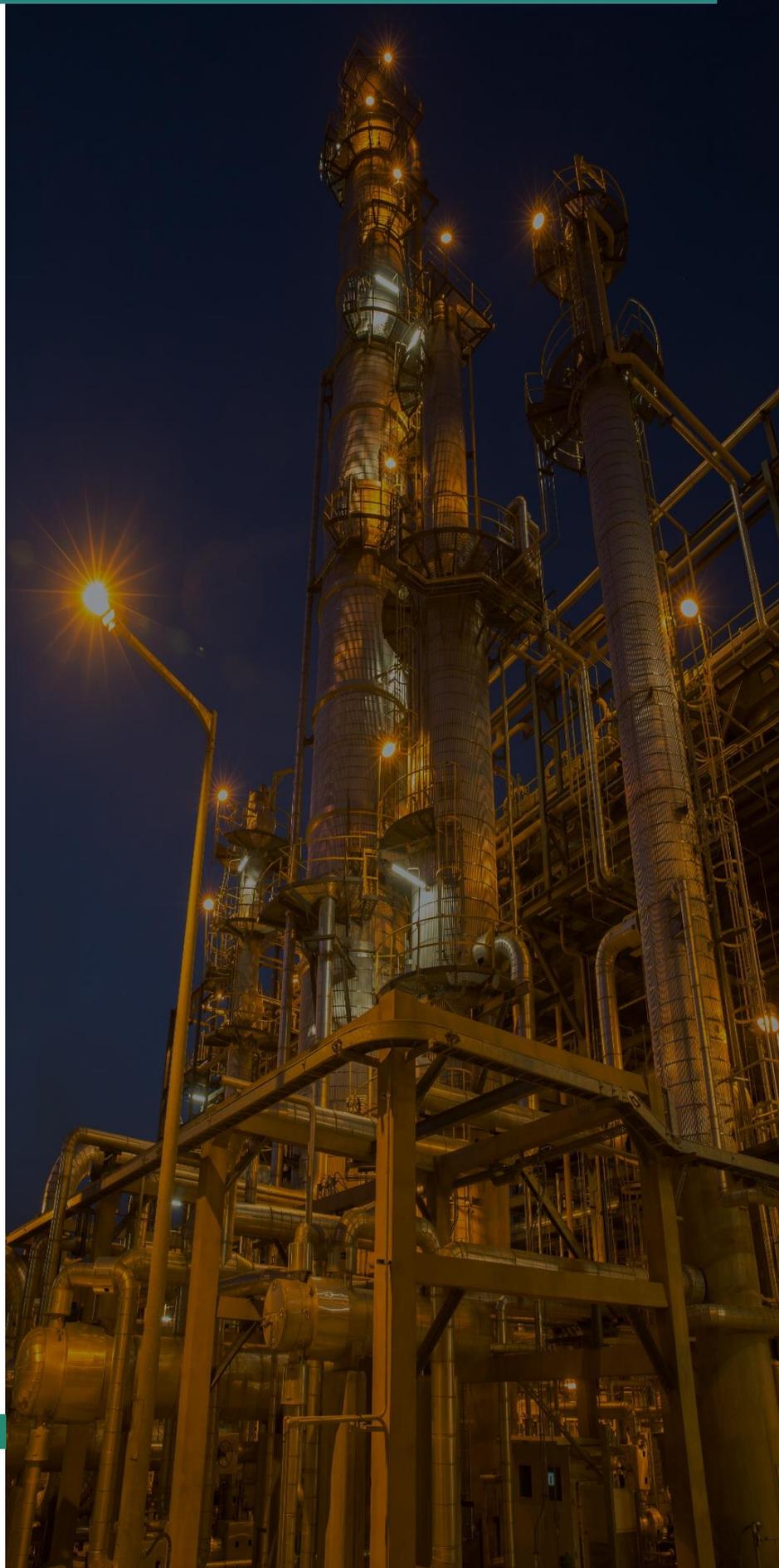
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# THE COMPANY

## ATTOCK REFINERY LIMITED



### *Dear Stakeholders!*



Year 2021 was again packed with uncertainties due to the continued prevalence of COVID-19 and emergence of multiple variants though better handled by the world. Despite the challenges, we are pleased to present Sustainability Report for the year 2021 where Attock Refinery Limited (ARL) has translated its actions into positive impacts and continued to honour its commitments towards sustainable development. We have quite successfully managed to handle COVID-19 crises so far. Keeping the refinery running, we launched a company wide effort with the help of our Attock Hospital Limited to protect and support staff and community from adversities of the pandemic.

On the economic front, uncertainties for refining sector remained due to reduction in global demand, instability in prices of crude oil & petroleum products and shrinking margins. ARL has played a significant and leading role in deliberations with the refineries and Government to develop a new policy for the oil refining sector to attract investment in green field refineries and enable the existing refineries up gradation to produce high valued environment friendly products. As per the Global Climate Risk Index 2020, Pakistan is among the top 10 countries who have suffered the most during the last two decades due to significant climatic disasters. ARL continued its efforts to play its role in the global cause to combat climate change by plantation of more than 10000 tree saplings, installation of on-grid solar systems, recycling of 334 Mega litres of water and implementation of ISO 50001 (Energy Management System). ARL has plans to install a Continuous Catalyst Regeneration (CCR) Unit and revamp of DHDS unit to meet Euro-V specifications. Despite serious challenges, ARL ensured its sustainability and continued to operate at optimum capacity. We are of the belief that firm commitment and solid steps are essential to avoid any replication of disastrous events as a result of climate emergency, water scarcity and biodiversity loss as revealed during the Conference of Parties-26 (COP26) in Glasgow. We are aware that any further delay to respond to climate restoration would make the challenge even tougher and harder. In response to these Environmental, Social and Governance (ESG) challenges, ARL's actions have been disclosed in detail through our Sustainability Report 2021 in accordance with Global Reporting Initiative Standards (GRI).

Our management systems are embedded with reporting disclosures and principles of GRI, United Nations Sustainable Development Goals (UNSDGs) and United Nations Global Compact (UNGC) indices. We continued to avoid and mitigate any potential negative impact across the broad spectrum of ESG through our best practices and management systems. We have deep rooted exemplary implementation of Integrated Management Systems comprising of ISO 45001:2018, ISO 9001:2015, ISO 14001:2015, ISO/IEC 17025:2017 and ISO 50001:2011, to help us retain our stakeholders'

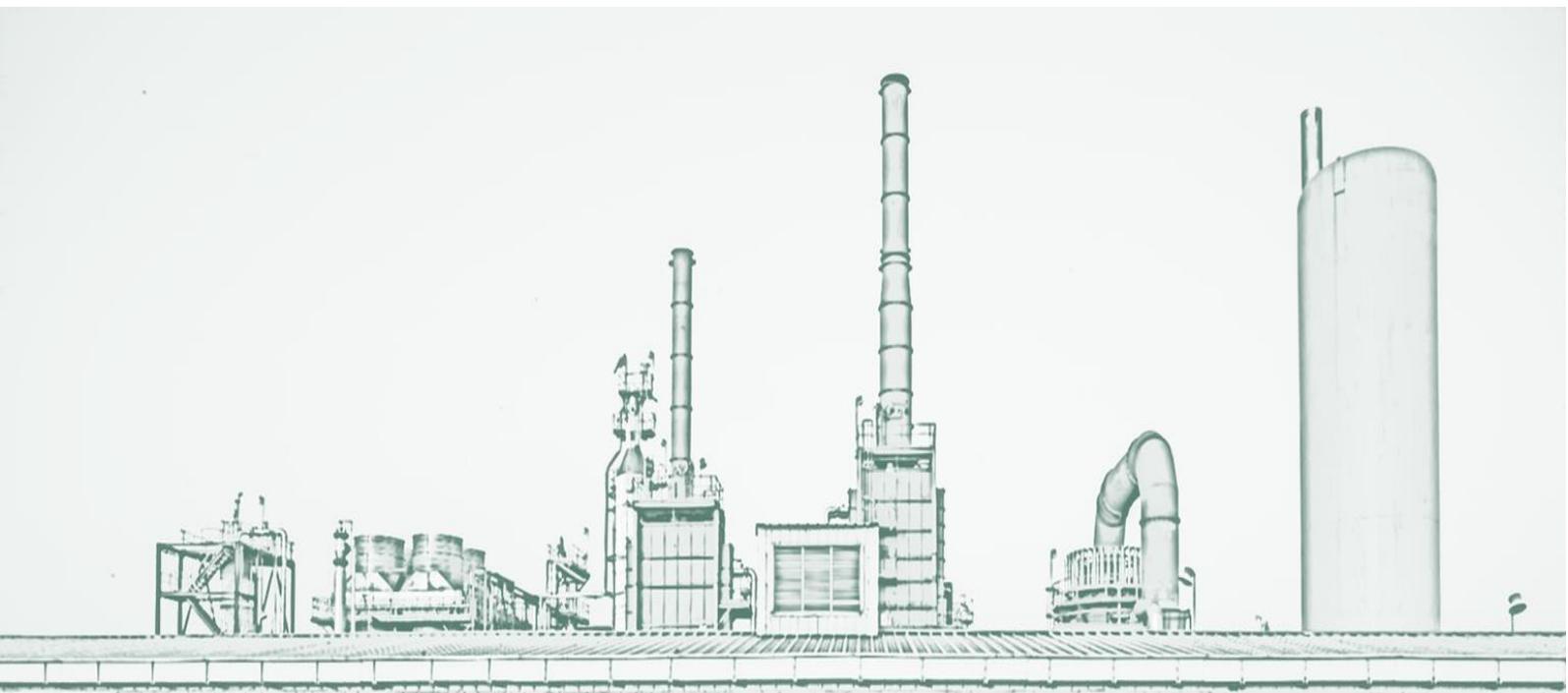
confidence. We are continuously updating our management systems up and above the compliance requirements to achieve excellence.

As a corporate entity ARL has a positive footprint at national & international forums due to our Health, Safety, Environment and Sustainability practices & transparent reporting. Our sustainability team prioritize our material aspects and appropriate actions are advised accordingly. We have achieved 5.4 million Safe man-hours from July 24, 2020 to June 30, 2021 and achieved Total Accident Incident Frequency Rate (TAIFR) of 0.34 against the limit of <1.5. We have invested 71.6 Million PKR under the umbrella of National targets for UNSDGs in the health, education and social sectors to uplift Sustainable Development Goals status in Pakistan.

We are proud to share that ARL will be celebrating its 100<sup>th</sup> anniversary in year 2022. We went through transformations over these years for achieving excellence in all facets of the company and are committed for a bright & prosperous future. The Journey of ARL in pursuance of business sustainability would continue unabated.

A handwritten signature in black ink, appearing to read 'M. Adil Khattak', is positioned above the name and title.

**M. Adil Khattak**  
**Chief Executive Officer**



# VISION, MISSION & CORE VALUES

## Vision

To be a world class and leading organization continuously providing high quality diversified 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

Our success will not be a matter of chance, but a commitment to the following enduring beliefs and values that are engrained in the way we think and take actions to pursue a climate of excellence:

### 1. Integrity & Ethics

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

### 2. Quality

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

### 3. Social Responsibility

We believe in respect for the community and preserving the environment for our future

generations and keeping National interest paramount in all our actions.

### 4. 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.

### 5. 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.

### 6. Empowerment

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

## RISK AND OPPORTUNITIES

Risk management is considered an integral part of company's corporate governance since the business is subject to risks, uncertainties and opportunities. Our Risk Management & Strategic Planning Committee headed by CEO and comprised of HOD's evaluates all matters related to risk management and strategic plans including opportunities twice a year. The risk and opportunities relevant to the business of ARL & their respective management response for monitoring and mitigation are also presented below. In addition, risk and opportunities could cause actual results to vary from those described here in the description below, which may include forward looking statements or could impact our ability to meet our targets or to be detrimental to our profitability or reputation.

ESG Risk & Opportunities		
Risk /Opportunity	Impact & Consequence	ARL Management of Risks & Opportunities
<b>Change in Quality of Crude Oil</b>	Change in crude oil quality may relate to either a change in its API gravity or to the amount of unwanted contaminants in it. This may impact the throughput of refinery, product slate and may also cause damage to the equipment resulting in financial loss/impact.	There is flexibility of operation at ARL distillation units with capability of handling light to heavy and sweet to sour crudes. In case of quality variance (increase/decrease in API gravity and Sulphur contents) the crude blends may be adjusted to suit the unit's capability. ARL demonstrated the above by processing a very heavy crude from Baluchistan on trial basis. In case of high sediments & salts, the Desalters at heavy crude unit are capable of getting rid of such impurities and save the downstream equipment from any adverse effect. ARL corrosion monitoring program is also in place with regular monitoring and inspection. If required, and as practiced in past also, primary treatment can also be carried out at oil fields.
<b>Competitors Refineries in North region</b>	ARL is the only refinery existing in the north region. In case if another refinery is setup in north region, the major share of crude received at ARL will be diverted to it, and there will be deficiency of crude for refinery operation.	Viability of an inland gross root complex refinery of small capacity far from port is minimal. Further, crudes available in northern Punjab will still be available to ARL being the nearest refinery. Due to the foregoing reasons, none of the various plans in the north have materialized as yet.
<b>Occupational Health &amp; Safety of employees and safety of Assets</b>	High absenteeism rate, Direct and indirect accident cost and lower productivity	In order to minimize the chances of incidents and accidents, the Company carries out a detailed analysis of its operations and possible risks, consequently adjusts the existing processes, including increased control over the efficiency of equipment, employee training in the field of occupational health and safety, and permanent readiness for emergencies. The Company plans to further improve the processes of hazard identification, risk assessment, and use of a risk based approach for HSE planning.

<b>China-Pakistan Economic Corridor</b>	Business Expansion & Economic growth	ARL considers China Pakistan Economic Corridor as an opportunity & game changer for Pakistan and whole region. CPEC energy & infrastructure projects will have primary impact on industry & services. The company is closely monitoring the progress of these projects for taking appropriate actions and measures as deemed necessary for business continuity and growth.
<b>Market Trends</b>	Low throughput, Uncertainty in Business & decrease in profitability	The introduction of LNG into the country energy mix and improved quality petroleum products including higher RON PMG & Low sulfur Diesel is changing the petroleum products market dynamics and posing its impacts to refinery sector of Pakistan. Reduced refinery margins due to various reasons, including the pandemic (COVID-19), have severely impacted the refinery profitability. All these challenges and issues faced by refineries in Pakistan including ARL have been brought into the knowledge of Ministry of Energy (Petroleum Division) and their intervention for resolution of these issues has been requested.
<b>PMG/HSD Specification</b>	Government has implemented Euro-V specification for PMG and HSD. Refineries producing lower than Euro-V grade products will be penalized for quality differential in product price.	In order to be able to produce Euro-V compliant higher RON PMG, ARL has planned to install a CCR unit. Basic Engineering Design for the CCR unit and revamp of existing Naphtha Complex has been completed.  For production of Euro-V HSD, Licensor FEED is in progress for a revamp feasibility study of the existing DHDS.
<b>Disaster Sabotage/Terrorism</b>	a. Security threat due to un-rest in IOK, fresh wave of Indian and Afghanistan sponsored terrorism in Pakistan, anti-Muslim laws in India and Regional Geo-strategic instability.	a. Appropriate security measures to be emplaced round the clock.
	b. Sabotage/ terrorist activities to inflict damage to Refinery	b. Continuous assessment of national and international environment for evaluation of threat assessment for mounting matching response.
		c. Liaison with Law Enforcement Agencies (LEAs) for provision of early warning on impending threat.

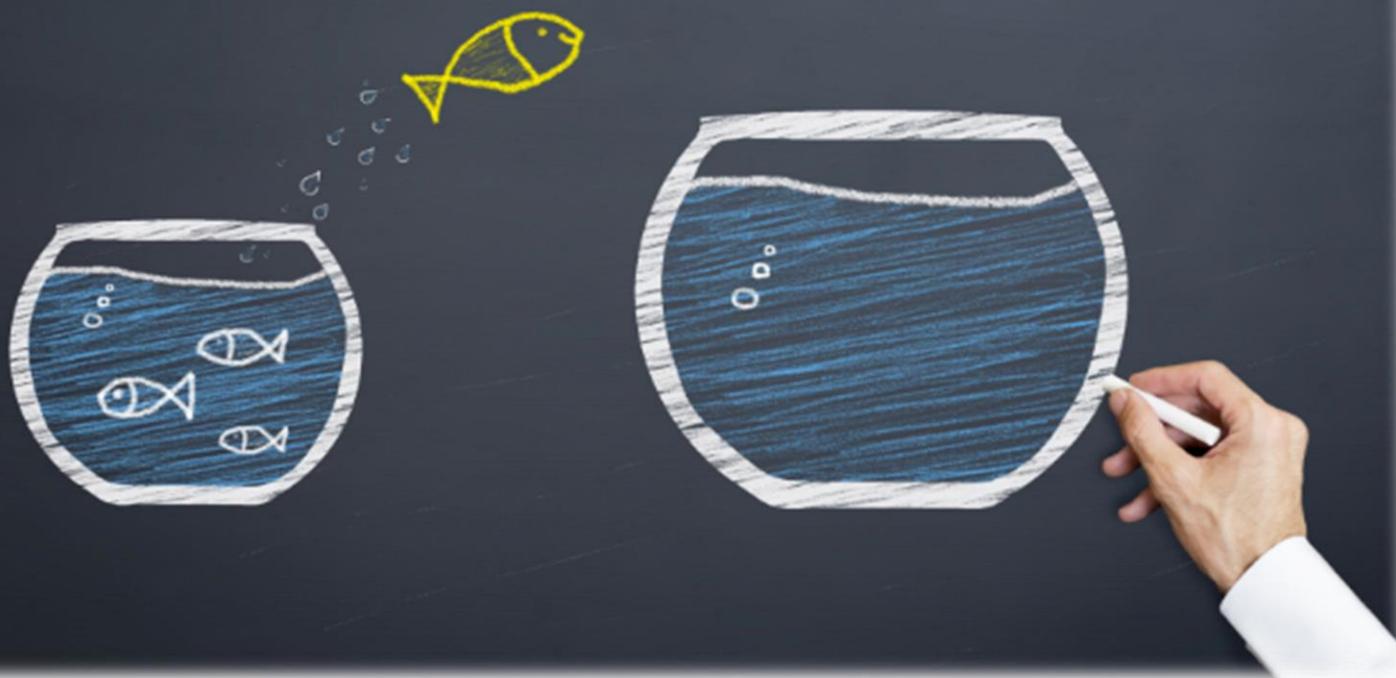
<b>Land disputes</b>	Litigation due to land disputes.	Security and Land Sections report all construction activities within 200 yards of ARL boundary in line with KPID instructions and necessary measures are adopted to deal with such violations as per policy. Pending land issues with DHA are being pursued for final settlement.
<b>Man Power Retention</b>	Low workplace morale/ Deteriorating Service Quality and Hiring/ Training cost	The management is fully cognizant of enrolling HR of the set standards, provision of healthy workplace environment, reasonable salaries and perks, career progression, training and development, ensuring work-life balance, provision of accommodation and recreational facilities are some of the measures to keep turnover within the desired limits. We try to meet the financial challenges by means of cost-efficiency without compromising the business standards. During the entire period of huge financial losses, since 2018-2019 to date, the Company stood committed to pursue good HR practices without any layoffs or holding the statutory payments during these times, to keep the morale of the employees high.
<b>Circular Debt</b>	Reduced Industrial Activity, Cash flow Shortfall, Social Effects	The issue of circular debt in petroleum sector has not been resolved but in case of refineries it has reduced to some extent as a result of payments made under recent agreements between Independent Power Producers (IPP) and Government of Pakistan (GOP). The Company closely monitors receivable/payable position and dispatches.
<b>Fluctuating Exchange Rate</b>	Uncertainty in Business Activities	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 the extent of respective flows involved. ARL does consider getting the forward exchange cover for its major capital expenditure.
<b>Change in Taxation Policy and Other Laws</b>		All proposed changes in the laws and policies which may affect the Company are thoroughly monitored and discussed at relevant forums at the initial stage to avoid any unexpected exposure upon promulgation of relevant law.

<b>Interest Rate</b>	Uncertainty in Business Activities	<p>Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has financial assets and liabilities as appearing in its statement of financial position and it is monitored by having a sensitivity analysis identifying the impact of interest rates.</p>
<b>Pricing Formula</b>	Uncertainty in Business Activities	<p>Under the present Refineries pricing formula the Company remains exposed to the risk of adverse fluctuation in the prices of petroleum products and crude oil. This risk has been mitigated to certain extent by introduction of fortnightly product prices. The Company has time and again taken up the matter with the Government and looks forward to formulation and implementation of a Refining Policy in consultation with all stakeholders to address such anomalies. The draft refinery policy is under consideration by the Government after taking the inputs from the stakeholders.</p>
<b>FFO issue</b>	Uncertainty in Business Activities	<p>Due to constraint placed by the Government on utilization of furnace fueled power plants in the country, the Company intermittently faces problems with respect to non-uplifting of FFO. A study has been initiated jointly by local refineries for up gradation of Bottom of Barrel to produce value added products.</p>
<b>Refinery policy</b>	Sustainability of Refinery economics	<p>Pakistan's refining sector has also been struggling for its survival due to various policy issues over the last two decades compounded by the last three years of a very difficult business environment. The last Refining Policy was announced in 1997. The said policy lost its efficacy within a few years as it could not keep pace with the accelerated changes happening in the refining sector. In spite of this local refineries invested in various expansion and up-gradation projects.</p>



		<p>ARL along with other refineries has been intensively engaged with Ministry of Energy (Petroleum Division)-(MEPD) for the development of a comprehensive Refining Policy for the sustainability and up-gradation of existing refineries for the last two years. A Working Group comprising representatives from MEPD and refineries was set up in December 2019. The Working Group has drafted Refining Policy and presented its proposals to competent authority for approval. The outcome would be a new and vibrant policy for the oil refining sector to attract investment in green field refineries and enable the existing refineries up gradation to produce more high value and environment friendly products.</p>
<p><b>Climate Change</b></p>	<p>Natural calamities, Disasters, Overloading of atmosphere with pollutants, Increase in earth temperature</p>	<p>Pakistan contributes less than 1 percent of the world's greenhouse gases blamed for causing global warming, yet it's amongst the world's most vulnerable victims of the growing consequences of climate change. Pakistan is in the top 10 countries affected most by climate change, according to the 2020 Global Climate Risk Index released by the public policy group German watch. Climate change is not a direct risk to ARL operation and location, however it may affect indirectly in case of high floods in terms of oil movement. Disruption in oil movement would limit production capacity and potentially increase operational cost. Still we proactively consider climate change risks and opportunities in our business decisions. We are playing our part by taking actions like tree plantation, utilization of renewable resources i.e. installation of solar systems, implantation of energy management system, measuring GHG emissions for quantification &amp; possible reduction and increasing awareness etc.</p>
<p><b>Water Management</b></p>	<p>Constraints to growth, Decrease in profitability, Rising costs for raw-water reconditioning</p>	<p>Water is an essential utility in Plant Operations. It is used in cooling tower for water make-up; Boiler Feed Water; Plant Water; in crude desalting; for flushing of pipelines and for drinking purpose. Availability of water sufficient supply to ARL water reservoirs as per demand is very critical for smooth refinery operations.</p>

		<p>Treated effluent water from Effluent Treatment Plant (ETP) is recycled, after testing from Laboratory. Optimization of water usage is an ongoing activity that is adopted all year round</p>
<p><b>Covid-19 Pandemic</b></p>	<p>Threat to workers health, Indirect threat to the productivity and continuity of business</p>	<p>To prevent any damage to the health of employee, ARL has developed and implemented SOPs during the lethal waves of COVID-19 pandemic. The detailed initiatives are mentioned in chapter 4.</p>



## ABOUT THE REPORT



Process for defining report content and aspect boundaries

### Scope

This report covers all Social, Environmental and Economic aspects related to the operations of Attock Refinery Limited at Morgah, Rawalpindi. ARL is very keen to share information about its sustainability endeavors, targets, goals, initiatives and performance with all stakeholders. This report comprehends ARL's efforts towards economic, social and environmental performance. The report portrays ARL's commitment to good governance, transparency and describes the methodology for recognition and evaluation of stakeholder's needs/expectations and its transformation into actionable items. We consider Sustainability Report as a tool for communicating ARL's performance to all stakeholders.

### Reporting Period

ARL is publishing Sustainability Report annually since 2005. The Report presents social & environmental performance data for the calendar year 2021, economic and financial data for the fiscal year July 1, 2020 to June 30, 2021, content from previous year reports and relevant information that was available in 2020 after the publication of report. Some data has also been added from the most recent Annual report published on August 26, 2020. This year's report is based on the Global Reporting Initiatives (GRI) standards. We are also following Accountability Assurance standard (AA1000), Social Accountability standard (SA-8000), UNGC indices, ISO Management Standards (ISO 14001, ISO 9001, ISO 45001 and ISO 50001) for reporting Social, Environmental and Economic performance. This report also contains our commitment to the Ten Guiding Principles of UNGC. To accomplish the Agenda 2030, we have mapped our Sustainability practices with the 17 Sustainable Development Goals. ARL sustainability performance was reviewed & verified by the Managers of all departments involved in the process of data gathering and reporting. It is also indirectly reviewed through audits 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.

### Difference from Sustainability Report 2020

This report is based on GRI Standards, published by the Global Reporting Initiatives (GRI), and is supplemented with ten guiding principles of UNGC. The GRI Standard has been mapped with 17 SDGs as well to achieve the targets of National Initiative for SDGs. The material aspects identified in 2020 report, re-evaluated by considering comments from internal and external parties. The defined prioritized material aspects are categorized again by changing their category from high to moderate and vice versa. In Sustainability Report 2021, there are some information and data from 2020 report which need to be restated for evaluating the performance and impacts, including management disclosures on social and environmental aspects including human rights, total number of international & local suppliers, supply chain management, Greenhouse gas emissions, total expenditure of procurement, reporting of Health & Safety KPIs and our response for managing business risks & opportunities etc.

### Global Reporting Initiative (GRI)

This report is compiled in accordance with GRI Standard. The GRI content index is available at Chapter 7. We consider that Sustainability reporting enhances the performance and better summarizes the social, environmental and economic standing of a company.

### Report Audience

We have identified our audience like Investors, Board of Directors, Employees, Contractors, Community, Local administration, Banks, Union Councils, Collective Bargaining Agreements, Utilities suppliers like Sui Northern Gas Pipelines Limited (SNGPL), Water and Power Development Authority (WAPDA), Pakistan Telecommunication Limited (PTCL), crude oil suppliers like OGDCL, PPL, OPL, POL, MOL and MGCL, Government agencies like MoCC, PAF, Army, EPA-Punjab, Ministry of Labor, ILO, FBR, PSQCA, MEPD, OGRA, PNAC, SECP, OCAC, Rescue 1122, Adjoining Hospitals, Adjoining Educational Institutions, Refineries like PARCO, Pakistan Refinery Limited, Cnergyico, National Refinery Limited, Customers like Attock Petroleum Limited, Pakistan State Oil Company Limited, Shell Pakistan, Total PARCO, Q1 petroleum, BE energy, External Auditors like SGS and Ferguson etc.

## Sustainability Reporting Team

### 1. M. Adil Khattak (Chief Executive Officer)

M. Adil Khattak, has a firm commitment and far reaching vision for sustainable development. He always encourages and emphasizes sharing company's progress with all stakeholders in a transparent way. He leads the sustainability team, provides guidance and accords necessary approvals.



### 2. Anwer Saeed (Manager HSEQ)

Mr. Anwer Saeed's role is to ensure two way communication on all sustainability matters, their immediate solutions and seeking approvals from top management. He develops and implements communication strategies to support initiatives and to involve key stakeholders (internal and external) on the subject. In addition, his key role is management of Health, Safety, Environment and Quality department activities. He is also member of various management committees including risk management and Central Health, Safety and Environment Committee etc.



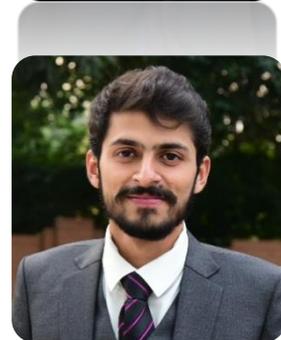
### 3. Muhammad Tahir Hussain (Deputy Manager Q&E)

Mr. Tahir plays a lead role in the process of data collection from different departments and reviewing the contents and data credibility as per GRI Standards. He highlights sustainability issues, reviews and identifies material topics with external stakeholders and maintains righteous relationship with internal and external stakeholders. He also leads the acceleration of sustainability integration into core business to set new strategies for sustainable growth of the company.



### 4. Muhammad Hasnain Shah (Environment Engineer)

Mr. Hasnain Shah drives the procedure of inter-departmental information assortment for the convenient compilation of Sustainability Report according to GRI Standard, data analysis and interpretation, material issues identification, training of employees regarding sustainable practices and independent external assurance from certified consultant.



#### Contact Information

For more information or to share your views about this report, please contact:



Mr. Anwer Saeed  
 Manager (Health, Safety, Environment & Quality)  
 Attock Refinery Limited, P.O. Morgah, Rawalpindi  
 Ph: 92 51 5487041, Fax: 92 51 5487254  
 E-mail: [anwersaeed@arl.com.pk](mailto:anwersaeed@arl.com.pk)

# MATERIALITY

## Basis for Materiality Assessment

1. Company Objectives, Strategies, Policies and Programs, Vision, Mission and Core Values
2. Auditors Reports
3. Independent Judges feedback on our previous sustainability reports
4. GRI Standard & UNGC Indices
5. Customer Meetings, Surveys and Feedback
6. Community Meetings
7. Engagement with Stakeholders
8. Legislative Guidelines (National/ International)



# BOARD OF DIRECTORS

**Mr. Laith G. Pharaon**  
Non-Executive Director  
(Chairman Attock Group of Companies)



**Mr. Wael G. Pharaon**  
Non-Executive Director



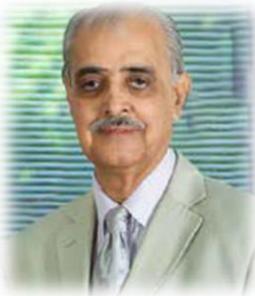
**Mr. Shuaib A. Malik**  
Chairman/ Non-Executive  
Director & Alternate Director to  
Mr. Laith G. Pharaon

**Mr. Abdus Sattar**  
Non-Executive Director



**Mr. Jamil A. Khan**  
Non-Executive Director

**Tariq Iqbal Khan**  
(Independent Non-Executive  
Director)



**Mr. Shamim Ahmad Khan**  
Independent Non-Executive  
Director

**Mr. Babar Bashir Nawaz**  
Alternate Director to Mr. Wael  
G. Pharaon



**Mr. M. Adil Khattak**  
Chief Executive Officer

## BOARD COMMITTEES

### Audit Committee

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.

1. **Shamim Ahmad Khan**  
*Chairman*  
*(Independent Director)*
2. **Shuaib A. Malik**  
*Member*
3. **Abdus Sattar**  
*Member*
4. **Tariq Iqbal Khan**  
*Member*
5. **Babar Bashir Nawaz**  
*Member*  
*(Alternate Director)*

### HR & Remuneration Committee

The prime role of the Human Resource & Remuneration (HR&R) 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.

1. **Tariq Iqbal Khan**  
*Chairman*  
*(Independent Director)*
2. **Shuaib A. Malik**  
*Member*
3. **Jamil A. Khan**  
*Member*
4. **M. Adil Khattak**  
*Member*



## COMPANY INFORMATION

### Chief Executive Officer

M. Adil Khattak

### Chief Financial Officer

*Syed Asad Abbas (FCA)*

### Company Secretary

*Saif ur Rehman Mirza (FCA)*

### Auditors

*A. F. Ferguson & Co.  
Chartered Accountants*

### Legal Advisor

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

### Share Registrar

*CDC Share Registrar Services Limited  
CDC House, 99-B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal,  
Karachi-74400.*

### Registered Office

The Refinery, Morgah, Rawalpindi  
Tel: (051) 548041-5  
Fax: (051) 5487093  
(051) 5406229  
Email: [info@arl.com.pk](mailto:info@arl.com.pk)  
Website: [www.arl.com.pk](http://www.arl.com.pk)

### Bankers

Al Baraka Bank (Pakistan) Limited  
Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
JS Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
The Bank of Punjab  
United Bank Limited



## ABOUT THE COMPANY

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 Pakistan Stock Exchange Limited. 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. The present paid-up capital of the Company is Rs 1,066.163 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 99 years of successful operations, ARL's plants have been gradually upgraded/ replaced with state-of-the-art hardware to remain competitive and meet new challenges and requirements. It all began in February 1922, when two small stills of 2,500 barrel per day (bpd) came on stream at Morgah following the first discovery of oil at Khaur where drilling started on January 22, 1915 and at very shallow depth of 223 feet 5,000 barrels of oil flowed. 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. 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. In 2000, a Captive Power Plant with installed capacity of 7.5 Megawatt was commissioned. The latest Expansion / Up-gradation Project completed in November 2016 comprised the following:

- Diesel Hydro Desulphurization (DHDS) of capacity 12,500 bpd: This has reduced Sulphur contents in the High Speed Diesel to meet Euro III specification;
- Preflash unit: This has increased refining capacity by 10,400 bpd;
- Light Naphtha Isomerization unit: This has enhanced production of Premium Motor Gasoline by about 20,000 M. Tons per month;
- Expansion of existing Captive power plant by 18 MW.
- Currently ARL is meeting the sulfur content requirement of Euro-V gasoline while HSD produced at ARL meets the Euro-III specifications. In order to be able to produce Euro-V compliant higher RON PMG, ARL has planned to install a CCR unit. Basic Engineering Design for the CCR unit and revamp of existing Naphtha Complex has been completed. For production of Euro-V HSD, a revamp feasibility study of the existing DHDS unit is in progress by the Licensor of the unit.

ARL's current nameplate capacity stands at 53,400 bpd and it possesses the capability to process lightest to heaviest (10-65 API) crudes. The Company is ISO 9001, ISO 14001, and ISO 45001 Certified and accredited its lab with ISO/ IEC 17025 and is the first refinery in Pakistan to Implement ISO 50001 (Energy Management System).

## THE MANAGEMENT



Munir A. Temuri  
AGM (Operations)



Salman Tariq  
AGM  
(Maintenance)



Syed Asad Abbas  
Chief Financial  
Officer



Asif Saeed  
AGM (C & MM)



Khalid Mehmood  
SM (TS, P&D)



M. Adil Khattak  
Chief Executive Officer



Sardar Lall Khan  
Manager (HR & A)



Anwer Saeed  
Manager (HSEQ)



Saeed Uddin Faruqi  
Manager  
(Engineering)



Usman Ishaq Raja  
Manager (BR&A)



Saif-ur-Rehman  
Mirza  
Company Secretary

## MANAGEMENT COMMITTEES

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

### MANAGEMENT COMMITTEE

This Committee which is constituted of all departmental heads meets fortnightly under the chairmanship of CEO to coordinate and discuss various issues pertaining to refinery operation.

### VALUE & ETHICS COMMITTEE

The primary role of this Committee is to investigate and advise the 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, projects and formulates recommendations after discussing/ evaluating it from technical & 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.

### APPRAISAL COMMITTEE

The role of this Committee is to review and propose annual increments and promotions of management staff. The Committee also proposes areas of improvement for each employee.

### PRICING COMMITTEE

This Committee is responsible for determining prices of deregulated products from time to time.

### TRAINING STEERING & SCHOLARSHIP COMMITTEE

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

### BID EVALUATION COMMITTEE

The primary responsibility of this Committee is to review cases of bids for purchase of goods and services to ensure acquisition of the most suitable resource at the optimum price.

### RISK MANAGEMENT & STRATEGIC PLAN COMMITTEE

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

### STANDING COMMITTEE FOR GENDER JUSTICE

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

### CENTRAL HSE COMMITTEE

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



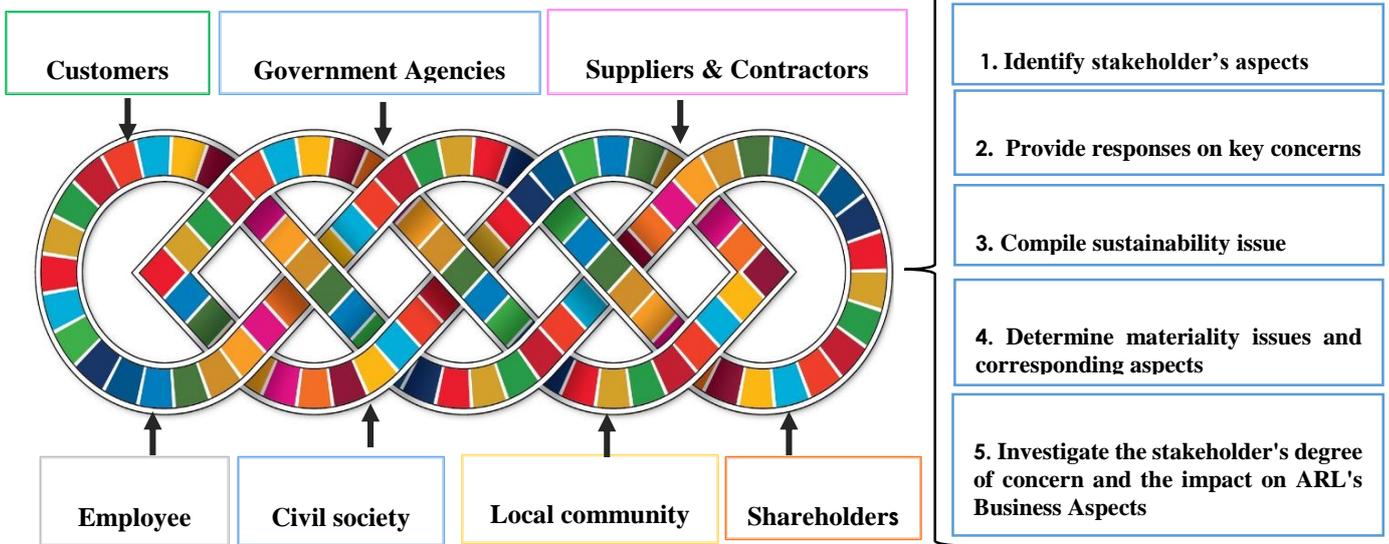
**STAKEHOLDER**



# STAKEHOLDERS ENGAGEMENT

ARL stakeholder’s engagement process comprises of identification of material issues relevant to the Environmental, Social & Governance (ESG) and their analogous impacts on its partners & ARL’s business. Stakeholders having similar interests & needs are grouped together. ARL strategy is always inclined towards its firm commitment for doing fair business following its core values and involving its stakeholders at all forums. Through a cyclic approach, ARL is providing equal growth opportunities to all. This approach helps in creating & promoting synergetic relationships with our valued stakeholders and to meet their expectations proficiently.

## Stakeholder Engagement Cycle



## Shareholders

### Institutional Shareholders:

Banks, Financial Institutions, Non-Banking Financial Institutions, Insurance and Investment Companies, Joint Stock Companies, Associate Companies etc.

### Private Shareholders:

Private and small investors

## Expectation & Interest

Maximum throughput of refinery, Timely payment of dividends & bonus shares, sharing of social, environmental and financial statements for Compliance to the code of corporate governance and materiality principles, increasing value of market share, safe operations of the refinery, Value addition and Transparency.

## Mode of Engagement

Quarterly Board of Directors meetings and Shareholders general meetings, Refinery Management Committees i.e., Risk management & Strategic Planning Committee, Succession Planning and Career Management Committee Meetings, Reporting of Company's annual financial and sustainability reports, periodic sharing of information through electronic media

## Responses

- Safe operations of the plant and value addition of products is ensured by operations & Technical Service department.
- Compliance to the code of corporate governance, materiality principle's compliance, Coordination with third party auditors, Routine review and internal audits by business review and assurance (BR&A) department.
- Transparency in dealing, Preparation of quarterly and annual financial reports, sharing of financial statements, Liaison with financial institutions for investments, Timely payment of dividends and bonus shares to shareholders by F&CA department.
- Succession planning for key managerial positions & hiring of talented staff to keep operations smooth and trouble free by human resource and administration (HR&A) department.
- Ensuring safe operations in compliance with safety, quality & environmental regulations, sharing social and environmental performance of company by health, safety, environment and quality (HSEQ) department.
- Arrangement of board and shareholders meetings by company secretary.



43<sup>rd</sup> Annual General Meeting

### Local Communities

Neighborhood, Local schools, Masjids, Residential colonies, Neighboring organizations & industry, union councils, employees' families, Community development organizations, Local municipal administration, visitors, transporters etc.

### Expectation & Interest

Infrastructure development, Provision of facilities and funding to schools, Health facilities, Better living standards, Safety and security, Provision of utilities, sports and recreational facilities, clean environment, employment, Community Awareness and Support, Policy Lobbying

### Mode of Engagement

Meeting with nearby communities, Participation in school events, Sponsoring events in schools, Joint celebrations of events, Community engagement and awareness seminars, Installation of clean drinking water tanks, Participation in conferences and sports, Arranging Sports Events, Medical Camps, Annual Sports Competitions, Technical Meetings, providing training opportunities

### Responses

- Financial and administrative support is being offered through F&CA Department.
- Health facilities are provided by Attock Hospital Limited (AHL).
- Safety seminars, environmental activities, promotion of cleaner technologies by HSEQ department.
- Recruitment with preference to local communities on merit basis by human resource & administration (HR&A) department.
- Provision of free utilities and drinking water to neighborhood including masajids, schools and awareness campaigns arranged by HR&A department.
- Tree Plantation & provision of ARL's play grounds for sports by HR&A
- Fumigation sprays for dengue and COVID- 19 etc.



Smog Awareness Walk with District Administration & Punjab EPA

Customers	Expectation & Interest	Mode of Engagement
<p>Major Oil Marketing Companies (OMCs) including Pakistan State Oil, Attock Petroleum Limited, Total Parco Marketing Company Limited, Shell Pakistan Limited, Hascol Petroleum Limited, Puma Energy Pakistan Private Limited, Bakri Energy Private Limited, Cnergyico, Quality 1 Petroleum Private Limited, Pakistan Air Force etc.</p>	<p>Quality and quantity of product, Timely delivery, Technical assistance and financial compliance, after sales services, Customer satisfaction, Asset's safety and security.</p>	<p>Customer site visits, exchange of information, joint testing of product quality, quarterly customers feedback, technical awareness sessions, compliance of relevant financial regulations, meetings with customers as &amp; when required</p>
Responses		
<ul style="list-style-type: none"> <li>• Timely delivery of products and quantity compliance, response to queries, administrative complaints being addressed by oil movement section of Operations department</li> <li>• Quality assurance and end user customer satisfaction, technical assistance in testing and quality related matters are addressed by quality control lab section of HSEQ department.</li> <li>• Timely billing, reconciling and financial coordination is addressed by invoicing and receivables management section of F&amp;CA department</li> <li>• Customer liaison &amp; satisfaction, Compliance of sales agreements by sales section of C&amp;MM department</li> <li>• Asset safety and security is ensured by HSEQ Department and security section of HR&amp;A department</li> </ul>		



ARL officials meeting with Attock Petroleum Limited

### Employees

Regular employees, Contract employees, Employees Representative groups like CBA's Third-party contract employees. Details are given in 2nd Chapter

### Expectation & Interest

Market competitive salaries, career growth, training and development, safety and security of employees, conducive and friendly working environment, sharing of information, residence, medical facilities, sports and recreational facilities.

### Mode of Engagement

Human resource policies, Planning and career management committee meeting, Annual appraisal, Organization Environmental Survey, Employee engagement and team building seminars and activities, Conferences for human resource development and training need assessments sessions, training programs and career development sessions.

### Responses

- Training programs, employee meetings, annual and quarterly family festivals, conducting regular employee satisfaction survey, Formal agreement of CBA's, Administrative assistance, Residence and medical facilities, employee's engagement through training sessions, team building activities and annual sports by human resource and administration (HR&A) department
- Safe and secure working environment, provision of PPE's and handling of emergencies at the workplace is being addressed by health, safety, environment and quality (HSEQ) department
- Health facilities through Attock Hospital Limited
- Timely payment of salaries and bonuses by F&CA department



Glimpse of Annual Sports Gala at Attock Refinery Limited

### Suppliers & Contractors

Pakistan Oilfields Limited, Pakistan Petroleum Limited, Ocean Pakistan Limited, MOL, Oil and Gas development Company Limited, PPL, Mari Petroleum Company limited, WAPDA, SNGPL, PTCL and general order suppliers Services and Human Resource Contractors

### Expectation & Interest

Timely bill payments, Prompt response to queries, safety and security of personnel and assets, conducive working environment, facilitation, compliance of contract agreement, Technical assistance and feedback, compliance to the code of corporate governance.

### Mode of Engagement

Joint testing of crude oil, direct coordination with WAPDA, SNGPL, PTCL and general order suppliers, visit to contractors and suppliers' sites as & when required, Periodic meetings of procurement office with general order suppliers, meetings with contractors, Trainings, Communication of relevant policies to contractors and suppliers

### Responses

- On time payment to crude oil suppliers by finance department
- Crude oil analysis, personnel and assets safety, technical assistance by HSEQ department
- Payments to contractors by F&CA Department.
- Facilitation to contractors by HR&A and operation department.
- Evaluation of crude and other raw materials/ services by HSEQ, technical services, C&MM and other relevant departments



Vendors stall for safety equipment during National HSE Conference at ARL

### Government Bodies

Ministry of Energy (Petroleum Division), Pakistan Standards and Quality Control Authority (PSQCA), Directorate of Labor, Federal board of revenue (FBR), Securities and Exchange Commission of Pakistan (SECP), Pakistan Stock Exchange, EPA, Rescue 1122 and other like organizations, National Highway Authority, Directorate of Apprentices, EOBI, Ministry of Climate Change, NDMA, Civil Aviation Authority, Social welfare department, NFPA, OGRA etc.

### Expectation & Interest

Compliance to the code of corporate governance, Compliance of quality specifications of products and services, Legal and PEQS Compliance, Tax deduction and deposition, Development of policies framework, Infrastructure development, safe procedures and workers welfare.

### Mode of Engagement

Fortnightly product allocation meetings, Sharing of daily sales figures to Ministry of Energy (Petroleum Division), Crude pricing coordination with Ministry of Energy petroleum division. Monthly and Annual coordination with FBR for taxation, Regular liaison with local government, invitations to government officials, Information on website, Involvement of EPA in public hearing for new projects, and other events like tree plantation, Participation in meetings, Joint event celebrations etc.

### Responses

- Compliance to code of conduct by Business Review and assurance department
- Coordination with Ministry of Energy for crude pricing and discounts, Petroleum development levy, FBR for excise duty and sales tax by oil movement section, F&CA and C&MM department
- FBR for monthly/annual return of withholding, income and personal tax by payroll and employees fund section
- Dealing with stock exchanges, SECP, financial institutions by corporate affairs section
- Liaison with local government labor departments and EOBI by human resource department
- Dealing with PSQCA, Civil aviation, EPA, Rescue 1122, OGRA, NDMA, District Disaster by the relevant company representatives



Assistant Commissioner Rawalpindi expressing her words during Smog Awareness Session at ARL

### Civil Society

Universities, Foundation, NGOs, Research Institutes, Technical Training Institutes, Colleges, Students, etc.

### Expectation & Interest

Industrial academia relationship, Industrial tours, Research and development with research institutes, Medical camps, Internship and Trainings, Joint celebrations with the company, sharing of information and Technical support.

### Mode of Engagement

Organizing Conferences & Seminars, Celebration of Events, Coordination with Universities, Arranging Free Medical Camps, Reporting of environmental, social and economic performance, Participation in meetings, industrial visits, mentoring research projects, ARL website, Apprenticeship & senior management trainee programs etc.

### Responses

- Internship programs, Liaison with educational institutes regarding research facilitation to create shared values by human resource and administration department
- Sharing technical information and research assistance is provided by different concerned departments
- Resource provision and sponsoring of events by HR&A and finance department
- Medical camping with NGOs at different locations through Attock Hospital Limited
- Providing safety training by HSEQ department
- Sharing social and environmental performance by HSEQ department
- Technical support is provided by operations, TS and HSEQ department



Representatives from different governmental institutions joined ARL for awareness of Environmental concerns

## HUMAN CAPITAL DEVELOPMENT

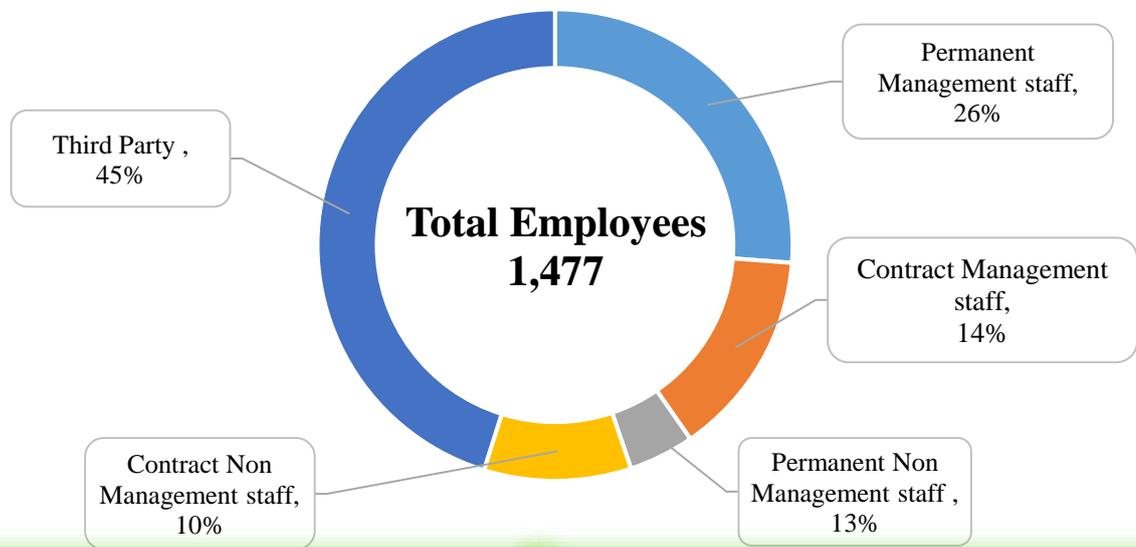
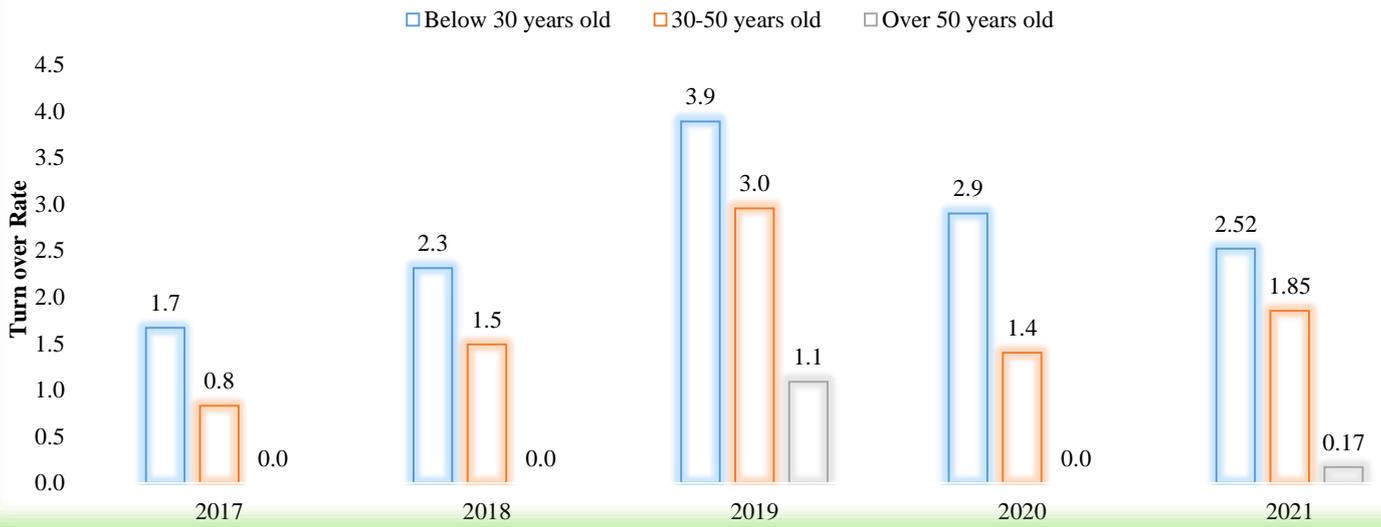
Human resource is considered a fundamental asset and it is ensured that all employees are treated with dignity and respect by creating an atmosphere of mutual understanding and open communication. ARL proliferate under an ecosystem based on the concept of empowerment. Company encourages socialization, team spirit and motivation to make work place attractive and interesting. Company has a well-defined human resource policy to attain the highest standards of professionalism. Being signatory of United Nations Global Compact guiding principles on human rights, we also support and respect the internationally proclaimed human right principles and endeavors to make sure that ARL is not complicit in human right abuses. We are an equal opportunity employer and consider our human resource capital, a seminal factor for sustainable growth and revitalize it by promoting best human resource practices. The primary part is engaging best talent.

### *Recruitment and Hiring*

We pursue a merit-based policy for induction and promotion of employees. Company is located at Morgah Rawalpindi and while hiring company prefers people from district Rawalpindi and nearby districts. Moreover about 23% of the company total staff comprises of locals. Senior management staff includes the entry level engineers/finance graduates to the head of departments. Data for the disclosure 2-7 and 2-8 is mentioned below and it is based on head count and the workers who are not employees perform non-essential jobs (Labor etc. / Janitorial/ Horticulture/ Cooks/ Waiters etc.)



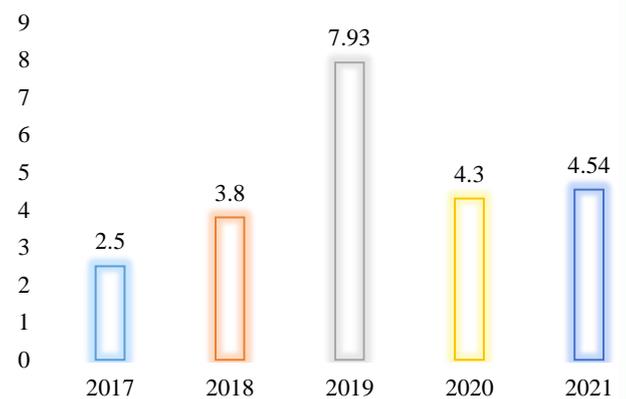
### Employee Turnover age group



### Reasons for Employee separation 2021



### Total Turnover rate



## EMPLOYEE DEVELOPMENT & TRAINING

Company has a well-developed corporate culture for human resource development. Training & development of employees is ensured on continuous basis considering training need assessment, technical requirements & competencies. ARL has established T&D center for planning & arranging in-house/outside technical & soft skill trainings. Training plan forms a part of our performance management strategy and is formulated on the basis of training need assessment, staff career plans, succession plan and other organizational requirements. We are continuously striving to enhance employees' technical and managerial competence through in-house technical, soft skill trainings and periodic learning tours to foreign countries.

ARL HSEQ department provides 40 hours training program on health, safety & Environment to all newly inducted staff including trainees & apprentices. ARL has become first organization in country's oil refining sector to acquire customized Operator Training Simulator (OTS), a tool which creates real time environment identical to control room for operators to learn / practice operation of plants. The OTS has been engineered by M/s Schneider Electric (Invensys). It has been of great use for manpower training prior to Commissioning of new units. Additionally; it has immensely contributed to lessen the low skill level issue of relatively inexperienced workforce arising out of high employee turnover. This has helped in safe and smooth operation of the new and existing units hence ensuring sustained profitability for the company. The Skills Development Initiative (SDI) program leads to skills management and lifelong learning that supports the continued employability and assists in career progression. The company provides good working environment, which in turn makes it possible, for the employees to put in their best efforts.

Training Hours By Gender	No. of Employees Trained	Training Hours	Training Hours/ Employee
Male	197	1129	5.73
Female	6	29	<b>4.83</b>

Training Hours per Employee by Employee Category			
2021			
Category	No. of employees	Man-hours	Avg. Training hrs.
Top-Management	1	27	1.69
Mid-Management	3	50	2.78
Executives	40	254	1.54
Junior Management	159	827	5.01

### Training Hours/ Employee



<b>Performance Reviews of Management and Non-Management Staff by gender and category</b> <b>100%</b>
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### *Employee Performance Review*

Every employee has the opportunity to realize their potential and develop a successful career. Performance evaluation and assessment of employees is also carried out on periodic basis. There are also bi-annual evaluation & review of performance appraisals to gauge the employee's efforts.

### *Employee Motivation and Encouragement*

To encourage staff in attaining their optimum level of performance, ARL organizes regular quarterly award ceremony to appreciate the star performers of all departments through commemorative shields and cash awards. These performance awards are awarded in the fields of core performance, safety and housekeeping. Moreover CEO's special appreciation letters and cash awards are also part of encouragement for individual outstanding performers.



Performance Award Ceremony at ARL

## ORGANIZATIONAL DEVELOPMENT

### *Succession Management Strategy*

Succession management is one of the ARL's HR major initiative. The main objective for introduction a formal succession management strategy is to ensure leadership and management continuity throughout the company at each strategic key position. Succession management guarantees 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 competency and expanded management role in their work.

### *Cultivation of Learning Culture*

Our core value of learning and innovation is an advocate of promoting learning culture within and outside the organization. ARL employees are encouraged to share their knowledge through participation in conferences and present their papers and publications. On the other hand a very well planned training and development is being pursued for ARL employees. ARL is emphasizing an extra effort on grooming internal trainers and for this an upgraded technical skills development initiative has been rolled out with considerable success.

### *Japan Cooperation Center Petroleum (JCCP) Online Courses*

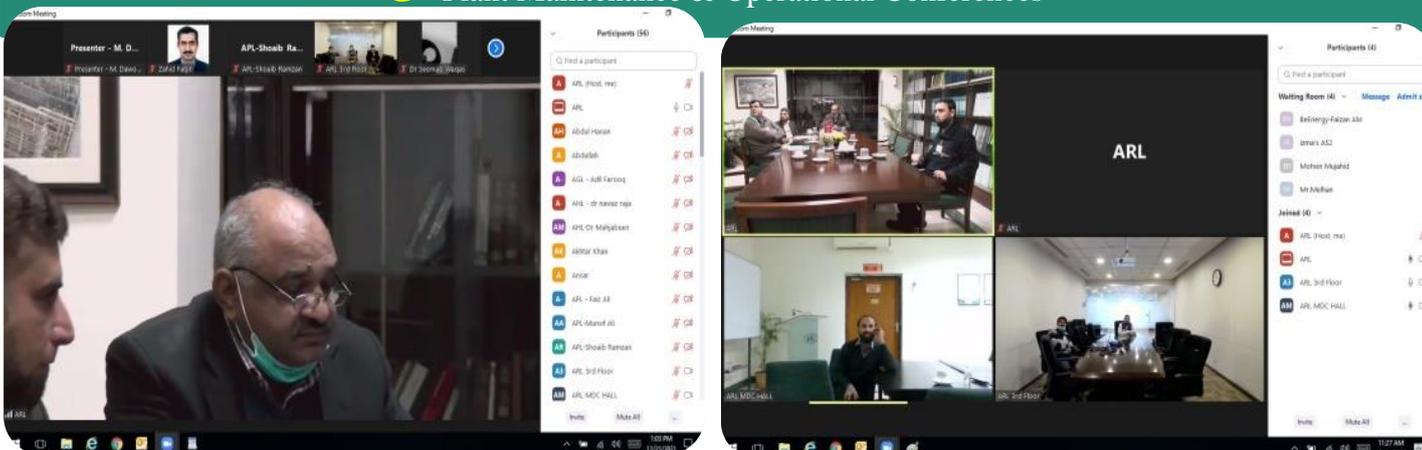
Due to ongoing wave of COVID-19 Pandemic, JCCP, Japan offered online training courses to its member organizations in lieu of foreign trainings to ensure continuity of learning opportunity for the participants. Six management staff members were selected from ARL for different courses by JCCP.

## National Level Conferences at ARL

7 HR Conferences

7 HSE Conferences

3 Plant Maintenance & Operational Conferences



Glimpse of Virtual HSE Conference 2021

## HUMAN RIGHTS AND LABOR PRACTICES

### Human Rights

ARL endorse and follow all legal bindings and compliances of human rights. We believe that every individual's right needs to be acknowledged. Hence, all the outsourced employment agreement (100%) includes human right clauses. Each employee is given a briefing by HR department on human right policies and procedures implemented at ARL during the orientation and 100% of the employees are sensitized on human rights policies.

Security Staff and Training Percentage  
 Total Staff 289  
 Trained on human rights= 100%



- Direct Employees
- Indirect security personnel hired through third party

ARL has strong commitment to ensure good work ethics and there is a value and ethics committee. The primary role of this committee is to investigate and advise the Chief Executive Officer (CEO) appropriate action regarding the violation of ARL core values and related codes and policies. Transparent legal system is a fundamental element of a healthy society and growing economy and ARL supports strong enforcement structures to protect employees against abuse of power. ARL feels pride in being signatory of the Ethics Policy at the platform of Oil Companies Advisory Committee (OCAC) along with other members from Oil and Gas Sector of Pakistan. The objective is to abide by the highest ethical standard, observe regulations applicable to the industry and laws of the country, conduct business with integrity and honesty, treat stakeholders fairly, communicate openly but in a responsive & accountable way. ARL also supports its Non-Muslims employees by facilitating them to visit their holy places. Moreover all employees of minority sects are entertained with financial support for visiting to their sacred places through balloting. ARL also provides conducive and decent working environment to its employees and contractors keeping in view their health and safety aspects.

Continuous training and development of security staff is of prime importance to the organization and heads of the respective department used to have an informal interactive session with all the security staff in order to train them on human rights policies and gender justice.

### Non-Discrimination

The Company has defined procedures that enable our human resource team to recruit, hire, develop and retain employees based on job related attributes, including experience, qualification and other criteria. No incident in the reporting period has been reported that involved discrimination, prejudicial treatment based on color, religion and gender. All employees are treated equally and organizational policies and practices doesn't allow in promoting any kind of inequality and injustice. ARL has adopted the code of gender justice at work place to create conducive working environment for men and women, free of any harassment, abuse and intimidation.



## INVOLVEMENT OF COLLECTIVE BARGAINING AGREEMENT

ARL considers its workforce at all levels as the true partner in sustainable development and doesn't make any decision without the involvement of CBA and workers union. The minimum number of weeks' notice typically provided to employee and their elected representative prior to the implementation of significant operational changes that could substantially affect them is decided with mutual prior discussion between ARL management and CBA representatives. The notice period and provision for consultation and negotiation are specified in collective agreements with mutual consent.

### *Union/Collective Bargaining*

ARL give credence to a collaborative work environment which benefits all involved parties, including employees, contractors and shareholders. ARL abides by all the rules and applicable laws including National Labor laws. The company periodically schedule meetings and collaborates with CBA in formal and informal settings. We respect the workers right to associate with CBA and right to vote in CBA referendum. Therefore company doesn't outrage and disrupt freedom of association and no incident regarding the violation of rights has been reported. More than 94% of non-management permanent staff is covered under the CBA while less than 6% are not covered being essential non-management staff.

#### Percentage of Total Employees Covered under Collective Bargaining Agreements

2021

<b>Number of total employees covered under CBA</b>	66
<b>Total employees</b>	1477
<b>% of employees covered under CBA to total employees</b>	4.5%

### *Child/ Forced/ Compulsory Labor*

ARL is committed to abide by all national and international laws for abolition of child labor and denounce all forms of forced or compulsory labor. ARL neither engages in employment of children nor supports child labor. The company adheres to the International Labor Organization (ILO) convention regarding minimum age of employees. ARL pays heed to all local laws and regulations regarding age requirement for workers. The company strictly complies with Factories act 1934 and Bonded Labor System (Abolition) Act 1992. Being the signatory of UNGC, ARL strictly adopts the effective abolition of child labor and support to the elimination of all forms of forced or compulsory labor. At ARL, no operation is identified having a significant risk for incidents of child and forced labor. We have a commitment on the restriction of employment below the age of 18 years and consider it a serious violation to Labor Laws. The contractor of ARL also observe and abide by minimum age and compulsory laws prohibiting the hiring of underage employees and the company's policies and practices truly reflect this approach. The company sensitizes its members and staff on these important aspects through various means like group discussions, meetings and seminars etc.

### Compensation and Benefits

ARL doesn't make any discrimination on the basis of gender in offering compensation packages including basic salary & other remuneration to male and female employees. ARL sustains employee compensation to meet local market standards and comply with legal requirements as per labor laws. Fair compensation is provided to all employees taking into consideration factors such as business needs, economic conditions, individual job responsibilities and personal performance.

Besides career development, Pension and other employee benefit plans are monitored by ARL for relevance, compliance and suitability. 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 and Leave Fare Assistance which are offered only to regular staff. Life Insurance, Health care facilities through self-run Attock Hospital Pvt. Ltd (AHL)



and outside hospitals on ARL panel for employees & their families, disability coverage for employees, parental leave (Maternity) for female employees, retirement provisions etc. are being provided to all employees. The standard entry level wage to the minimum wage ratio is 1:1.12. The ratio has been calculated using the minimum wage of third party employee (standard entry level wage) and ARL employee wage. The significance of the invested agreements is based on cost of the project and approval from BOD. However, all the non-significant investment agreements including the outside employment agreements are included with relevant human rights clauses and bound with our whistle blowing policy.

### Parental Leave

Female employees are entitled to parental (maternity) leave as per applicable rules.

Female Who Entitled to Parental Leave		1
<b>Return to Work rate</b>		100%
<b>Retention Rate</b>		100%

### Diversity and Equal Opportunity

There is no discrimination in hiring on the basis of religion, color and gender. We have a blend of workforce comprising of different age groups, gender and religions. Equal opportunities are provided to each group at appropriate forums. We are an equal opportunity employer and take it as a competitive edge in the market.

Category	Male	Female	< 30 Years	30 -50 Years	> 50 Years
Number of Individual within the Organization Governance bodies	08	-	-	01	07
Number of Individual in organization Management Committee	10	-	-	01	09

*Refer to Chapter no 5 under Statement of Compliance Section for further details*



## DEFINED BENEFIT PLAN OBLIGATION

### EMPLOYEE RETIREMENT BENEFIT PLANS

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

#### *Defined Benefit Plan*

The Company operates approved pension fund for its management staff and approved gratuity fund for its management and non-management staff. The investments of Pension and gratuity funds are made through approved trust funds. Gratuity is deductible from pension. Management staff 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 the financial statements in Annual Report 2020 at [www.arl.com.pk](http://www.arl.com.pk). The obligation at the statement of financial position is measured at the present value of the estimated future cash outflows. All contributions are charged to statement of profit or loss for the year. Actuarial gains and losses (re-measurement gains/losses) on employees' retirement benefit plans are recognized immediately in other comprehensive income and past service cost is recognized in statement of profit or loss when they occur.

Value in PKR "000"	
<b>EOBI FUND</b>	12,918
<b>Staff gratuity and pension benefits</b>	46,358

Calculation of gratuity and pension requires assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

#### *Defined Contribution Plan*

The Company 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.

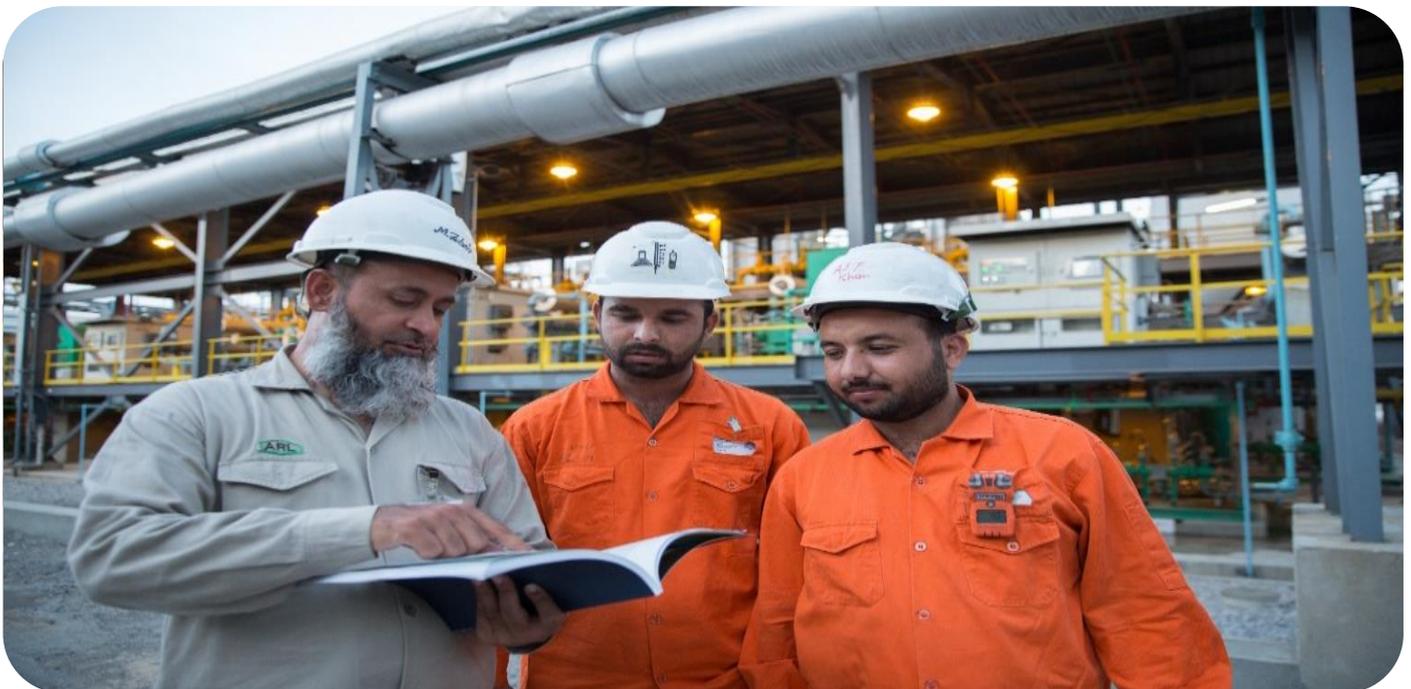


## HUMAN RESOURCE POLICY

ARL Corporate policy on human resources is to attain the highest standards of professionalism throughout the organization by recognizing and revealing individual capabilities, productivity, 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 oriented and dedicated employee force, can the Company maintain its Leadership in the Refining industry. And because the most valuable asset of the Company is its personnel, ARL has the following human resource policies:

1. Employ the best-qualified persons available, recognizing each person as an individual thus affording equal opportunity.
2. Pay just and responsible compensation in line with the industry standards, job requirements and work force.
3. Help employees to attain their maximum efficiency and effectiveness through a well-rounded training and development program.

4. Provide and maintain comfortable, peaceful and orderly working conditions.
5. Promote from within whenever possible and provide opportunities for growth and promotion to the employees.
6. Treat each employee with fairness and respect and in return expect from him service marked by dedication, devotion, commitment and loyalty.
7. Encourage each employee to improve and develop him/ herself and thereby prepare him/ her 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, if any, promptly and amicably.
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.

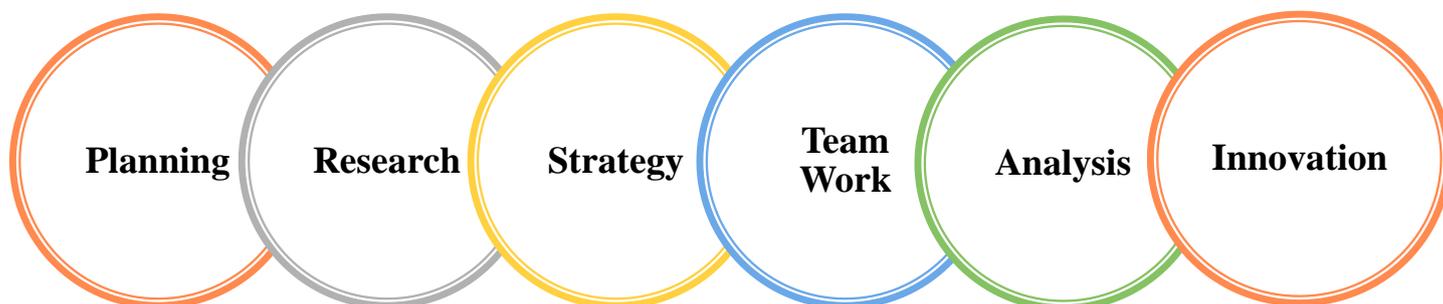
The Management understands that through the use of a good Whistle Blowing Plan, they can discover and develop a powerful ally in building trust with its employees and manage fair and transparent operations. The Company therefore provides a mechanism whereby any employee who meets the above referred conditions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



**CORPORATE SOCIAL RESPONSIBILITY**



## STRATEGIC PRINCIPLES



Being considered a pillar for sustainable development Social Responsibility is one of our core values. Since the inception of company, we are highly sensitive to the needs of the stakeholders and carrying out our social contribution activities regularly in a sustainable manner. ARL's CSR strategy always remains at the forefront to address all the concerns for achieving par excellence in the business ecosystem and proves to be contemporary for sustainable development of the organization. ARL's core value of social responsibility drives its strategic objective of sustainable development and accelerate its growth to achieve the mission by carrying out its obligations as a responsible corporate entity and creating shared values for its customers, employees, shareholders, communities and environment. We respond to community's requests through corporate actions in a transparent and sincere way. We always stand side by side with the community, offering consistent and long lasting support. The Company has a long history of supporting and investing in local communities. The mapping of our social initiatives with United Nations Sustainable Development Goals (UNSDGs) has been disclosed in this report.

### *Local Communities*

Local Community is engaged directly or indirectly 100% in all plans and programs after assessing the impacts. ARL has actively been involved in different CSR initiatives that address the key concerns of local communities in the areas of education, poverty alleviation, environmental protection, skills development, employment, sports & recreational facilities, Availability of drinking water, Maintenance of parks and infrastructure development etc. with their active engagement where possible. We at ARL make sure to avoid operations having potential negative impacts hence there is no significant direct and indirect economic, social, cultural and environmental impact identified during this year. EIA/IEE & Risk assessment studies are conducted periodically to mitigate any negative potential with the control measures to avoid any harm to the community. The community is engaged in public hearings before the introduction of any new project.

Following principles are being applied for assessing and ensuring the implementation of CSR strategy.

### *Materiality*

Application of materiality principle in the assessment process enables ARL to ensure that all stakeholders are fully on-board for planned social and other sustainable development programs. The scope of this principle covers all the legal and regulatory policies related to performance, behavioral impacts, views and their

perceptions which helped company management for taking informed and quick judgments, decisions and actions.

### *Completeness*

Each and every material issue is being addressed completely covering all aspects. It is ensured that reasonable and appropriate information of each material issue are presented in order to assess and define the dimensions of scope, boundary, time, extent of un-biased product and service related activities which interact with social, ethical and environmental performance of the company.

### *Responsiveness*

Appropriate & just response on each identified issue has been taken to address stakeholders concerns and adequately communicated its responses. The mechanisms used for stakeholder's engagement truly address the way we communicate.



## IDENTIFICATION OF SOCIAL CHALLENGES

### *Community Engagement*

We consult a variety of forums for the identification of social programs using materiality assessment. We remain in contact with our neighbors without any discrimination, keep periodic liaison with all stakeholders to get their views on our social activities. Dedicated staff members interact closely with local communities and work with technical and management staff to come up to their expectations and address their concerns. These include meetings with concerned union councilors & Nazims, schools and colleges administration in the locality, District coordination office, Local fire club members like 1122, National Disaster Management Authority (NDMA), Social welfare department, EPA, suppliers and customers etc. ARL always intends to further strengthen and open new doors of relationships with communities. This approach helps ARL in visualizing and formulating effective strategies into actionable social objectives and plans.



### *Communication Forums*

Over the years ARL’s commitment towards social aspects and programs are communicated for community awareness through announcements, display of banners and boards at prominent locations and often arranging seminars/conferences to get involvement of maximum number of community members. Apart from these, general public is invited to the public hearing for Environmental Impact Assessment (EIA) studies via newspapers. The feedback received from these forums (Meena Bazar, medical camps, and awareness sessions) is discussed and translated into social action plans for future.



### *Community Organizations*

To keep our social initiatives in line with the needs of community, ARL sponsored community organizations (i.e. Attock Sahara Foundation & National Cleaner Production Center Foundation) are playing a pivotal role in identifying and enhancing the social and economic aspects of the surrounding community.

In recognition of transparent working & commitments, Attock Sahara Foundation (ASF) was certified by Pakistan Centre of Philanthropy (PCP) in the areas of internal governance, Financial Management and Programmer delivery. Green care 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. In addition to create awareness NCPC provides trainings

& arranges workshops for capacity building. NCPC-F is also providing state of the art incineration facility that helps the society at large by disposing hazardous waste in an environment friendly manner. In health sector ARL's Attock Hospital Limited (AHL) is making tremendous contributions by providing standard health care facilities at reasonable cost, awareness to community and free medical treatment to the poor segment of the society.

### *Social Challenges*

Major direct and indirect social challenges identified through above forums are as under:

- Women skill development & empowerment
- Direct & indirect jobs to Local Residents
- Infrastructure development
- Recreational & Sports Facilities
- Young locals' capacity building
- Drinking Water Supplies to Community
- Medical facilities and Assistance
- Schools & Masajids utilities assistance
- Scholarships for deserving students of community
- Epidemic diseases including Corona Virus and Dengue
- Rural development
- Industry-Academia Relationship
- Industrial relations and workers welfare
- Enhancement of facilities and quality of education at School

### *Solutions and Performance*

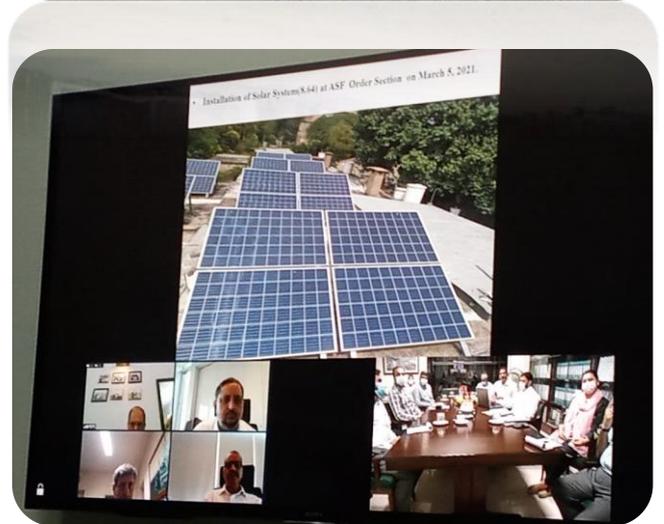
Our philosophy is based on capacity building instead of donor beneficiary relationship that's why we address the social challenges identified with an approach to involve local community in the development projects focusing on capacity building rather than donor beneficiary relationship.

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 the areas of Morgah, Kotha Kalan, Jhamra, various welfare organizations like SOS village, Deaf & Dumb school, other local schools & Masajids. Free water supplies to local community and other essential services are being provided 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 local 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 only a minimal fee charged to the students.

Apart from this, 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 initiated the provision of scholarships from the primary up to post graduation and doctorate level for employees' children studying in top rated institutions of Pakistan. The Company also provided a number of internships and apprenticeships opportunities to the nearby community for training and capacity building.

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



Social engagements activities in local community by ARL

## PHILANTHROPY & CORPORATE INVESTMENTS

Since its inception in 1922, Attock Refinery Limited (ARL) has been contributing towards CSR, which is an important part of our core values. During these long years, we have taken exhaustive initiatives in this realm and continue to find ways and means to meaningfully contribute towards community welfare activities as enumerated below:

### 1. *Attock Sahara Foundation (ASF)*

- a. ASF is a registered Non- Profit Organization (NPO), sponsored by ARL to help and support the less privileged segment of the community through various welfare programs/schemes which mainly include but not limited to Apprenticeship Program, Scholarship Scheme, Support Fund, Poor Patient Fund, Collection and Distribution of Zakat, community development projects like women skill development, capacity building and skill enhancement. In this realm, during the year under review Rs 20.77 million were spent.
- b. ASF lays special emphasis to empower and strengthen the less privileged women by imparting different skills and creating awareness to enable them to become earning hands for their families. The programs for this purpose include stitching, hand and machine embroidery, on job training as beautician, computer training etc. ASF sustains itself through a well-equipped medium size Industrial Stitching Section which is its main source of income to meet its manifesto.
- c. During the year ASF also created awareness on dengue, Covid-19, importance of tree plantation and kitchen gardening.

### 2. *Community Welfare*

The Company supports and arranges multiple community welfare activities for which the expenditure during the year was Rs 7.07 million. Details are as given below:

- a. Sports including hockey, cricket, football along with other sports facilities and well maintained play grounds.
- b. Patronizing parks, providing potable drinking water and health care to the surrounding communities.
- c. Administrative support to schools, masajids and churches in the surrounding area.
- d. Financial assistance to an NGO for the betterment of the visually impaired.
- e. Fuel to Garrison Golf Club for the promotion of Golf.
- f. Annual grants to adjoining Union Councils of Morgah and Kotha Kalan.
- g. In collaboration with Attock Hospital (Pvt) Limited (AHL), a wholly owned subsidiary of ARL, arranged free medical camps and blood donation campaigns.
- h. Seminars on COVID-19 pandemic, plastic bags hazards, dengue awareness, health, and child protection were held.

### 3. *Covid -19 Pandemic*

ARL has taken all necessary precautions as per Government directives, to minimize effects of Covid-19 without compromising refinery operations. Precautionary measures include checking body temperature before entering the premises of Refinery and offices, wearing face masks, provision of sanitizers and disinfection of

buildings. We also conduct regular awareness sessions in collaboration with AHL to control Covid-19 spread among employees, their families and local community.

As per SOP effected employees and their families were isolated and extended medical support which resulted in their complete recovery as well as helped to contain the spread of the pandemic. In this context mix of work from home, flexible office timings and online video meetings without compromising standards of work have been adopted and official travelling has been restricted to the most essential.

DG Health Services Punjab has approved Attock Hospital (Pvt.) Limited, a wholly owned of the Company, as an official Covid-19 Vaccination Counter for mass vaccination. Mobile Vaccination Team of the hospital is also actively extending the vaccination facility in the neighboring areas. In this way free of cost vaccination facility has been extended to employees of Attock Group of Companies, their families and general public of the surroundings areas. We are also pursuing our contractors/service providers for the prompt vaccination of their staff who visit us on regular basis.



#### 4. *Employment of Special Persons*

ARL not only provides equal employment opportunities to special persons but takes an extra step to help them to earn respectable living. Emoluments to a tune of PKR 3.31 million were spent for this noble cause.

#### 5. *Education/Training*

- The Company is operating an extensive management training program of 1 to 2 years for fresh graduates. The annual expenditure on these training schemes during the year was over PKR 37.25 million.



Visit by National Institute of Biotechnology & Genetic Engineering Students & Teachers for research at ARL

- b. The Company offers scholarships from class 6 to PhD level to employees' children. During the year, 26 scholarships were awarded and 16 brilliant students amongst employees' children were recognized by awarding prizes. The Company incurred an annual expenditure of Rs 3.16 million in this respect.

## 6. Business Ethics and Anti-Corruption Measures

The Company has voluntarily adopted United Nations Global Compact (UNGC) principles in its business practices leading to fight against corruption in all its forms, including extortion and bribery.

## 7. Industrial Relations/ Workers Welfare

ARL provides maximum benefits to its workers and ensures cordial industrial relations through its Collective Bargaining Agent (CBA). In this context the Company extends following facilities:

- a. CBA Referendum was held at ARL in collaboration with Registrar of Trade Unions, Rawalpindi on September 30, 2020 between two registered trade unions of ARL for the determination of CBA.
- b. Provision of highly subsidized food and wheat flour.
- c. Every year the Company selects four workers for Hajj and five workers for Umrah along with their spouses or dependents on the Company's expense. The Company also nominates one Non-Muslim worker along with spouse or dependent, for visiting their sacred places in Pakistan. However, due to the restriction on Hajj consequent to Covid-19 pandemic, the selected workers would perform Hajj.
- d. The Company gives quarterly Good Performance and Safety Awards to its workers for their motivation and Long Service Awards to acknowledge their long association with ARL.
- e. Free pick and drop facility is provided to the school, college and university going children of the workers



## 8. Dengue & Corona Control Campaign

Special teams were assembled by ARL Administration to ensure precautions against Dengue and Corona, Created awareness, launched campaign for eradication of dengue larva and Fumigated & Sprayed the area and surroundings with effective and recommended chemicals to protect the resident from the effects of Dengue and Corona. Mostly these exercises were carried out in collaboration with government health teams.

## 9. Development and Impact of Infrastructure

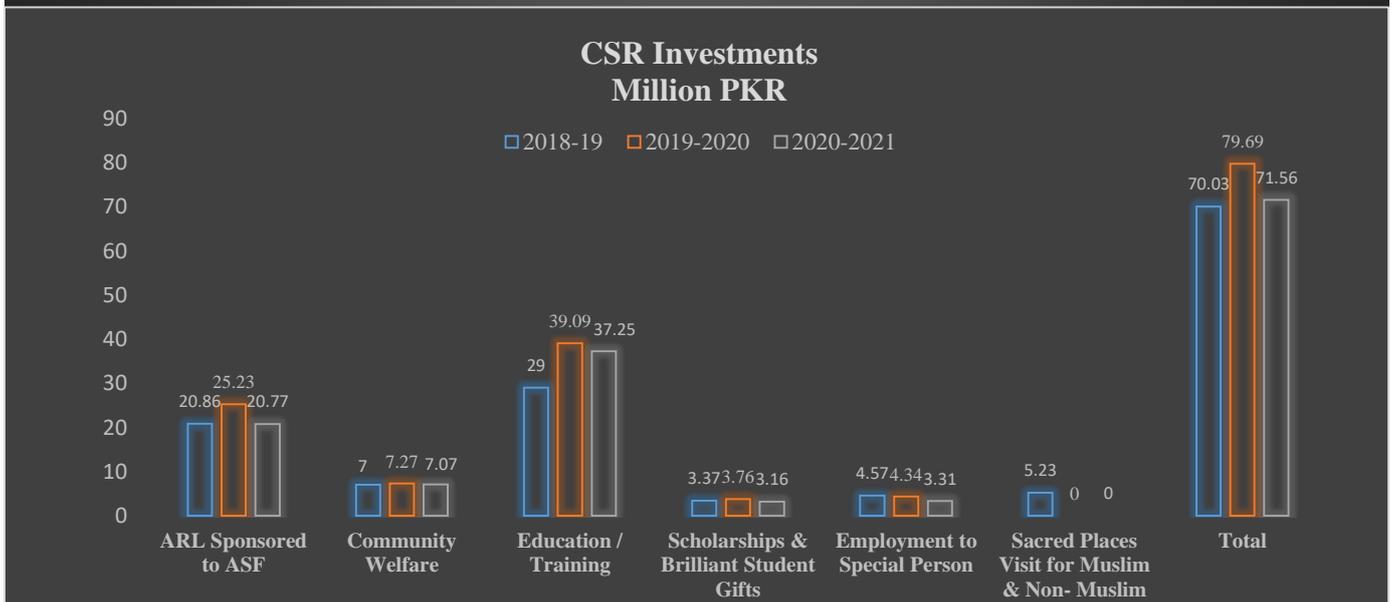
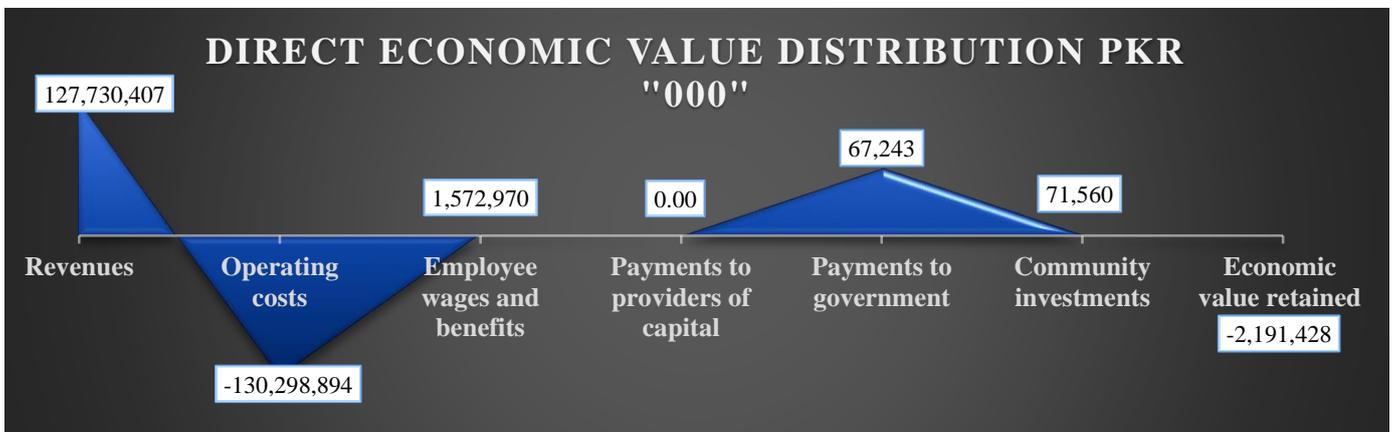
Investments and Services Support Availability of potable water is a big issue in this region. To facilitate local community in this regard, ARL continued with its policy of providing potable water to the surrounding population in the villages of Morgah, Kotha Kalan, Jhamra & to the welfare organization 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-viral spray to prevent dengue and Corona virus at



Morgah. ARL is paying an annual contribution of PKR 200,000 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 benefited 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 scenic look to the area besides preserving natural habitat. Similarly, through pursuing its green plan, ARL has planted thousands of trees in the adjoining area.

**Positive & Indirect Economic Impacts**

- a. The Company’s annual contribution to the national exchequer in the form of taxes and duties amounted to over Rs 67 billion while foreign exchange savings of US \$ 115 million were achieved through import substitution and exports.
- b. The Company not only operates on 100% indigenous crude oil thus saving foreign exchange but is a major outlet to the oilfields in the northern part of Pakistan. ARL is also the main source of petroleum products to the civil and defense sectors of the northern region of Pakistan and is a catalyst in the deployment of a large transportation fleet for crude oil and refined products in the private sector.



## ATTOCK INSTITUTE OF HORTICULTURE

Attock Refinery Limited (ARL) in collaboration with Attock Oil Company (AOC) has established an Institution for the promotion of art and practice of horticulture in general and to impart knowledge and training to gardeners and horticultural professionals in particular.

The objective of this institute is to achieve excellence in the domains of Horticulture including Floriculture and Landscaping on non-profit basis, to train Human Resource by building their capacity in the field of horticulture and enable them to seek employment through awarding certificates/ diplomas.

The institute operates under the ambit of Attock Sahara Foundation (ASF) registered as a Non-Profit Organization (NPO) and acts as center for training of horticulture and awareness about utilization of modern technologies in this field. Various training programs are being offered with affiliation of relevant organizations including Universities, Floriculture Department Punjab and Technical Education & Vocational Training Authority (TEVTA).

All trainings in the facility are being conducted by qualified instructors through a fine mix of theoretical class room training and practical field work. In this context, scope of trainings includes the following;

### PROFESSIONAL COURSES

- Horticulture & Landscaping
- Floriculture
- Tunnel Farming
- Kitchen Gardening

### HOBBY COURSES (1-3 DAYS)

- Kitchen Gardening
- Seasonal Flowers & Fresh Flower Arrangements
- Roof & Terrace Gardening
- Water Conservation
- Environmental Horticulture
- Solid Waste Management
- Urban Landscaping



ARL is uniquely equipped to take on this noble cause in a cost effective manner and providing existing in-house office space, land and related facilities including equipment, laboratory and workshops free of cost as part of its Corporate Social Responsibility (CSR). Similarly, the donation of PKR 10 Million by the Attock Oil Company and revenue generated from provision of services will help to go the institute in a sustainable way. In future, for expansion the scope of training at AIH, collaboration with Departments of Wildlife, Livestock, Fisheries and Agriculture will be enhanced.



### *Business Ethics and Anti-corruption Measures*

Business Review & Assurance department (BR&A) keeping in view its vision “The catalyst for improvement” strives to identify, evaluate and report potential risks and vulnerabilities to management by analyzing risks related to bad practices & corruption. The risk based reviews encompass controls assessment, material misstatement and risk of frauds and errors at different levels. The purpose is achieved by conducting Process Reviews, Compliance reviews and follow-ups throughout the year. International Standards for Professional Practice of Internal Auditing through Standard 2120 (Risk Management) requires that Internal Audit must evaluate potential for occurrence of fraud and how organization manages fraud risk. Keeping in view the above requirement, section wise fraud risk assessment had been conducted by BR&A in coordination with concerned management. On the basis of this assessment, sections which are more vulnerable to fraud were identified and ranked as high risk and are taken up for detailed reviews and probing in phased manner.

The company pursues an elaborated policy of Ethics and Business Practices and every employee is bound to adhere to it, hence 100% of operations are assessed for risk on this aspect. If employee is found culpable or involved in other malpractices, he/she is exposed to strict disciplinary action which can result into termination/dismissal from employment. No person has been terminated being involved in malpractices contrary to company’s policy of Ethics and Business practices.

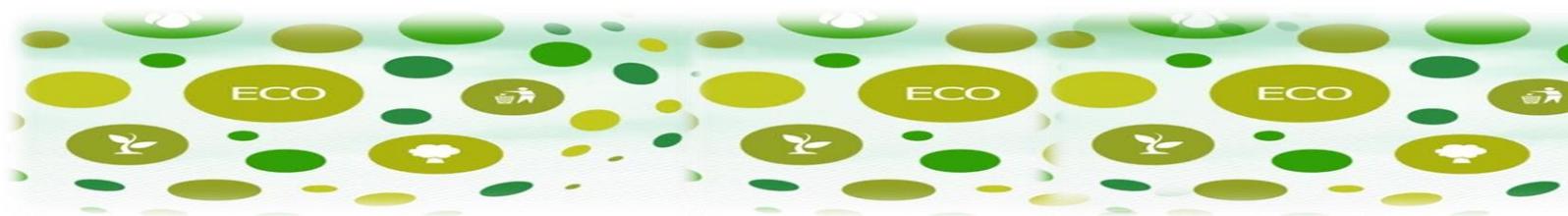
ARL also has a whistle blowing policy to address any type of malpractice in all of its activities. Please refer to 2<sup>nd</sup> chapter for details. No case for anti-competitive behavior, antitrust and monopoly practices were identified. All employees and other stakeholders have been communicated about the organization's anti-corruption policies and procedures through Sustainability Report and ARL’s website etc. informally. All the members of governance body are trained on anti-corruption. All the employees have been imparted training on organizational core values with special emphasis on integrity and ethics and they also sign the code of conduct on annual basis to keep afresh. Regarding anti-corruption measures ARL is also a signatory of UNGC.

### *Public Policy*

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 directly or through the forum of OCAC. There were no cases reported for any public, legal or contractor on corruption by any employee or organization.



# ENVIRONMENT, HEALTH & SAFETY



## HEALTH, SAFETY, ENVIRONMENT & QUALITY (HSEQ) POLICY



ARL is committed to provide the best quality products in the market, endeavours to protect the environment and to ensure health and safety of its employees, contractors and customers and to work for continual improvements 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 & SAFETY**

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 the environment. ARL believes that practically all accidents are preventable by carrying out risk assessments and reducing risks identified by appropriate controls. ARL is committed to ensure the participation and consultation of workers and their representatives in health and safety matters.

### **ENVIRONMENT**

ARL is committed to prevent pollution by the efficient use of energy throughout its operations, recycle and reuse of the 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 possible. Energy conservation positively impacts environment and goes a long way in reducing greenhouse gases and other hazardous emissions.

ARL is committed to produce quality petroleum products by employing economical energy efficient processes and equipment. It is our goal to reduce energy consumption where possible by regular monitoring and up gradation. We believe that energy efficiency and optimization is the key to sustainable development. In our economic and development strategies, we focus on initiatives that will use energy resources more efficiently. To further enhance the energy management, ARL has set the following energy objectives:

### *1. Use of Robust, Scientifically Sound Technology:*

This will enable the optimization of the 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:*

To keep abreast with latest development in energy conservation technologies and inculcate energy conservation culture in all our activities



## SUSTAINABILITY MANAGEMENT SYSTEM

### *Environmental Management*

Prevention of pollution in operation & care for environment is part of our HSEQ Policy statement. To strengthen our firm stand for sustainable development, we continued with investments aimed at improvement of our environmental performance in the year 2021.

We focus on the prevention and minimization of negative impacts on the social, environmental and economic aspects through the implementation of appropriate measures, procedures & technologies. In this context, we continued our initiatives for improving the production processes, Energy conservation, solid waste management & resource conservation etc.

The systematic introduction of technological advancements in ARL operation processes, environmental legislation and our active participation in consultation processes at different forums contribute significantly to align ARL's strategy for the pursuance of sustainable development along with targeted environmental investments and extensive environmental enhancement programs.

### *Materiality analysis to identify sustainability issues*

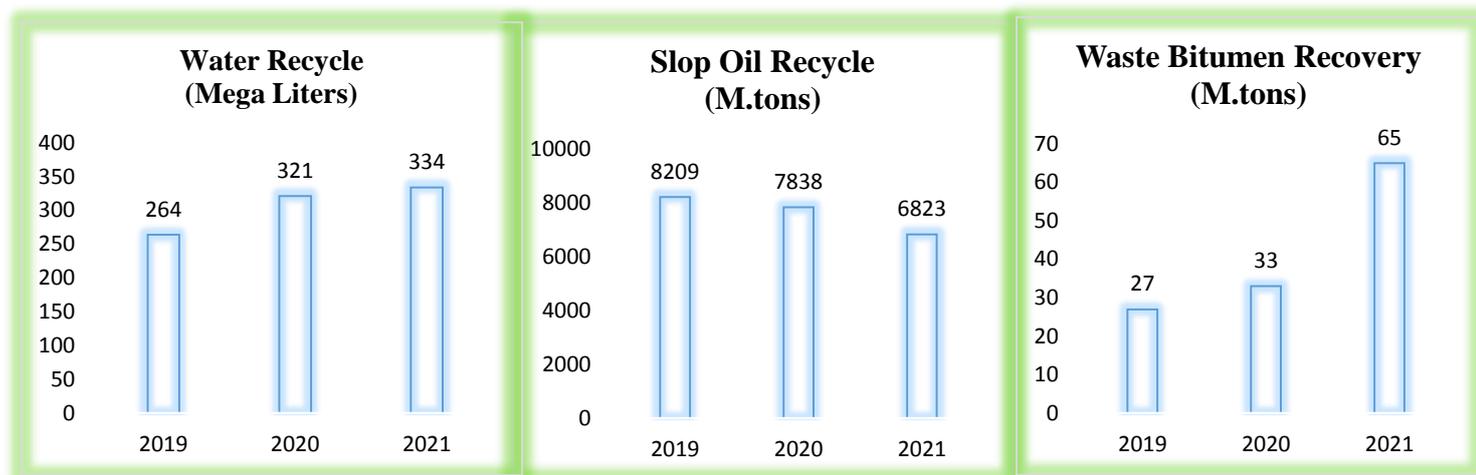
Materiality principles have been applied for the identification of significant ESG issues specifically environment. On the basis of significance, we categorized our plans as short, medium and long-term. This approach results in shorter, focused and sustainable solutions to these issues.

We have identified our environmental issues by thoroughly reviewing our environmental impact & risk assessment studies, legal environmental obligations, feedback from customers, best available environmental management practices, community & employee's feedback, coordination with environmental protection agencies like Federal and Punjab EPA, local government bodies etc.



### Resource Recycling/Reuse

Water, slop oil and bitumen are recycled in different refinery operations to enhance the resource efficiency and reduce the carbon footprints.



### Resource Materials

The company has self-implemented ISO 50001 (Energy Management System) in order to optimize its resource requirements. Below table represents the total amount of basic and auxiliary material resources directly used by ARL to continue its operational activities.

Material	Unit	2018	2019	2020	2021	
<b>Non-Renewable</b>	<b>Crude Oil</b>	M. ton	2,269,438	2,251,078	1,674,852	1,858,175
	<b>Electricity</b>	kWh	75,444,948	75,580,892	72,458,090	74,377,230
	<b>Fuel Oil</b>	Bbl.	220,332	226,082	183,175	249,576
	<b>Fuel Gas</b>	MCF	2,454,538	2,389,259	2,324,529	2,199,581
<b>Renewable</b>	<b>Steam</b>	M. Ton	502,803	536,834	495,175	497,750
	<b>Water</b>	Mega liters	1,111	1,473	1,415	1530

## ENERGY MANAGEMENT

ARL believes in a systematic and structural approach for the effective operation and management of significant energy users. In order to monitor & optimize the energy consumption, ARL is following the guidelines of ISO 50001 since 2012. ARL management goal is to protect environment & naturally existing resources through increasing the awareness on energy efficiency. In order to achieve this target following events were held during the reporting year.

1. Energy Week Celebration
2. Energy Awareness Talks/Sessions
3. Transition of ISO 50001 from 2011 to 2018 version

ARL management always appreciate that organizing such motivating events is in-line with ARL's core values to pursue a climate of excellence for sustainable business.

### 1. Energy Week Celebration

As a responsible corporate entity, ARL is cognizant that natural energy resources are not only scarce but also very precious and need to be optimally utilized. In this realm, Energy Week was celebrated at ARL from October 18-22, 2021 to reaffirm its commitment and inculcate energy management and conservation culture.

The purpose of this celebration was to educate, motivate and enhance energy consciousness of employees for strengthening their commitment towards energy conservation at workplace.

### 2. Energy Awareness Talks/Session

The purpose of Energy Awareness Talks/Session is to motivate employees and make them energy conscious, reaffirm their commitment towards energy conservation at workplace, achieve greater participation of the employees in conservation of energy. Energy talks are being held in refinery and offices to enhance the awareness among employees.



No of Man Training Hours	550
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### Renewable /Alternate Energy Projects

Installation of 200 KW on grid solar panel system and more such projects are underway.

### Budget Items

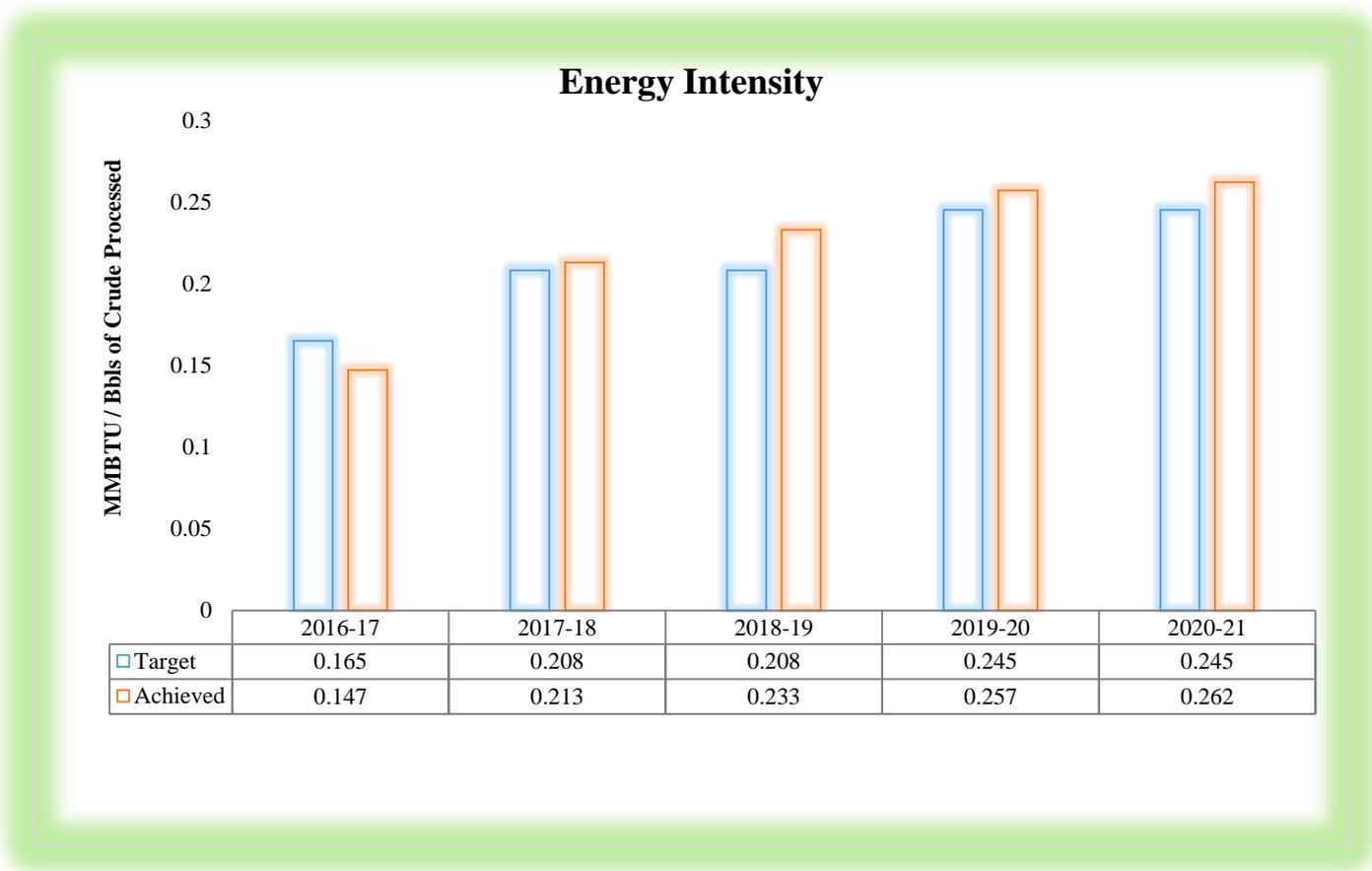
Budget Items	Cost (PKR Million)
Procurement of energy efficient motors & pumps	64.83

**Energy Intensity:**

It is defined as the "energy consumed in MMBTU per Barrel of Crude Processed. Energy intensity indicates the total energy consumed within the organization. Energy intensity was 0.262 MMBtu/Bbls of crude as an average of months from July-20 to June-21 which was calculated for total crude processed throughout the period. Overall Energy consumption per barrel is higher w.r.t. to baseline FY 2020-21 due to overall refinery operations at low throughput.



Energy Intensity target for the year 2020-21 is to maintain the value of 0.245 MMBTU/Bbls of Crude Processed.



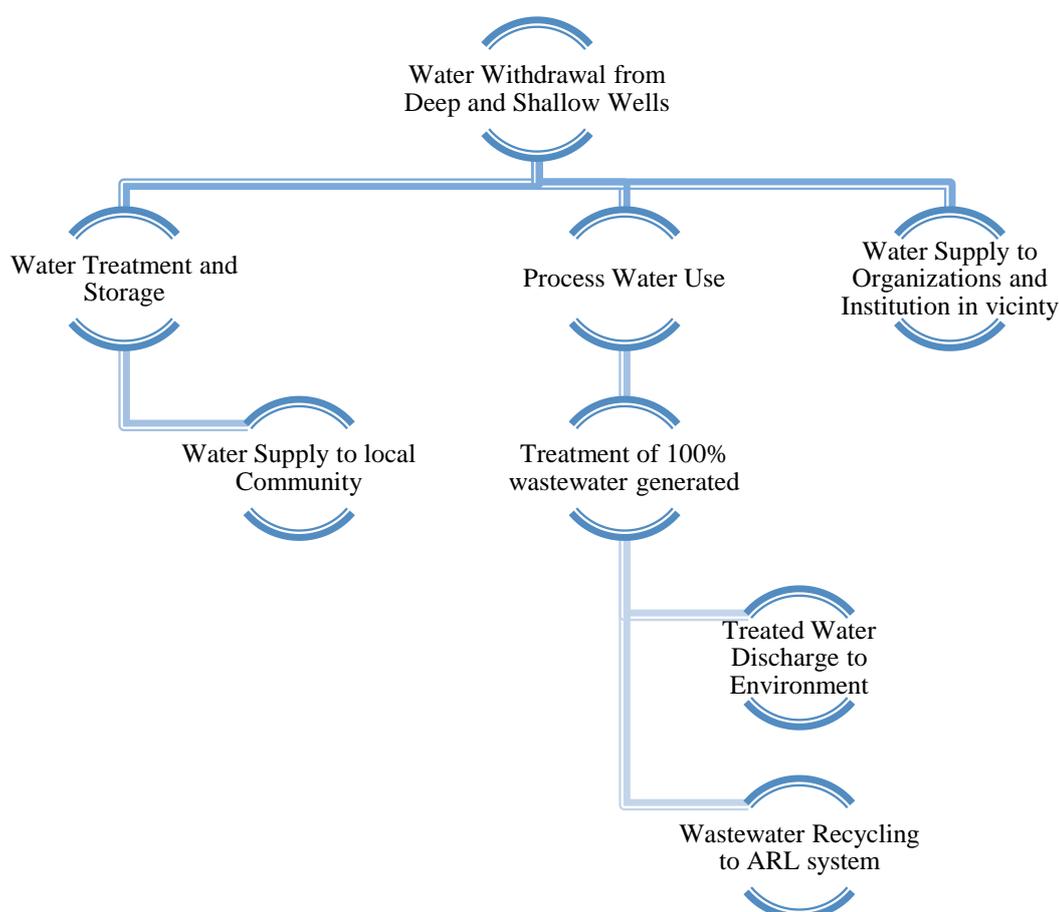
**Social (Energy) Plans**

1-2 years (Short Term)	2-5 Years (Mid Term)	Beyond 5 Years (Long Term)
Replacement of energy inefficient motors with efficient ones in phases.	Budgeting & Installation of energy meters as per ISO 50001 for monitoring of energy performance indicators.	Third party certification of ISO 50001.

## WATER MANAGEMENT

Keeping in view the fact that Water is scarce and getting scarcer every day. ARL interacts with water as a shared resource, i.e. uses water for its own needs and provides treated potable drinking water to neighboring community free of cost. ARL receives water from 11 shallow wells at Shahpur and Sohan areas and four deep tube wells at ARL own land at Morgah, Rawalpindi. ARL has three tube wells at Hummak (DHA-2) as well whose water is pumped to ARL via Sohan station.

Safe drinking water is essential to the basic human rights. ARL is providing safe drinking water to the local community of Morgah and Kotha Kalan. ARL is creating a positive impact in terms of clean drinking water provision to the local community. ARL is positively contributing to the “Clean water & Sanitation” Sustainable Development Goal by providing 27% of the extracted water for safe drinking purposes. Following is the water cycle which ARL is following for Sustainable water management.



*ARL's Water Cycle*

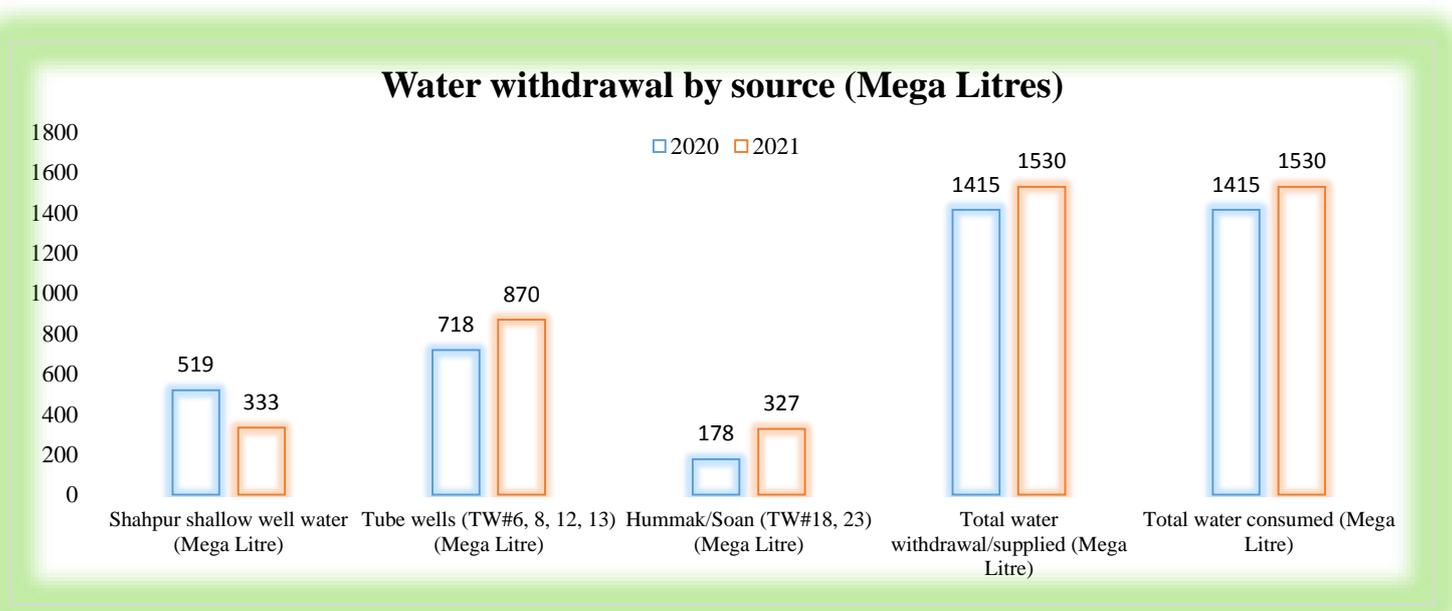
Sufficient supply of water to ARL, being a material aspect, is very critical for smooth refinery operations. ARL has a Risk Management and Strategic Plan Committee which discusses and decides the material aspects and their mitigation approach biannually.

In dry months (April-June), water supply from source (shallow wells/tube wells) is naturally reduced. As supply/demand gap widens, a fraction of treated effluent water from Effluent Treatment Plant (ETP) is recycled in process water, after testing from Laboratory.

Considering water as a highly important utility, ARL always sets corporate targets for consumption & availability of water. The company has taken a number of steps for water conservation, which resulted in meeting last year's corporate target of water consumption. The company consumed 38,486 Gallons/per hour water against the corporate target of 40,000 Gallons/per hour during July-2020 to June-2021 and achieved a reduction of 3.8%. In addition to daily water supply, a good quantity of water is kept as emergency water bank to meet emergencies.

### Water Withdrawal by Source

All the sources have TDS <1000 mg/L and no water withdrawal is made from areas with water stress



### Waste Water Discharge

ARL uses water for a variety of purposes in the production process, and the water is partly polluted as a result. Therefore, the production wastewater is treated to reduce the pollutant to acceptable limits, prescribed by PEQS, before using and discharging into the River Sohan. Due to the better quality of effluent water, 31 Mega liters of water is recycled from ETP in year 2021 approximately 2% of total water consumption. All the discharges are within PEQS Limits and regularly reported to EPA-Punjab.

Wastewater in Mega liters in year 2021	
Total wastewater Treated at ETP	227
Total wastewater Discharged from ETP	196
Total treated water Recycled from ETP	31

## BIODIVERSITY

The Management of ARL realizes the importance of biodiversity conservation and believes to adopt practical approach to achieve the objectives through community participation/ awareness and enhancing the 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 a strategic tool for national policymakers for reducing the threats to biodiversity through public-private partnership. Morgah Biodiversity Park project is one of the major and significant initiatives of ARL despite the fact that ARL site at Morgah has no threat to protected areas such as wildlife sanctuaries, national parks, or any archaeological, historical or cultural heritage in its neighborhood. Besides the conservation of nature, the company has also reserved an area for the museum and has conserved the historical heritage of the company. The museum contains the old equipment dated back from 1922.

The Morgah Biodiversity Park (MBP) spread over 28 acres, is a Pro-Poor Public-Private Partnership (5Ps) project of UNESCAP, the Government of Pakistan and Attock Refinery Limited. The Park was inaugurated by Dr. Kim Hak Su (Executive Secretary UNESCAP) on January 31, 2005 and comprises Aviary, Fish Pond, Butter fly Garden, Xerophytic Garden, Medicinal plants Garden having 272 out of 480 species of indigenous trees, shrubs and herbs of the Pothowar region and eight bird species along with “Mahaseer” an endangered fish.



The Park frequently visited by the local communities as well as university & college students and is a valuable source of education, awareness and recreation. In order to further enhance biodiversity conservation and to promote educational and recreational value of Biodiversity Park, breeding of wildlife has been introduced. In this context, adequate facilities for housing and breeding of wildlife have been developed. It has also helped in providing a sustained source of income to poor households in the community through employment opportunities.

- ✓ 3.6 kW solar system has been installed at Morgah Biodiversity Park to meet its electricity requirements. The significant features of Morgah Biodiversity Park are:

- ✓ An Improved vegetation cover under the 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 the park from organic waste for growing medicinal herbs and organic vegetables and fruits.
- ✓ Successful biodiversity conservation venture, provide a foundation to win PLATTS Global Energy Award for ARL.
- ✓ Biogas generation through organic waste has successfully installed and operated.
- ✓ Organic vegetables and fruit orchards are being cultivated in an area of about four hectares.
- ✓ Training and awareness to the residents and communities continued.

### *Tree Plantation*

As part of Corporate Social Responsibility, ARL plants 10,000 to 12,000 saplings every year. In order to encourage tree plantation among community, Horticulture Section launched spring and Monsoon season Tree Plantation Campaigns at different locations including Morgah Biodiversity Park, Vegetables Farm, Fruit orchard, Shahpur farm, Jogging Track and Residential areas.



### *Morgah Club Flower Show*

72<sup>nd</sup> Annual flower show was Organized by Morgah Club during last week of March, 2021. Due to Pandemic of Covid-19, only judgments of Bungalows and offices lawn were made. Employees of Attock Group of companies residing in Bungalows of ARL colony participated in the Lawn competitions.



## ENVIRONMENTAL MANAGEMENT

### Green House Gas (GHG) Inventory Management

To better manage ARL's input in the global climatic change issue, GHG inventory management is essential for taking effective corrective actions. The emissions of greenhouse gases have a major environmental impact which cannot be completely avoided, despite all environmental protection efforts. We calculate the scope-I emissions using tier-2 approach for GHG emission calculations. Global warming potential used for Carbon Dioxide, Methane and Nitrous Oxide is given in the table. Below are the uncertainties associated with the approach for GHG emissions calculations:

- ✓ Uncertainty is associated with all methods to calculate GHG emissions.
- ✓ No emission factor for LP gas used in distillation plants as a fuel, therefore, it is added to fuel gas as a whole.
- ✓ Currently, this emission inventory is not evaluated by any third party auditor.

Green House Gas	Chemical Formula	Anthropogenic Source	Anthropogenic Lifetime (years)	GWP (100 Year Time Horizon)
Carbon Dioxide	CO <sub>2</sub>	Fossil-fuel combustion, Land-use conversion, Cement Production	~100	1
Methane	CH <sub>4</sub>	Fossil fuels, Rice paddies, Waste dumps	12	25
Nitrous Oxide	N <sub>2</sub> O	Fertilizer, Industrial processes, Combustion	114	298

Scope-I emission (M. Ton/year)			
Distillation Units	CO <sub>2</sub> emissions	CH <sub>4</sub> emission	N <sub>2</sub> O emission
HCU	10863	0.51	0.10
HBU-1	41863	2.06	0.41
HBU-II	6528	0.32	0.06
Lummus	4917	0.23	0.05
<b>Total</b>	<b>64172</b>	<b>3.13</b>	<b>0.63</b>

The SO<sub>2</sub> emissions in year 2021 is 87.94 M. Ton. The methodology used for the computation of GHG Emissions is "Fuel Analysis Method" prescribed by U.S. EPA Center for Corporate Climate Leadership – GHG Inventory Guidance

Distillation Units	Capacity	Fuel consumption		CO <sub>2</sub> e	CO <sub>2</sub> e
		Fuel Gas Million (m <sup>3</sup> )	Fuel Oil (m <sup>3</sup> )	M. Tons/year	M. Tons/Bbl. of Crude Processed
HCU	10000	2.74	1640.1	10906.4	0.007
HBU-1	32400	0.00	2353.8	42037.8	0.009
HBU-II	6000	0.00	369.8	6555.7	0.008
Lummus	5000	1.36	639.6	4936.7	0.007
<b>Total</b>	<b>53400</b>	<b>4.10</b>	<b>5003.2</b>	<b>64436.6</b>	<b>0.031</b>

## GHG Emissions Reduction

Initiatives taken for the reduction of GHG Emissions:

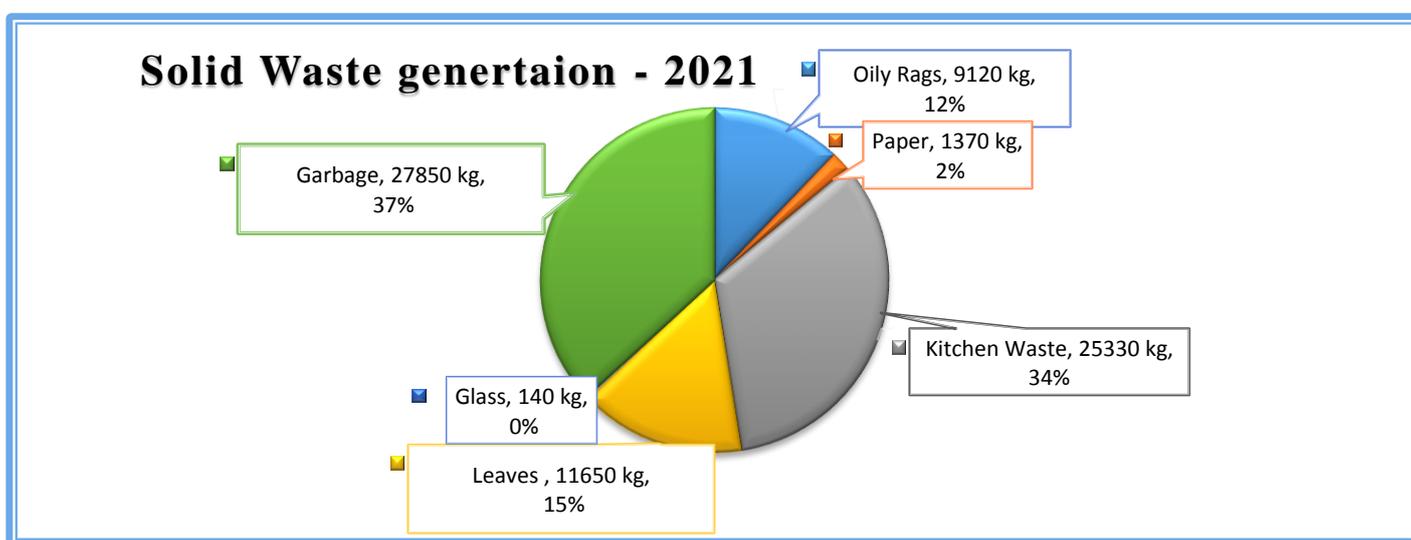
- ✓ Implementation of ISO 50001 (Energy Management System) and extending its scope to all processing units.
- ✓ ARL has achieved another milestone by commissioning 191 kW on-grid Solar Power System. It will generate enough solar energy over the next 14 years to prevent more than 3.48 million pounds of carbon dioxide from entering the atmosphere-the equivalent to taking more than 348 cars off the road for one year or planting more than 43,409 trees.
- ✓ Installation & commissioning of Burner Management System.
- ✓ Humak pipeline project: Previously water from Humak was being transported in bowsers in dry season. Humak pipeline was commissioned in December 2018 resulted in reduction in fuel consumption ultimately reducing carbon emissions.
- ✓ Installation of Multi Media Filter (MMF): Drinking water was being used as Reverse Osmosis (RO) plant feed. MMF was commissioned on 1<sup>st</sup> January 2019 and RO plant was started being fed from Reservoir#3, saving energy incurred on making raw water drinkable.
- ✓ Policy approval for the replacement of conventional lights and split ACs.
- ✓ 26% reduction in Heavy Crude Unit EnPIs during FY 2019-20.
- ✓ Saved 272,000 gallons of plant water by avoiding water showering on LPG pump

## Solid Waste Management

Waste management is based on an integrated process covering all stages in the life cycle of the waste in one of the following ways: recycling, recovery and final disposal. The main aims of the solid waste management program are:

- ✓ Reduction of waste quantities produced at the source
- ✓ Separation of hazardous and non-hazardous waste at source wherever possible
- ✓ Safe transportation and final disposal

## Solid Waste



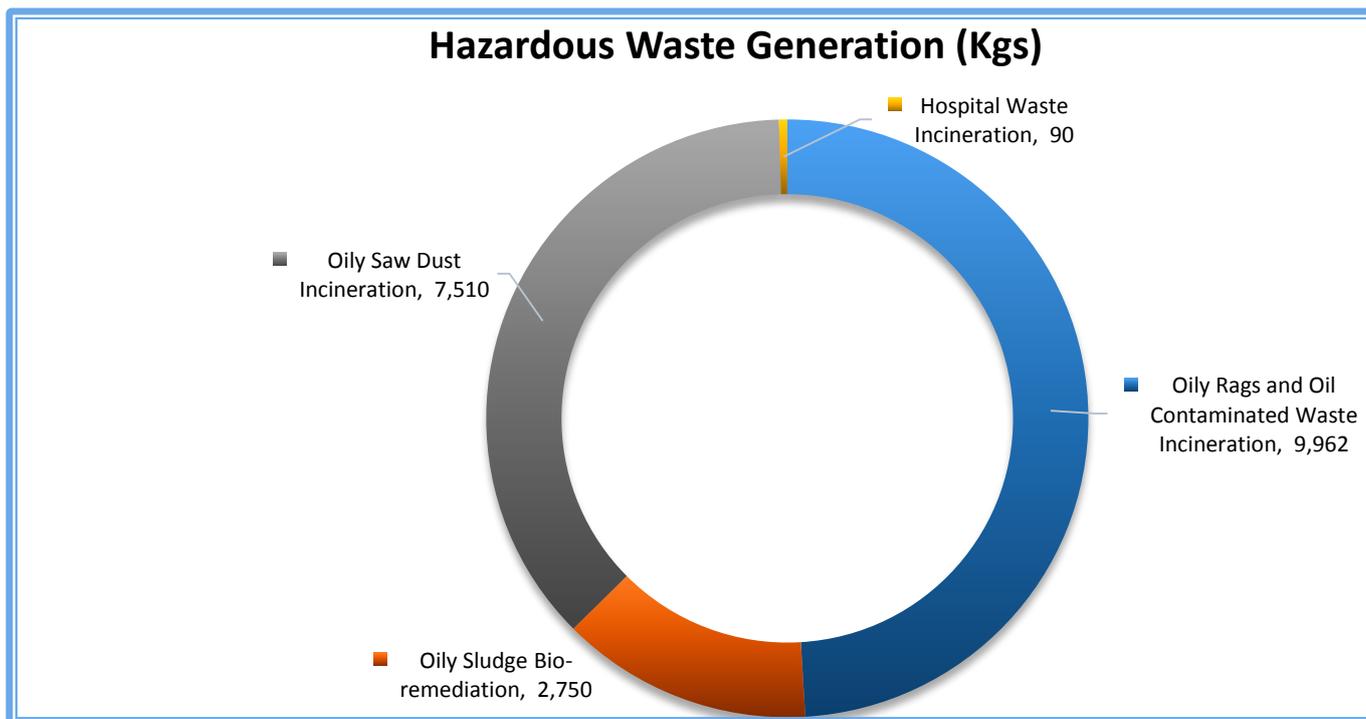
Solid waste is segregated at source in different categories. These categories are paper, oily rags, glass, plastic, different types of metals and leaves. A waste collection schedule has been designed and implemented to ensure proper disposal.

**Non-Hazardous Waste:**

Non Hazardous Waste		Quantity (kg)	
Types of Non-Hazardous Waste	Disposal Method	2020	2021
Paper	Incineration	1780	1370
Garbage	Landfilled	23430	27850
Glass Waste	Sold for recycling	190	140
Leaves	Compost	15430	11650
Plastic Scrap	Sold for recycling	6220	4,280
Kitchen Waste	Landfilled	23950	25330
Wood	Sold	-	115660
Metallic Scrap	Sold for recycling	259583	70,810
<b>Total Non-Hazardous Wasted</b>	-	<b>330,583</b>	<b>182,000</b>

**Hazardous Waste**

Hazardous wastes are properly handled at the source and then handed over to an EPA certified contractor for proper treatment and disposal. We ensure that our hazardous wastes are properly disposed-off through monitoring and random on-site inspections.



## Environmental Investments

Activity	2020	2021
	Investments (million) PKR	Investments (million) PKR
Environmental Monitoring & Testing (Third Party)	1.3	1.0
EMS Audits from third party	1.3	0.1
Effluent Treatment Plant Operation	20.7	23.6
Tree Plantation & Landscaping	31.2	31.8
Safe Disposal of Waste	0.4	1.1
Environmental Monitoring of ARL up-gradation projects	1.7	1.4
Drinking Water Treatment Plant Operation	8.8	11.0
Energy conservation	28.5	64.8
Environmental Reporting	3.3	2.1
Total Environmental Protection Expenditure	97.1	136.9

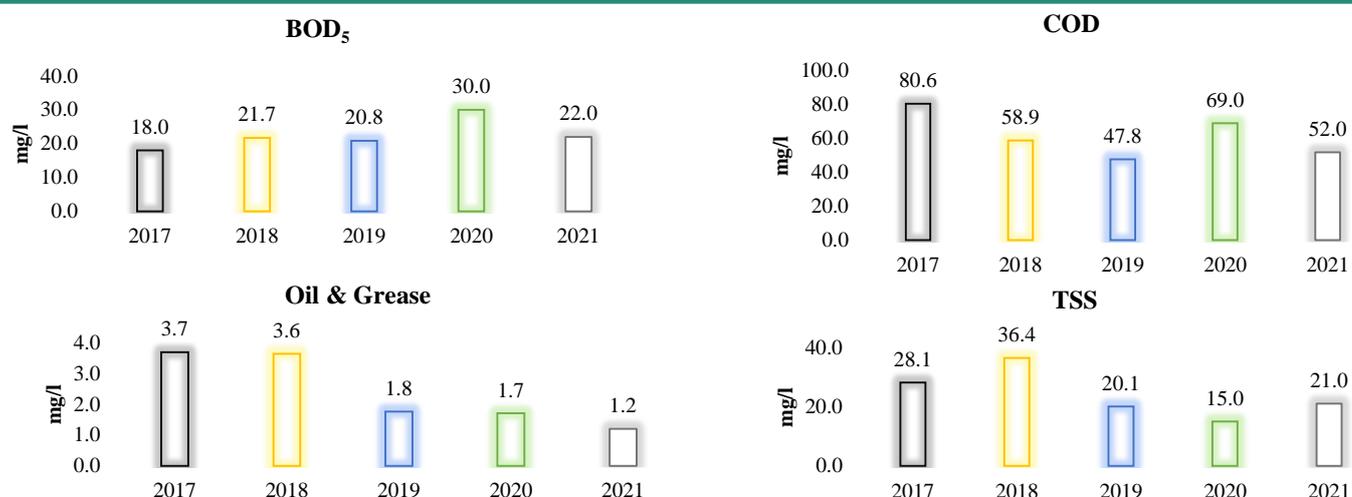


This tree was planted in residence of group chief executive, Attock group to mark opening of refinery on 11<sup>th</sup> Feb, 1922.

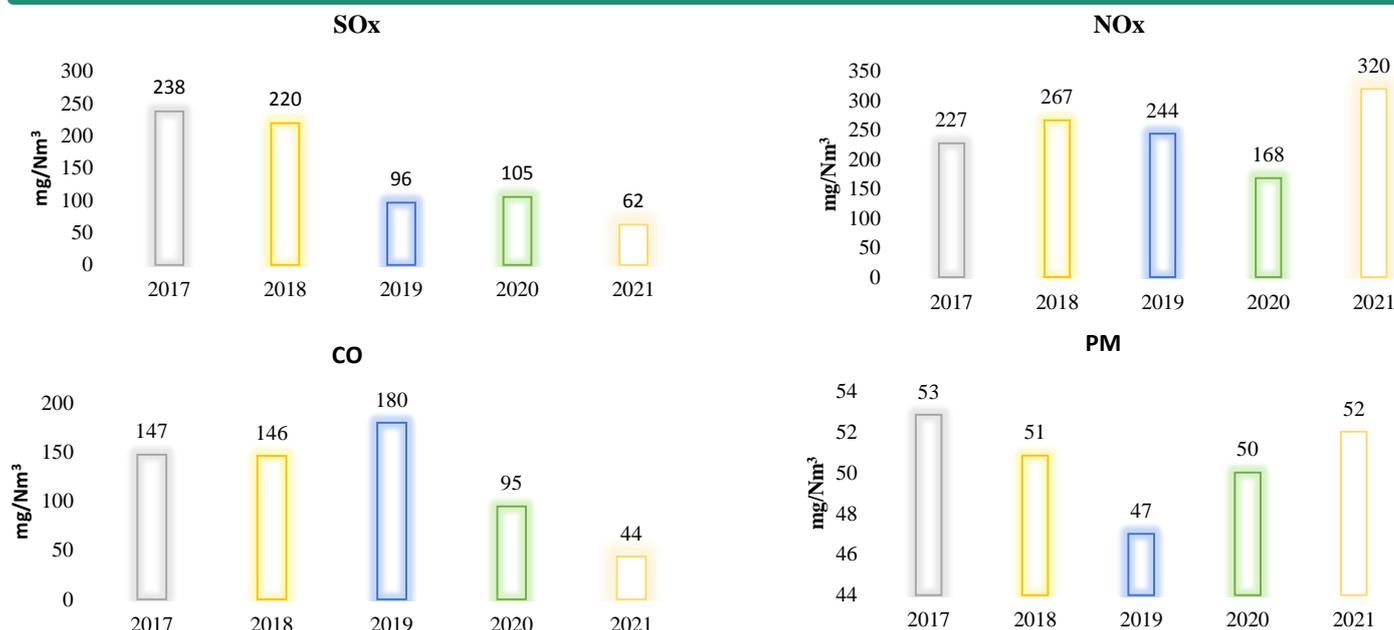
### Environmental Monitoring and Compliance

Environmental monitoring of ARL is carried out according to the SMART Rules-2001 of EPA Punjab. According to SMART rules classification, Oil refinery falls in Category-A for reporting of gaseous emissions and liquid effluents, hence we report our environmental performance each month to EPA- Punjab regularly. Stack Gaseous Emissions of Carbon Monoxide (CO), Sulfur Dioxide (SO<sub>2</sub>), Nitrogen Oxides (NO<sub>x</sub>) and Particulate Matter from the stacks of different heaters and boilers remain in compliance with Punjab Environmental Quality Standards (PEQS) throughout the year. Oil & Grease, pH, Flow, Temperature, TSS, BOD, COD, and phenol exiting from the refinery are monitored regularly and remained in compliance with the Punjab Environmental Quality Standards (PEQS) throughout the year. Moreover, the conditions of compliance status reports which has been given in the Environmental Approvals are being fulfilled. During 2021, the average flow was 10 m<sup>3</sup>/hr, pH was 8 and the annual average phenol concentration in the effluent was 0.04 mg/L.

#### Effluent Data



#### Emission Data



### *Green Transportation*

ARL pool vehicles are monitored after every two years by an outside agency for vehicular emissions. Following parameters are tested to confirm vehicle condition & need for maintenance as per PEQS requirements:

- ✓ Smoke
- ✓ Carbon monoxide
- ✓ Hydrocarbons
- ✓ Noise

The vehicular emission report shows a detailed analysis of the required parameters and also gives recommendation for further maintenance of the vehicle. All of the vehicles have been monitored from third party as per PEQS.

### *Spill Management & Control*

Spill management procedures are available and in case of any oil spillage, proper control measures are taken to mitigate its adverse impacts. However, during the year 2021, zero chemical and 12 oil spillage incidents were reported inside refinery except few minor spills. The spill of lesser than a volume of 10L is considered to be a minor spill. In case of any oil spillage during transportation of crude and other petroleum products, bioremediation of oil spillage is done on site. In 2021, one oil spillage during transportation activity was reported.

### *Penalty on Non-Compliance*

To ensure 100% compliance of PEQS is a corporate target. As a result of ARL efforts for the environmental preservation and stringent voluntary commitments, we are not aware of any cases in the year under review in which ARL has been accused of not having acted essentially in compliance with applicable laws, regulations and voluntary codes of

practice in connection with nature and environmental protection. As such, ARL did not have to pay any fines or non-monetary penalties for non-compliance with environmental laws and regulations in 2021.

### *Environmental Grievances Mechanism*

In case of any environmental complaint from stakeholders, ARL has an environmental grievances mechanism in place where complaints regarding negative environmental impacts of operations can be filed. The Environment section inside the refinery and administration section outside the refinery deals with such complaints and necessary actions are taken as per requirement. Rather than that complaints can also be filed through HSEQ Management system. The complaints received through Pakistan Citizen's Portal has also been added in our environmental grievances mechanism to identify and mitigate negative impacts (if any).

### *Environmental impact of Product & Services*

ARL has an internal procedure to forbid and/to ensure suitable environmental management of hazardous substances, raising awareness about their impacts among the staff and service providers. Safety data sheets and labeling instructions convey safety information about the chemical products used and their dangers. Some of the initiatives taken by ARL in this regard are as follow:

- ARL took an initiative to purchase Non-Asbestos material instead of Asbestos sheets in March 2014.
- There is no use of the ozone-depleting substance at ARL. Purchase of all equipment using ozone-depleting substances is discontinued since September 3, 2004, as a matter of policy.

### *National Cleaner Production Center (NCPC) Foundation*

National Cleaner Production Center (NCPC) 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 Nations Industrial Development Organization (UNIDO) in 1999 with collaboration of United Nations Environment Programme (UNEP), United Nations Development Programme (UNDP), EPA's, Ministry of Climate Change (MOCC) and Ministry of Petroleum and Natural Resources (MNPR). It holds Membership of Global Network for Resource Efficient and Cleaner Production RECPnet (UNEP & UNIDO). It has MOU's with top universities from all over Pakistan like Fatima Jinnah Women University-Rawalpindi, University of Engineering and Technology-Taxila, Lahore College for Women University-Lahore, Government College University-Lahore, Pakistan Institute of Engineering and Applied Sciences-Islamabad, Quaid-i-Azam University-Islamabad, Mirpur University of Science and Technology-AJK, International Islamic University-Islamabad, University of Punjab-Lahore and Abbottabad University of Science and Technology-Abbottabad, who support its activities and share their knowledge. NCPC has achieved following important milestones during its journey.

- Member of Global Network for Resource Efficient and Cleaner Production RECPnet (UNEP)
- Energy Services Company (ESCO) Certification by ENERCON (NECCA)
- Environment Consulting Company by Ministry of Environment, Pakistan
- Environmental Laboratory Certification from Pak EPA and Punjab EPA
- Hazardous Waste Management Company Certification from Pak EPA
- ISO 14001:2015 Certification of Environmental Management System (EMS)
- Non-Profit Organization Certification from Pakistan Centre for Philanthropy (PCP)
- Non-Profit Organization Certification from Federal Board of Revenue (FBR)
- Hazardous Waste Incinerators Certified from Punjab EPA
- Site for Bioremediation and Composting Activity
- Venue for Trainings, Conferences, Seminars and Workshops
- Solar Energy Development Facility
- Biogas Plants
- Honey Bee Farming Facility
- Organic Vegetable Farming Facility and Plant Nurseries
- More than 500 Clients
- Network with multi-sectors

NCPC has carried out a large number of activities for community development with different sectors of society. List of these activities is as under:

- |   |                                    |
|---|------------------------------------|
| ✓ Tree Plantation Program                       | ✓ NCPC Funded Pilot Projects       |
| ✓ Tree Plantation at Thandapani (Model Village) | ✓ Observance of International Days |
| ✓ No Littering Campaign in Gilgit Baltistan     | ✓ Awareness Sessions/Talks         |
| ✓ Model Projects                                | ✓ Eco-Internship Program           |



## HEALTH & SAFETY

### *Occupational health & safety management system*

ARL has implemented a Safety Management System (SMS), which follows the PLAN – DO – CHECK – ACT scheme; it is based on the Occupational Health and Safety Management system ISO 45001 and International Organization for Standardization (ISO) 14001 and has been designed to take an integrated approach for managing health and safety of our employees. ARL has an occupational health and safety management system in place for risk assessment of operations and committed to preserving its employees' health by avoiding accidents as much as possible.

The Health and safety management system is implemented to meet the legal requirements of the following:

- Punjab Environmental Protection Act, 1997
- The Boilers & Pressure Vessels Ordinance, 2002
- The Factories Act 1934
- Petroleum Act 1934
- Petroleum Rules 1985
- The Punjab Occupational Safety and Health Act, 2019
- OSHA Guidelines for Noise/Ammonia in air
- OSHA Guidelines for health and safety

The HSE department is currently heading the Occupational health and management system. ARL employs its own employees to run the Occupational health & safety management system. ARL HSE Management system supports improvement through continuous learning. The system helps improve capabilities through incident reporting and allows prevention of future incidents or accidents. ARL Health, Safety and Environment (HSE) Policy Statement, which is endorsed by our CEO, is conveyed to all employees through our induction programs and routine communications. ARL is committed to ensure the participation and consultation of workers and their representatives in health and safety matters. ARL delivers a health and safety program that focuses on the ongoing health and safety of everyone involved in and impacted by our work – including ARL employees, clients, contractors, as well as surrounding communities.

### *Risk assessment*

ARL has a long standing safety culture along with a detailed reporting of process and plant safety for prevention and mitigation of occupational health and safety impacts directly linked to operations and business relationships. ARL Occupational health safety, hazard identification, risk assessment & control are based on ISO 45001: 2018 standard. ARL identifies work-related hazards and assess risks on a routine and non-routine basis and applies a hierarchy of controls through various risk and hazard mitigation tools such as:

- Hazard Identification and risk assessment
- HAZOP study (Hazard and Operability study)
- Prestart- up Safet Review (PSSR)
- Job Safety Analysis
- Area Safety In-charges meeting (Monthly)
- Incident Investigation and Reporting committee (Monthly)
- Quality Council Meeting (Chaired by CEO occurs Bi-annually)
- Central HSE Committee (Chaired by CEO occurs on a Monthly basis)

ARL has defined how it calculates its risk through the following:

- Frequency of Exposure: Rate at which any person is exposed to the hazard.
- Incident Probability: Likelihood that the exposure will result in loss. It has an integral value from 1 to 4.
- Potential Consequences: Severity of the resulting loss is rated in this category. It has an integral value from 1 to 4.

Degree of Risk is defined as Frequency of Exposure \*Incident Probability\* Consequences

A rating scale for Degree of Risk, Risk Classification/Action has been defined. Risk assessment is incorporated into OHS hazard identification, control & Risk Assessment Form.

### *Hazard identification*

All ARL employees are encouraged to identify Occupational Health, safety and environmental hazards. Hazard identification is based on ISO 45001:2018 and ISO 14001 standard.

- Employees/workers are encouraged to communicate through several mediums such as Health safety, environment, quality and energy reporting card, Microsoft outlook messaging system, walkie talkie, and phone calls.
- Health & Safety Observations cards are available to all employees/workers in English and Urdu in order to have maximum participation.
- When facility in-charges receive information regarding hazards through said communication, they decide about the significant nature of the hazard/aspect. If the hazard/aspect is considered significant, then facility in-charges incorporate the hazard/aspect in the OHS identification, control & risk assessment form of the facility.
- Engineer (OHS/IMS) ensures quality of these processes by coordinating with concerned area in-charge for updating relevant section risk assessment.
- Area in-charges in consultation with workers, prepares a Hazard Identification, control & Risk Assessment Form by identifying all risk factor/potential hazards of only those activities, which may have significant health and safety impact keeping in view the history of near misses, incidents, accidents etc. that happened in the past. This form is incorporated into the departments Occupation Health, safety, hazard identification, risk assessment and control form.
- The procedure outlined for the identification of Health & Safety hazards is performed/reviewed every three Years or if there is any significant change in the ongoing processes, if a new facility is installed at ARL or identified in the internal and external audit.
- ARL employees and workers are encouraged to log in action items through the HSEQ management system which provides them with protection through reprisals
- Employees/worker can discontinue working if they see a job or a task as a risk or hazard.

To further eliminate hazards and minimize risks continuous trainings, safety talks and awareness sessions are organized throughout the year to ensure the quality of process and competence of the persons involved. Work Permit tests and management safety audits also ensure competence of the individuals. Related KPIs for safety and occupational health are reviewed monthly in the management meeting. ARL has six different systems for addressing non-conformities.

- i. Oracle based HSEQ Management System
- ii. Health, Safety, Environment, Quality and Energy Reporting Card
- iii. Action Items of HSEQ Meetings
- iv. Internal Audits

- v. External Audits
- vi. Quarterly Housekeeping Audits

### *Occupational Health services*

ARL's occupational health and industrial hygiene services aim to protect the health of our Employees through early identification, evaluation and control of possible health risks associated with working environments. ARL maintains confidentiality of its workers/employees medical and personal files. Worker/employees are nominated for testing through their In-charges in coordination with HSEQ. Transport facilities are usually provided. Testing of worker/employees can occur during working hours as well during the weekend depending on type of testing. ARL has an occupational health and safety committee which meets on a monthly basis to discuss various Occupational health and safety issues. Section head of Health and safety has the overall responsibility for the committee and Engineer (OHS/IMS) acts as its secretary. Occupational Health & safety advisor is responsible for overall development, implementation and monitoring of the occupational health program for our employees.

Following topics essentially form the agenda of the meeting:

- Review of previous meeting action items
- Review of policies and procedures
- Review and recommend actions to improve the effectiveness of the health and safety program.
- Audiometry Test of employees, Food Handlers medical tests etc.
- Occupational health and safety related surveys i.e. Noise surveys, Ergonomic Surveys, obesity surveys etc.
- Training of refinery staff related to occupational health and safety i.e. (first Aid, diseases related to occupational health and safety).
- The review output/decisions taken in meeting are converted into action item and are appropriately assigned to the concerned department

### *Worker participation*

The presence of workers in HSE committees is ensured at all levels. The CBA President is member of Central Health Safety & Environment Committee (CHSEC) headed by CEO. To review the performance of Health, safety & environment, CHSEC committee meets on monthly basis. The CBA president communicates workers inputs and concerns to the management and vice versa. Moreover, there is about 50 % representation of workers on safety steward forum.

Every ARL employee and contractor is required to be an active participant in managing the safe execution of work. We are focused on improving our safety performance through monitoring key indicators, holding leaders accountable and empowering all employees.

The International Labor Organization (ILO) marks the World Day for Safety and Health at Work on 28th of April each year to promote the prevention of occupational accidents and diseases.

### *Worker Training*

Health and Safety Programs are success of a good HSE Management System and it depends on the safety mindset of workers and contractors. To promote the safety culture at ARL, following initiatives have been taken:

- i. Monthly Basic HSE Induction Training Program
- ii. Monthly Live Fire Practice
- iii. Scenario based Emergency Drills
- iv. ERP on site refinery staff training
- v. Behavior Based Safety awareness & Surveys
- vi. Monthly meetings of Area Safety & Environment In-charges to discuss and present HSE aspects, performance and KPIs.
- vii. Monthly safety walk of operational area to identify areas of improvement
- viii. Quarterly Safety Awards for employees to reward and recognize their efforts in improving safety culture
- ix. Delegating responsibility to Line management for the compliance of safety in their respective areas
- x. Involvement of Shop Floor Level workers in the Health and Safety through Safety Stewards Forum
- xi. Arranging HSE Conferences at national level on alternate year.
- xii. Celebration of Annual Safety Week etc.
- xiii. Health & safety awareness sessions including ergonomics, obesity, First Aid CPR by OHS advisor.

### *Monthly Basic HSE Induction Training*

The safety training module is designed to give key aspects of the refinery regarding safety. Monthly basic training occurs over a period of 3 days and at the end of the third day a test is conducted to assess the capabilities of the participants. Since a majority of the workforce speaks and understands Urdu, the training is usually presented in Urdu. Training is provided free of charge and is conducted during working days. It is mandatory for participants to attend this training. Training is evaluated through discussion and a written test with the participants.

Topics Include:

- |  |   |
|--|---|
| <ol style="list-style-type: none"> <li>i. Process safety Management</li> <li>ii. Emergency response plan</li> <li>iii. Office safety / Behavior Based Safety</li> <li>iv. Permit to work system</li> <li>v. Personal protective equipment's</li> <li>vi. Integrated Management system</li> </ol> | <ol style="list-style-type: none"> <li>vii. Incident Reporting and root cause Analysis</li> <li>viii. H<sub>2</sub>S Safety</li> <li>ix. NH<sub>3</sub> safety</li> <li>x. Chemical handling</li> <li>xi. First Aid/ Drowning</li> <li>xii. ISO 50001</li> <li>xiii. Hazard identification and risk assessment</li> </ol> |
|--|---|

No. of training Man Hours	4272
No. of participants	178

### *Emergency Response Trainings*

Emergency Response Training record for the year;

No. of training Man Hours	678
No. of participants	1356

### *Scenario Based Emergency Drills*

Number of participants trained & training hours of scenario based emergency drills during the reporting year are as follows

No. of training Man Hours	311
No. of participants	311

### *Monthly Live Fire Practice*

Training hours and number of participants trained in monthly live fire practice during the reporting year are as follows;

No. of training Man Hours	453
No. of participants	453

### *Contractors Safety*

All the contractor's before being put into any contract with ARL are required to follow the Occupational Health and Safety Requirements of Attock Refinery Limited. Moreover, regular monitoring of Contractors Equipment's fitness, Personal Protective Equipment is ensured. Training is also imparted to contractor's staff. The safety of contractor is being ensured and constantly monitored by ARL HSE Staff.

### *Promotion of worker health*

Employees' health is an integral part of the company's safety policy. Scheduled medical checkups of employees are ensured. It helps to optimize healthcare facilities and to increase productivity, performance and motivation at workplace. ARL has 2 state of the art ambulances 24/7 inside refinery for shifting of employees to attached hospital where medical services are provided.

### *OHS Activities*

Occupational health and safety is of major importance for Attock refinery Limited. Different activities for Occupational Health and safety include.

- ✓ Monthly OHS Committee meetings.
- ✓ Quarterly OHS trainings.
- ✓ Biannually food handler tests.
- ✓ Noise surveys.
- ✓ Audiometry test
- ✓ Ergonomics survey.

### *Medical Service*

Attock Hospital was established in 1930. Now it has a capacity of fifty beds with air conditioned facility. AHL provides services in more than 13 specialties round the clock to facilitate employees and neighboring communities and has well equipped operation theatres, laboratories, dialysis, radiology facilities and pharmacy.

### *Work related injuries & ill health*

All first aid cases and injuries are regularly reported. The fatality and injury rates for company and contractor are calculated by taking into consideration the number of recordable injuries multiplied by 1000000 and divided by Man-hours worked.

### *ARL coping with COVID-19*

Covid-19 has affected every industry around the globe. New Normal has been adopted for the continuity of business. In recognizing the changing working dynamics, ARL has played an active role and taken several initiatives which are highlighted below:

#### *Training & Awareness*

Regular awareness sessions for different sections of the Refinery has been arranged. Employees are briefed about symptoms and precautions of Covid-19 which they should consider during work and even at home. Awareness of staff has also been done through posters and circulars displayed on prominent places and notice boards.

#### *Audits*

Based on the guidelines, issued by Punjab government industries department, a checklist was prepared by HSE to audit different areas like workplace hygiene, availability of hand sanitizers and masks, hand washing facilities, employee awareness, social distancing, checking of body temperature. Audit of different areas in coordination with area safety in charges was conducted to check requisite compliance. Shortcomings were highlighted and addressed without any delay.

#### *Corona Surveillance Form*

For timely identification of persons, who had interacted with corona patient or are experiencing corona symptoms, corona surveillance form was circulated. Almost Eight hundred filled forms were screened and data was reported to Attock Hospital Limited for further action.



### Domestic Waste Management of COVID-19 Patients

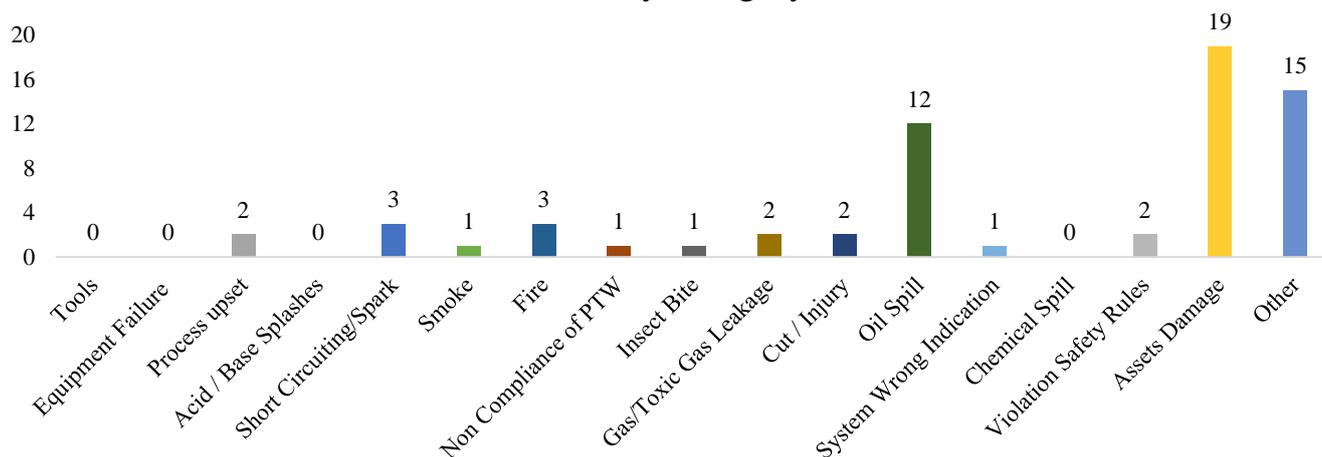
HSEQ department in coordination with other relevant departments developed a comprehensive procedure for safe collection and disposal of domestic waste to prevent spread of Covid-19. According to this procedure, medicated polythene bags were provided to corona positive or suspected patients. Necessary personal protective equipment were provided to person collecting waste which was then shifted through waste collection vehicle to incinerator for final disposal. Disinfection of person who collected the waste and vehicle was ensured.

### Hand Sanitizer, PPEs and Disinfection

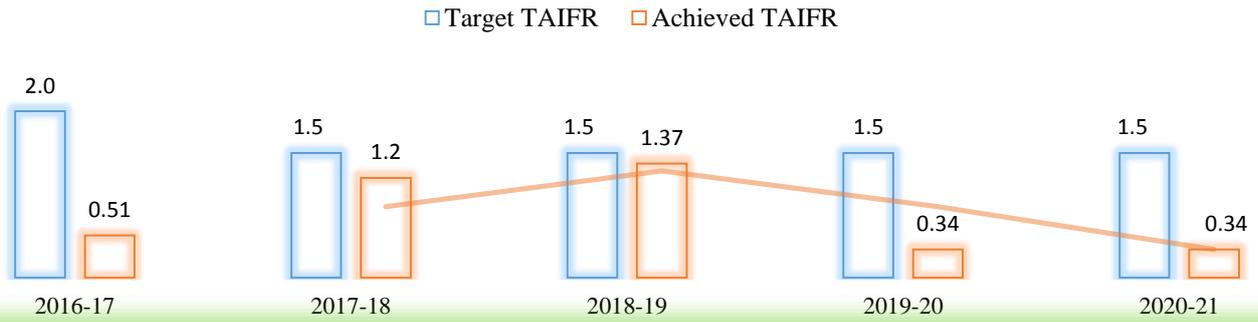
Research has shown that wearing mask can greatly reduce the transmission of COVID-19, while regular hand washing and use of hand sanitizer affectively removes virus. Considering the critical nature of masks and hand sanitizers, HSEQ department has played a key role in ensuring availability of masks and hand sanitizers for refinery employees. Laboratory section has developed an Indigenous Hand Sanitizer based on guideline of world health organization.



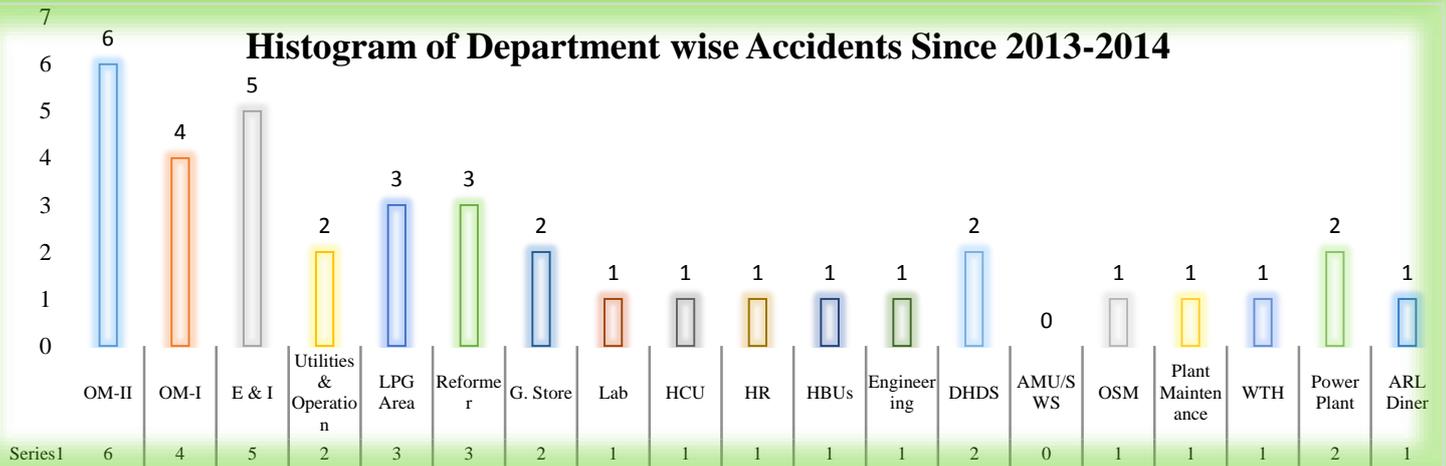
Near miss by Category 2021



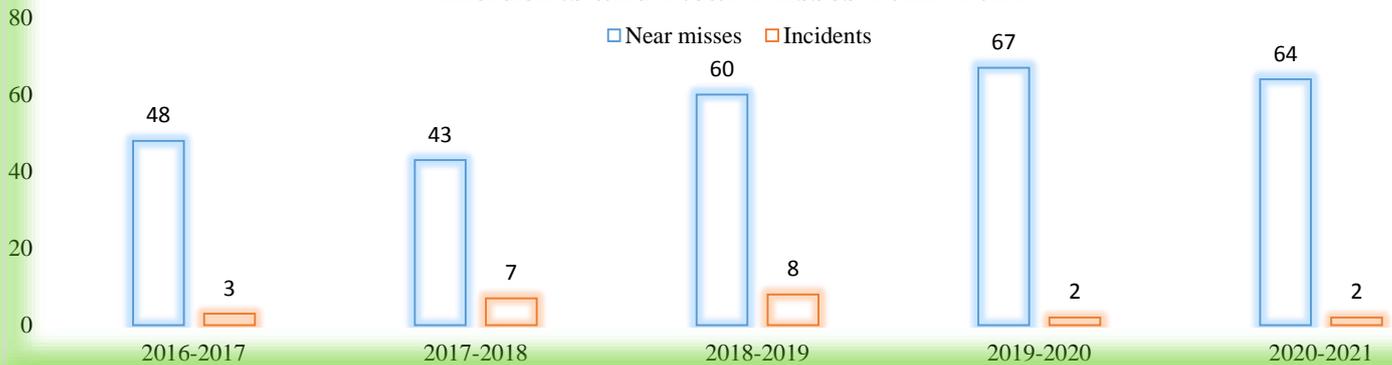
### Total accident incident frequency rate (TAIFR)



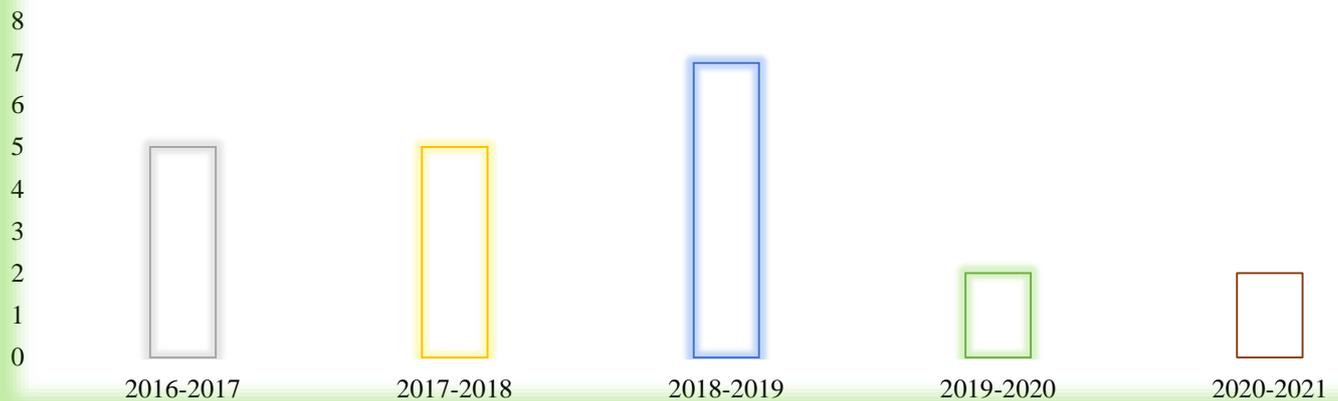
### Histogram of Department wise Accidents Since 2013-2014



### Incidents and Near Misses 2012-2021



### 5 Years Incident Analysis



## SUSTAINABLE DEVELOPMENT PLANS

### *Short Term Plans (1-2 Years)*

1. 100% Compliance of Punjab Environmental Quality Standards (PEQS) for effluent and emissions
2. Green plan for plantation of saplings (10-12 thousands) in Morgah and Kotha Kalan areas
3. Replacement of all conventional split AC's with inverter type AC's
4. ARL's Operation Carbon foot print calculation and optimization.
5. Expanding the scope of training at AIH, collaboration with other relevant departments
6. Replacement of undersized and oversized motors at plants and off-site areas
7. Provision of internships and apprenticeships to neighboring community
8. Provision of management training programs to fresh graduates
9. Registration of ASF current vocational curriculum with Punjab Vocational Board
10. Awareness of local community on health and social issues
11. Maintenance of infrastructure like Roads, play grounds, Morgah Biodiversity Park etc.
12. Provision of Gymnasium & sports coaching facilities for employees and student of local schools
13. Coordination and collaboration with Colleges & Universities to get benefit of refinery technical facilities
14. Third party Certification of energy management system ISO 50001: 2018
15. Replacement of all conventional street lights (inside, outside refinery) with LEDs
16. Conducting steam system survey of ARL for minimization of steam consumption and conservation of energy

### *Medium Term Plans (2-5 Years)*

1. Development of Environmental Inventory and Accounting System
2. Construction of wetland at Morgah Biodiversity Park
3. Installation of energy meters as per ISO 50001 for monitoring of energy performance indicators
4. Planning and designing of tertiary treatment plant and Zero Liquid Discharge to reuse effluent of refinery in place of process water
5. Establishment of world class Attock Oil Polytechnic Institute to cater for serious shortage of skilled manpower in Pakistan
6. Rain water harvesting at selected and feasible locations

### *Long Term Plans (Beyond 5 Years)*

1. Up-grade polytechnic institute to college and to get foreign university affiliation
2. Establishment of Paramedic training institute affiliated with Punjab Medical Faculty
3. Up-gradation of Model School in Morgah to intermediate level in coordination with Punjab Workers Welfare Board
4. Model Health, Safety, Environment and Quality facilities for training of oil and gas sector of Pakistan
5. Recovery of refinery flare gases
6. Morgah Club Swimming pool heating through solar water heaters.

# **ECONOMY**



## STATEMENT OF COMPLIANCE

*With Listed Companies (Code of Corporate Governance) Regulations, 2019*

Name of Company: **Attock Refinery Limited**  
Year ended: **June 30, 2021**

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:

Gender	Number
Male	7
Female	Nil

2. The composition of the Board as at June 30, 2021 is as follows:

Category	Name
<b>Independent Directors</b>	Mr. Shamim Ahmad Khan
	Mr. G.A. Sabri
<b>Other Non-executive Directors</b>	Mr. Laith G. Pharaon (Alternate Director: Mr. Shuaib A. Malik)
	Mr. Wael G. Pharaon (Alternate Director: Mr. Babar Bashir Nawaz)
	Mr. Shuaib A. Malik
	Mr. Abdus Sattar
	Mr. Jamil A. Khan
<b>Executive Directors</b>	Mr. M. Adil Khattak (Chief Executive Officer)
<b>Female Directors</b>	Nil

Subsequent to the year, election for the Company's Board of Director's was held on July 12, 2021 considering compliance with the related requirements of the Code of Corporate Governance Regulations, 2019 (the Code). In relation to the foregoing, a constitutional petition has been filed by the Company before the Sindh High Court, where in the Company has challenged compliance with, inter alia, the provision of regulation 7 of the Code / law relating to appointment of female director. The matter is pending adjudication. The law officer of Securities and Exchange Commission of Pakistan has also made a statement before the Court that no action contrary to the law would be taken against the Company.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ Shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The Meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and Regulations with respect to frequency, recording and circulating minutes of meetings of Board;
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. In terms of Regulation 19 of the Code, companies are encouraged that all directors on their board have acquired the prescribed certification under Directors' Training Program (DTP) by June 30, 2022. Presently, five (5) directors of the Company meet the exemption requirement of the DTP, while one (1) director has already completed this program. The remaining one (1) director shall obtain certification under the DTP in due course of time. Further, one alternate director and the Chief Executive Officer (CEO) of the Company have also completed DTP;
10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

Committees	Composition/Name
<b>Audit Committee</b>	Mr. Shamim Ahmad Khan ( <b>Chairman</b> )
	<b>Members</b>
	Mr. Shuaib A. Malik
	Mr. Abdus Sattar
	Mr. G.A. Sabri
<b>HR &amp; Remuneration Committee</b>	Mr. Babar Bashir Nawaz (Alternate Director to Mr. Wael G. Pharaon)
	Mr. G.A. Sabri ( <b>Chairman</b> )
	<b>Members</b>
	Mr. Shuaib A. Malik
	Mr. M. Adil Khattak

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;
14. The frequency of meetings of the committees were as per following:

Committees	Frequency of meetings
<b>Audit Committee</b>	Four quarterly meetings were held during the financial year ended June 30, 2021.
<b>HR and Remuneration Committee</b>	One meeting was held during the financial year ended June 30, 2021.

15. The Board has set up an effective internal audit function.
16. 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 and registered with Audit Oversight Board of Pakistan that they and all their 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 and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with. Related reference may please be also made to paragraph 2 above of the Statement. However, fraction (0.33) contained in one-third number for Independent directors has not been rounded up as one, as the existing independent directors have the requisite skills, knowledge and diversified work experience to take independent decision in the interest of the Company; and

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 is below:

Committee	Reg. No.	Explanation
<p><b>Risk Management Committee:</b> The board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.</p>	<p>30 (1)</p>	<p>Risk Management Committee (RMC) at the level of the Company's management is already in place which is headed by the CEO. The CEO briefs the Board about the Committees findings and recommendations for consideration and approval of the Board.</p>

**Shuaib A. Malik**

**Chairman**



**M. Adil Khattak**

**Chief Executive Officer**



August 11, 2021

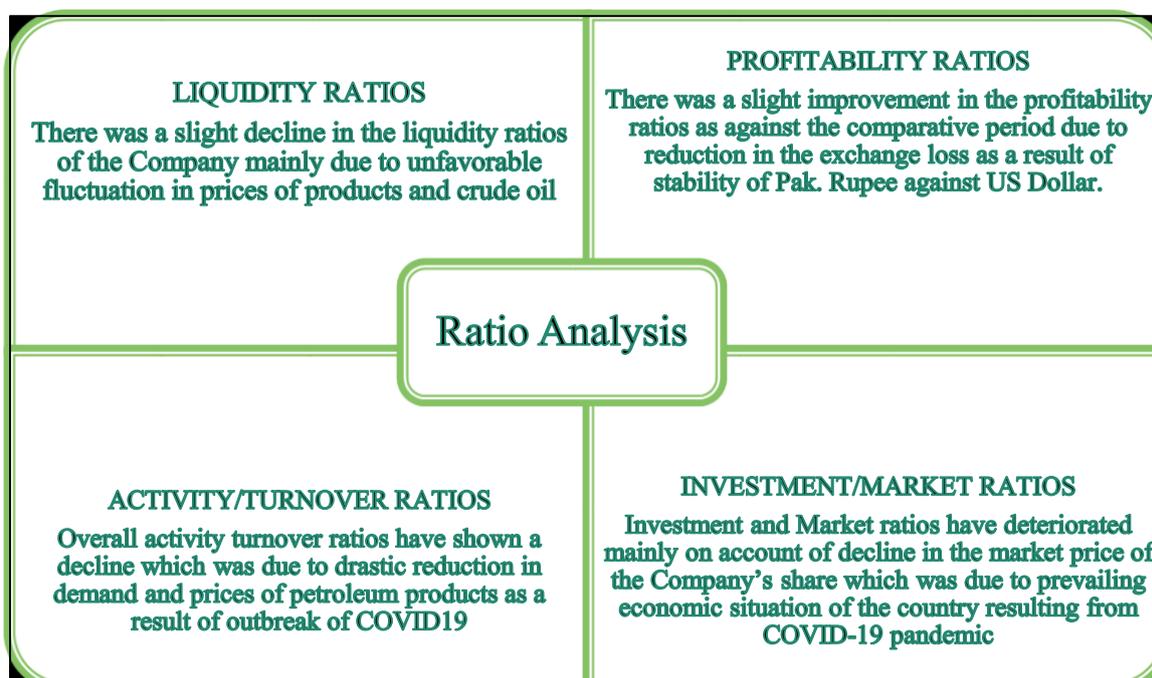
Rawalpindi



## FINANCIAL STATISTICAL SUMMARY

		30 June (Rupees in Million)					
		2021	2020	2019	2018	2017	2016
<b>TRADING RESULTS</b>							
Sales (Net of Govt. Levies)		127,752.27	119,819.44	176,754.54	129,588.62	101,386.94	66,564.92
Reimbursement from/ (to) Government		(21.86)	-	-	7.95	24.85	-
Turnover		127,730.41	119,819.44	176,754.54	129,596.57	101,411.79	66,564.92
Cost of Sales		130,298.90	124,999.91	180,815.67	130,675.23	97,078.92	67,466.75
Gross profit/ (loss)		(2,568.49)	(5,180.47)	(4,061.13)	(1,078.66)	4,332.87	(901.83)
Administration and Distribution cost		819.20	857.00	740.48	695.28	644.07	571.08
Other Income		1,481.36	2,780.70	2,779.99	1,977.48	1,434.22	927.38
Non-Refinery Income		120.30	554.48	1,155.87	1,591.54	1,714.33	1,519.74
Operating (loss)/profit		(1,786.03)	(2,702.29)	(865.76)	1,795.08	6,837.35	974.21
Financial and other charges		450.59	1,424.18	6,770.21	2,819.03	1,465.80	162.68
Profit/(loss) before tax		(2,236.62)	(4,126.47)	(7,635.97)	(1,023.95)	5,371.55	811.53
Taxation		(91.56)	(1,301.55)	(2,250.73)	(1,602.93)	(42.11)	(4.82)
Profit/(loss) after tax		(2,145.06)	(2,824.92)	(5,385.24)	578.98	5,413.66	816.35
Dividend		-	-	-	-	(511.76)	(426.47)
Bonus shares		-	-	-	213.23	-	-
Transfer from/ (to) special reserves		-	-	1,033.26	1,012.56	(3,553.53)	-
<b>STATEMENT OF FINANCIAL POSITION SUMMARY</b>							
Paid-up Capital		1,066.16	1,066.16	1,066.16	852.93	852.93	852.93
Reserves		37,633.70	37,029.28	22,193.29	28,767.54	30,227.19	24,399.35
Unappropriated Profit brought forward	0.00	3,011.80	5,807.65	10,398.64	9,697.79	8,300.70	7,937.28
Shareholder' funds		41,711.66	43,903.09	33,658.09	39,318.26	39,380.82	33,189.56
Financing facilities (Long term including current portion)		10,692.79	7,614.19	10,181.42	14,842.92	19,872.17	15,163.68
Property, plant & equipment (less depreciation)		40,105.69	42,542.75	31,145.02	33,239.76	35,356.80	34,965.03
Net current assets		(13,855.61)	(10,928.35)	(7,321.81)	4,110.24	7,902.64	(1,102.24)
<b>CASH FLOW SUMMARY</b>							
Cash flows from operating activities		1,558.66	(6,137.05)	2,304.92	7,353.16	7,156.81	(2,727.70)
Cash flows from investing activities		381.78	1,562.26	2,596.49	2,491.91	1,963.22	(172.69)
Cash flows from financing activities		(1,017.00)	(3,890.26)	(11,275.19)	(8,542.68)	2,826.74	1,887.58
Increase / (Decrease) in cash and cash equivalents		923.43	(8,465.05)	(6,373.77)	1,302.39	11,946.77	(1,012.81)
<b>Profitability Ratios</b>							
Gross profit ratio	%	(2.01)	(4.32)	(2.30)	(0.83)	4.27	(1.35)
Net profit to sales	%	(1.68)	(2.36)	(3.05)	0.45	5.34	1.23
EBITDA margin to sales	%	1.10	(0.46)	(1.70)	2.55	8.78	1.71
Operating leverage ratio	Time	(8.46)	1.35	(23.87)	(3.21)	11.32	1.26
Return on equity	%	(5.14)	(6.43)	(16.00)	1.47	13.75	2.46
Return on capital employed	%	(4.13)	(5.92)	(10.99)	1.02	10.06	1.76
<b>Liquidity Ratio</b>							
Current ratio	Time	0.75	0.76	0.88	1.08	1.23	0.96
Quick/ acid test ratio	Time	0.52	0.51	0.66	0.82	1.00	0.65
Cash to current liabilities	Time	0.22	0.18	0.27	0.45	0.63	0.35
Cash flows from operation to sales	Time	0.01	(0.05)	0.01	0.06	0.07	(0.04)
<b>Activity/Turnover Ratio</b>							
Inventory turnover ratio	Time	15.75	14.55	18.26	16.86	15.63	10.16
No. of days in inventory	Days	23	25	20	22	23	36
Debtor turnover ratio	Time	14.11	9.56	11.25	12.05	14.16	8.41
No. of days in receivables	Days	26	38	32	30	26	44
Creditor turnover ratio	Time	4.66	3.93	5.55	5.75	5.88	3.64

No. of days in payables	Days	78	93	66	63	62	101
Total assets turnover ratio	Time	1.24	1.22	1.70	1.35	1.11	0.88
Fixed assets turnover ratio	Time	3.18	2.82	5.68	3.78	2.87	1.90
Operating cycle	Days	(29)	(30)	(14)	(11)	(13)	(21)
<b>Investment/ Market Ratio</b>							
Earnings/(loss) per share (EPS) (on shares outstanding at 30 June)	Rs	(20.12)	(26.50)	(50.51)	5.43	63.47	9.57
Dividend *	%	-	-	-	-	60	50
Cash dividend per share	Rs	-	-	-	-	6.00	5.00
Bonus share issue	%	-	-	-	25	-	-
Bonus share issue	Rs	-	-	-	213.23	-	-
Price earnings ratio	Time	(12.75)	(3.37)	(1.53)	31.71	6.03	29.27
Price to book ratio	Time	0.26	0.10	0.08	0.18	0.36	0.32
Dividend yield ratio	%	-	-	-	-	1.57	1.78
Dividend cover ratio	Time	-	-	-	-	10.58	1.91
Dividend pay-out ratio	%	-	-	-	-	9.45	52.25
Break-Up Value (Rs per share) without surplus on revaluation of freehold land	Rs	155.87	176.42	202.65	319.67	320.40	262.36
Break-Up Value (Rs per share) with surplus on revaluation of freehold land	Rs	391.23	411.79	315.69	460.98	461.71	389.12
Break-Up Value (Rs per share) with investment in related party	Rs	391.23	411.79	315.69	460.98	461.71	389.12
Highest market value per share during the year	Rs	287.37	137.01	235.52	430.88	508.16	288.77
Lowest market value per share during the year	Rs	88.44	59.32	74.17	187.05	294.14	188.67
Market value per share at 30th June,	Rs	256.45	89.32	77.27	215.31	382.58	280.14
<b>Capital Structure Ratios</b>							
Financial leverage ratio	Time	0.26	0.17	0.30	0.38	0.50	0.46
Debt to equity ratio	%	20 : 80	15 : 85	23 : 77	27 : 73	34 : 66	31 : 69
Weighted average cost of debt	%	6.87	10.31	7.07	5.54	5.41	6.77
Interest cover ratio	Time	(1.69)	(3.48)	(2.97)	0.48	5.42	-



## TARGETS 2021-2022

State of the Art Technology							
S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2021-2022
1-a	For CCR & DHDS Revamp Project: Selection of Consultant for FEED + PMC tender preparation.  Prequalification of contractors, Tender preparation and floating of ITB for FEED + PMC	T	%	HOD (TS/P&D) & (F & CA)	Internal/ External/ Financial Resources	30-Jun-22	100.00
1-b	DHDS Revamp Licensor's FEED/ BEDP (Basic Engineering Design Package) for production of Euro 5 (10 ppm Sulphur) Diesel product	T	%	HOD (TS/P&D) & (F & CA)	Internal/ External/ Financial Resources	30-Jun-22	100.00
Capacity Building							
S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2021-2022
2-a	Training and Development <ul style="list-style-type: none"> <li>• Soft Skills Trainings</li> <li>• Technical Trainings</li> </ul>	T	No of Hours per person	HOD (HR&A) & (HSEQ)	Training Need Recommendations	30-Jun-22	12.00
Excellent Business Processes							
S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2021-2022
3-c	Throughput per day subject to refinery economics / dispatches	T	BPCD	HOD (OPS)	Crude availability / Regular maintenance	30-Jun-22	40,750.00
3-j	Water consumption	T	Gph	HOD (OPS)	Users Counselling	30-Jun-22	39,000.00
3-k	Energy Management (ISO 50001 2018): Baseline for Energy Consumption	T	MMBtu / BBL	HOD (HSEQ) / OPS /TS/P&D	Energy efficient equipment / alternate energy resources /proper maintenance	30-Jun-22	0.25 at 100 % Throughput
3-t	CBA Agreement (2021-23)	T	%	HOD (HR&A)	Board's Mandate	30-Jun-22	100.00
Expectations of Stakeholders							
S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2021-2022
4-a	FFO dispatches to ensure Targeted Refinery throughput.	T	M.ton	HOD (C&MM)	Follow up with ME(PD), OGRA, OCAC, OMCs and other stake holders etc. for continuous disposal of FFO including exports	30-Jun-22	305,070
4-b	100 % Sale of product (Production Vs Dispatches)	T	%	HOD (C&MM)	Follow-ups with OMCs and Close Internal Coordination	30-Jun-22	100

### Safety & Quality

S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2021-2022
5-a	Cumulative Safe Man Hours	T	Million man hours	HOD (HSEQ)	Trained Manpower / Safety Equipment's & Gadgets/ Safe Operation of Equipment	30-Jun-22	5.84
5-b	Safe Man Hours during the year	T	Million man hours	HOD (HSEQ)		30-Jun-22	11.30
5-c	Total Accidents / Incidents Frequency Rate (TAIFR)	T	per million hours	HOD (HSEQ)		30-Jun-22	< 1.5

### CSR / Environment

S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2021-2022
6-a	Compliance of Punjab Environmental Quality Standards (PEQS)	T	%	HOD (HSEQ)	Operational Control Procedure/ Equipment / Monitoring & Trained Manpower	30-Jun-22	100.00



## ACHIEVEMENTS

State of the Art Technology							
S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2020-2021
1-a	Appointment of Consultant firm for Up gradation Project	T	%	HOD (TS/P&D) & (F & CA)	Internal/ External/ Financial Resources	30-Jun-21	100.00
		A					80.00
							Pre-qualification and shortlisting of consultant companies completed, however, due to decision to work on Joint BOB up gradation project, further working is on hold.
1-b	Revamp Feasibility study of DHDS Unit	T	%	HOD (TS/P&D) & (F & CA)	Internal/ External/ Financial Resources	30-Jun-21	100.00
		A					100.00
							Study is complete and submitted by UOP. Next step is Revamp Basic Engineering Design Package BEDP/ Licensor's FEED/ PDP

## Capacity Building

S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2020-2021
2-a	Training and Development <ul style="list-style-type: none"> <li>Soft Skills Trainings</li> <li>Technical Trainings</li> </ul>	T	No of Hours per person	HOD (HR&A) & (HSEQ)	Training Need Recommendations	30-Jun-21	12.00
		A					5.53

## Excellent Business Processes

S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2020-2021
3-c	Throughput per day subject to refinery economics / dispatches	T	BPCD	HOD (OPS)	Crude availability / Regular maintenance	30-Jun-21	37,500.00
		A					39,095.00
3-j	Water consumption	T	Gph	HOD (OPS)	Users Counselling	30-Jun-21	40,000.00
		A					38,486.00
3-k	Energy Management (ISO 50001 2018): Baseline for Energy Consumption	T	MMBtu / BBL	HOD (HSEQ) / OPS /TS/P&D	Energy efficient equipment / alternate energy resources /proper maintenance	30-Jun-21	0.245
		A					0.26
3-u	CBA Agreement (2019-21)	T	%	HOD (HR&A)	Board's Mandate	30-Nov-20	100.00
		A				11-Jan-21	100.00

## Expectations of Stakeholders

S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2020-2021
4-a	FFO dispatches to ensure Targeted Refinery throughput.	T	M.tons	HOD (C&MM)	Follow up with ME(PD), OGRA, OCAC, OMCs and other stake holders etc. for continuous disposal of FFO through various efforts	30-Jun-21	360,000
		A					357,075

4-b	100 % Sale of product (Production Vs Dispatches)	T	%	HOD (C&MM)	Follow-ups with OMCs and Close Internal Coordination	30-Jun-21	100
		A					100

### Safety & Quality

S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2020-2021
5-a	Cumulative Safe Man Hours	T	Million man hours	HOD (HSEQ)	Trained Manpower / Safety Equipment's & Gadgets/ Safe Operation of Equipment	30-Jun-21	17.23
		A					5.46 (Last LTI July 24, 2020)
5-b	Safe Man Hours during the year	T	Million man hours	HOD (HSEQ)		30-Jun-21	5.84
		A					5.46 (Last LTI July 24, 2020)
5-c	Total Accidents / Incidents Frequency Rate (TAIFR)	T	per million hours	HOD (HSEQ)		30-Jun-21	< 1.5
		A					0.34

### CSR / Environment

S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2020-2021
6-a	Compliance of Punjab Environmental Quality Standards (PEQS)	T	%	HOD (HSEQ)	Operational Control Procedure/ Equipment / Monitoring & Trained Manpower	30-Jun-21	100.00
		A					100.00

## HONOURS & AWARDS



Certificate of Merit by ICAP/ICMAP Best Corporate Report Award 2020

Gold Medium National Category 8<sup>th</sup> Employer of the Year Award 2020

Certificate of Merit by ICAP/ICMAP Best Sustainability Report Award 2020

# SUPPLY CHAIN MANAGEMENT



# OPERATIONAL CONFIGURATION



	2019-2020	2020-2021
<b>CRUDE OIL PROCESSED (M.TON)</b>	1,674,852	1,858,175

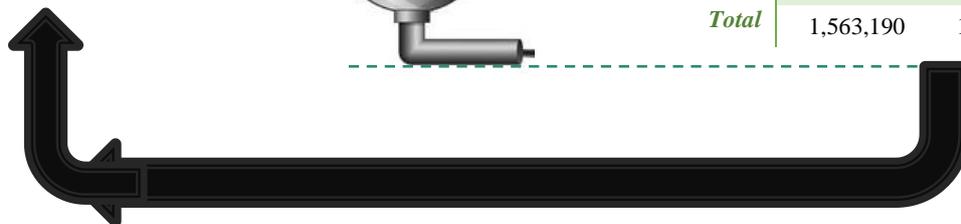
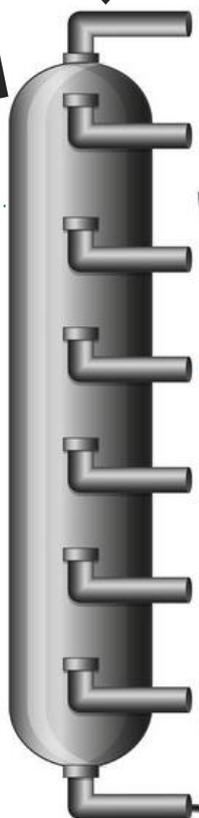


### Resources

		2019-2020	2020-2021
<b>Electricity</b>	KWh	72,458,090	74,377,230
<b>Steam</b>	Ton	495,175	497,750
<b>Fuel Gas</b>	MCF	2,324,529	2,199,581
<b>Fuel Oil</b>	BBL	183,175	249,576

### Production

	2019-2020	2020-2021
<b>LPG</b>	3,983	2,953
<b>PMG</b>	493,127	594,229
<b>Export Naphtha</b>	36,502	3,309
<b>JP-1</b>	106,990	97,805
<b>JP-8</b>	29,354	35,758
<b>SOLVENT</b>	2,623	1,433
<b>MTT</b>	5,610	6,156
<b>KEROSENE</b>	40,561	49,499
<b>HSD</b>	479,171	572,786
<b>DFO</b>	7,930	7,912
<b>JBO</b>	1,949	2,165
<b>FFO (LSFO + HSFO)</b>	286,992	352,309
<b>RFO</b>	13,945	
<b>BITUMEN</b>	52,803	51,176
<b>Cut Back-MC70</b>	1,280	280
<b>Cut Back-RC70</b>	0	0
<b>Cut Back-RC250</b>	371	107
<b>PMB</b>	0	0
<b>Total</b>	1,563,190	1,777,879



## SUPPLY CHAIN MANAGEMENT

Supply chain management at ARL is the management of supply chain activities to maximize customer value and to achieve a sustainable competitive advantage. Supply chain activities starts from sourcing of raw materials, product manufacturing, operation, logistics & services as well as the information systems needed to coordinate these activities. Our supply chain is “linked” through physical and information flows.

### *Physical Flows*

Physical flows involve the transformation, movement, and storage of goods and materials. It is the visible part of our supply chain.

### *Information Flows*

Information flows allow ARL various supply chain partners to coordinate their long-term plans, and to control the day-to-day flow of goods and materials up and down the supply chain. We put every effort to produce environment friendly petroleum products whilst also taking end users health & safety into consideration.

ARL consistently strive to meet the requirements of its customers by creating mutual trust and seeking customer's satisfaction, from the product's entry into the market all the way through till the end of its use. Suppliers are strategic partners who support our success and contribute towards our performance. Our supplier relationship goes beyond the pure commercial aspect of business and includes a component of mutual understanding which results to promote good ethical, responsible practices and sustainable business. ARL is engaged with its suppliers to maintain an efficient supply chain; regarding products and services required for operation & serve customers in a better way. We maintain a complex inflow of materials, equipment, technical and logistic support systems. Typical partners of our supply chain are: suppliers of raw material (mainly crude oil, chemicals), suppliers of utilities, industrial equipment and materials, instruments, IT equipment and other allied support services including manpower & maintenance contract services.

The principal parameter for ARL sustainable business is the uninterrupted and continuous supplies of crude oil, which is being ensured with the support and coordination of our suppliers. The crude oil is supplied 40% through bowsers and 60% through pipeline. While the products are supplied to the customers through multi product pipeline (approximately 80% of the products are being dispatched through pipeline). All suppliers (excluding crude oil suppliers) are thoroughly assessed for performance and credibility prior to enlisting them for providing quotation for any services and/or material supplies. ARL ensures the uninterrupted procurement by following the below criteria while selection /registration of the suppliers.

### *Suppliers Assessment Process*

#### *Foreign suppliers*

Foreign suppliers have to testify their credibility, fulfilment of legal requirements, accountable associations and performance by providing the following documents:

- Memorandum Article of Associates
- List of products dealing / dealt with (Copies of Letters of Credit/ Purchase Orders and Bill of Entries to be provided)
- Details of Experience of the firm for last 5 years, work in hand with estimated cost and certificate.
- Type of Business (with proofs):
  - Manufacturer
  - Stock Market

### *Local suppliers*

Local suppliers have to satisfy below mentioned requirements before start of business:

- Copy of National Income Tax Registration
- Certificate and Tax paid in the last 3 years
- Sales Tax Registration number
- Type of Firm / Supplier / Organization (Memorandum Article of Associates)
- List of products dealing / dealt with (Copies of Purchase orders to be attached)
- Details of Experience of the firm for last 5 years, work in hand with estimated cost and certificate.
- Undertaking on Rs. 50/- stamp paper that firm is not blacklisted by any company and/or entered into litigation.
- Bank certificate and financial / bank statement for last one year.

Following documents also to be provided in case Firm is Indenter (Local Agent of Foreign Principal):

- Authority Letter from Principal
- Copies of previous Letters of Credit, Purchase Orders and Bill of Entries.

### *Contractor Selection Criteria*

Civil, Mechanical, Electrical & Instrumentation contractors are short-listed through contract section:

1. Pre-Qualification of all contractors.
2. Preparation of ITB documents, bids evaluation and finalization of contracts.
3. Preparation of standard rates applicable to work order issued inside ARL.

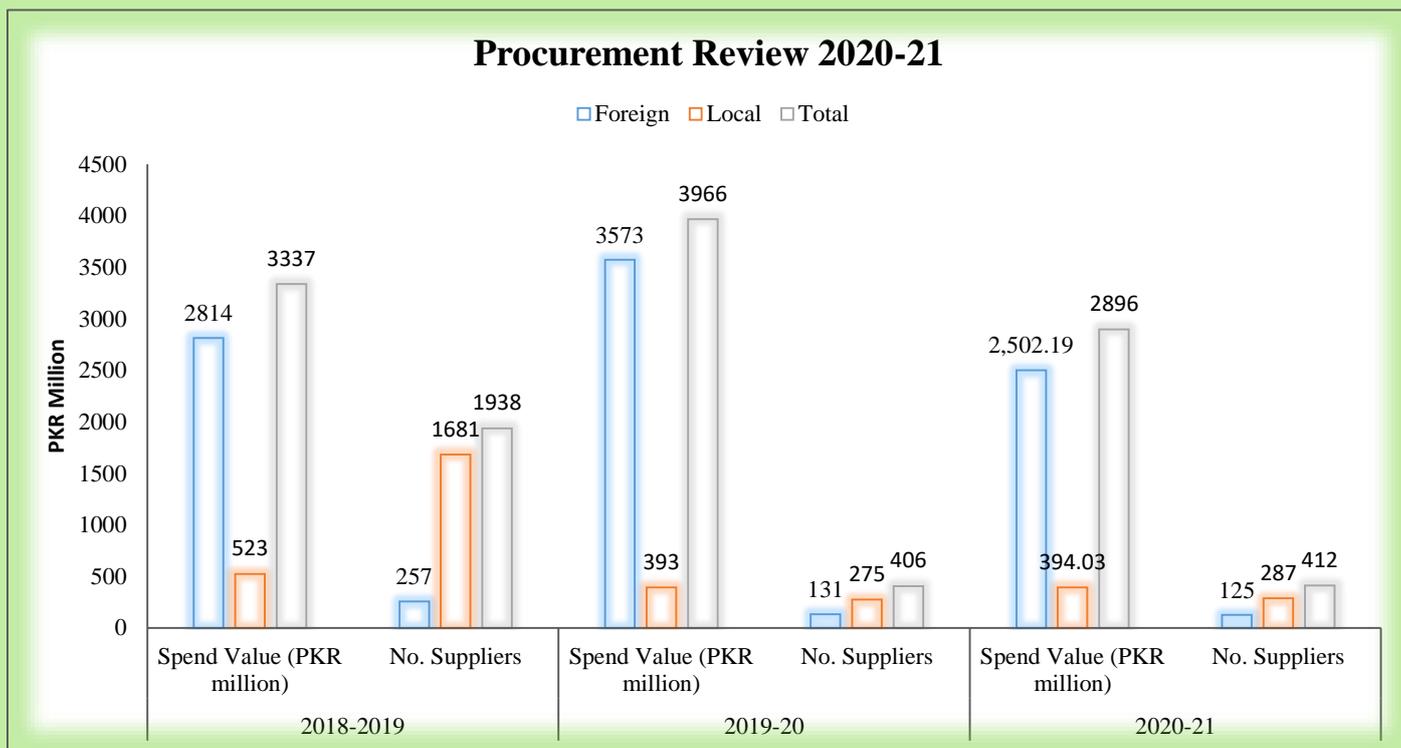
The performance of all contractors are evaluated periodically after a defined period of time.

### *Opportunities for Local Suppliers*

ARL procures all products/equipment which are environment friendly & energy efficient wherever possible from local suppliers. Furthermore, ARL encourages and provides support to Local Industry by purchasing first locally manufactured materials if it meets the requirements. All the purchases that are procured from within the country are made on the basis of five important factors that are:

1. Supplier Repute/Standing
2. Quality (Specification)
3. Quantity
4. Delivery (Time & Location)
5. Price

These are listed depending upon the preferences, as Supplier is a significant factor for the reason, his reputation & quality of purchases affects the company's repute. Quality is also the most important parameter and cannot be compromised. After that the time taken in delivering goods and their supplies location plays an important role in making purchases. Our total procurement from local suppliers for year 2020-21 is Rs. 394 million, while the total procurement expenditures are Rs. 2896 million. The registered local suppliers are 287 in Year 2020-21. The %age local share of procurement for the reporting year is 13.6%. The total number of suppliers almost remained the same with a slight increase from 406 to 412.



### Procurement Process Review

Procurement process is under continuous review by Business Review & Assurance Department (BR&A) at various levels for the purpose of maintaining integrity and transparency. These reviews are carried out in the following manner:

Sealed quotations of all purchases, above Rs.50000 are opened in the presence of representative of BR&A department. This is done to ensure confidentiality of quoted rates. Every item over and above Rs. 1 million is recommended for purchase by Bid Evaluation Committees which comprise of members from different departments including a member from BR&A department.

- BR&A representative also witnesses public opening of quotations which are carried out for major projects in the presence of bidders.
- Detailed review of purchase cycle is also carried out after a certain interval in which purchase controls are checked for compliance and design improvements.

Apart from the above, all (100%) new and existing suppliers are screened using labor practices, environmental & social criteria. However, it is not the only criteria for assessment.

## PRODUCT STEWARDSHIP & CUSTOMER SATISFACTION

We are well aware of the fact that product stewardship can boost businesses. For increasing customer satisfaction, product stewardship provides a competitive advantage to businesses by ensuring higher quality and safer products.

ARL is fully onboard and recognizes responsibilities towards environmental, social & economic impacts of its services and products. We believe product and service stewardship are core to our business strategy and continuity.

There is an unbroken chain of ownership starting from raw material to product life cycle management considering all risks associated with our core activities.

We remain in contact with customers and end users in the value chain, besides the optimization of safety and environment related features of the product. ARL maintains continuous liaison with the customers, and provides its support where required. ARL Sales, Operations, Technical services, C&MM and HSEQ departments provide relevant inputs to resolve technical issues and problems at customer end.

Feedback from Oil marketing companies is taken in fortnightly meetings held at ARL for allocation of product quota. Apart from this forum, ARL also gets quarterly feedback from external customers on quality of products and services. The customers' complaints received are discussed in biannual Quality Council review meetings chaired by Chief Executive Officer.

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

### *Performance Improvement Program*

Performance Improvement Program (PIP), the Company's suggestions program. Number of suggestions received from employees for improvement in safety and process through ARL own developed software of HSEQ management system.

### *Customers Awareness Program*

In the process of providing awareness to its customers, the Company practices to conduct four week training course for Army Officers in collaboration with GHQ and Army Services Corps (ASC) School, Nowshera. During the year, number of visitors (Govt.-officials, educational institutes) were provided information on refinery operations and product quality.

### *Product Life Cycle Assessment*

ARL is an ISO 45001 certified company and it does consider all the impacts associated with the production of refined petroleum products. Health & Safety impacts of all products (100%) and all allied services are assessed throughout the life cycle i.e. from raw material (crude oil) till refining of different products and dispatch to customers. The impacts on health and safety from production till dispatch are assessed for improvement on continuous basis.

In year 2021, No incident of non-compliance with regulations and voluntary codes concerning our products quality, safety, environmental and health impacts during their life cycle reported. The guiding principles of

the quality standards in 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.

### *Product & Service Labeling*

ARL produces different petroleum products as per PSQCA & Ministry of Petroleum (Energy Division) specifications, which are accessible to all stakeholders through ARL's website. This information gives complete description of each product. Material Safety Data Sheet of each product is also provided to customers. 100% products are subject to such information requirements. ARL has no incident of non-compliance with regulations and voluntary codes concerning product, service information and labelling during the reporting period.

ARL management monitors customer satisfaction through quarterly customer surveys. Changes in trends indicate changes in customer satisfaction with respect to the performance of concerned departments. In case of low rating customers are contacted to assess their views & subsequent necessary actions are taken.

### *Marketing Communications & Customer Privacy:*

Although ARL does not have any formal marketing campaign and promotion 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.

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. Moreover, 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 year-2021.

### *Compliance*

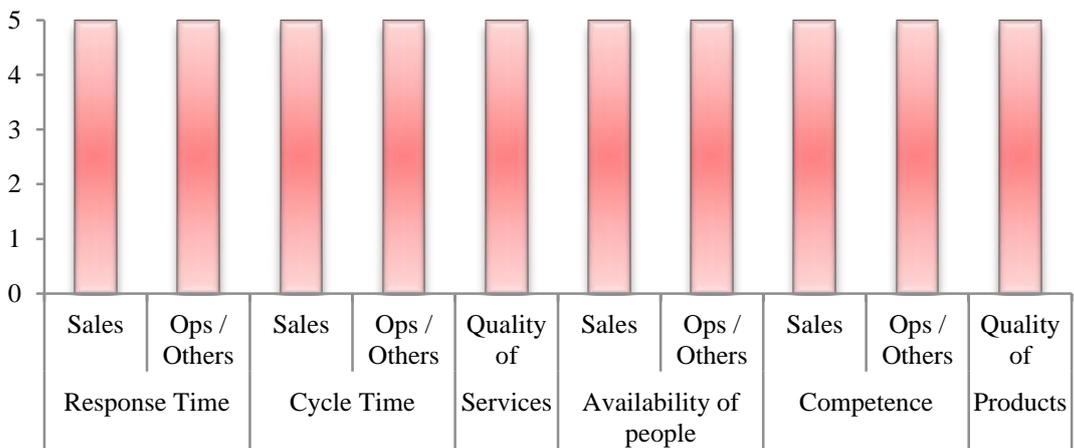
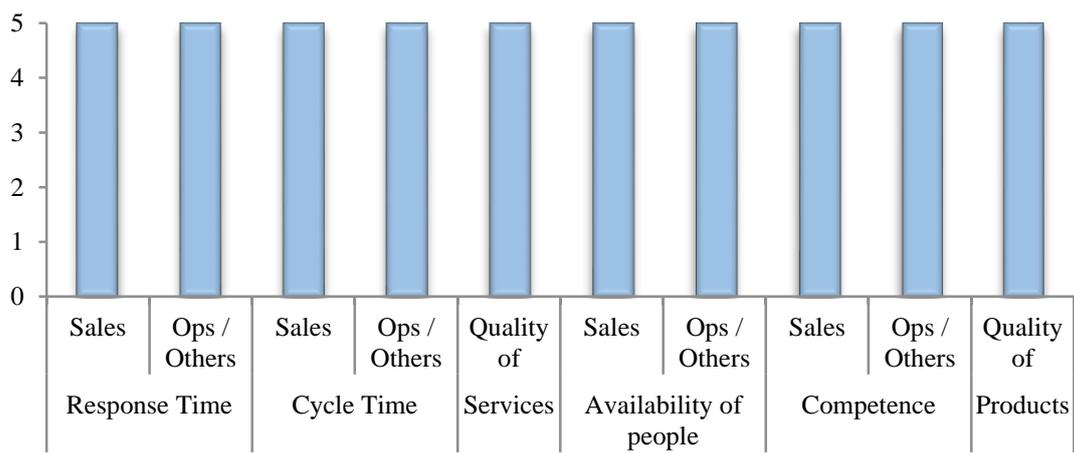
ARL has never been fined regarding non-compliance with laws and regulations concerning the provision and use of products. Moreover, we have a code of conduct which also has declaration on confidentiality and impartiality. The code of conduct is signed by every employee once in a year to recall the commitment.

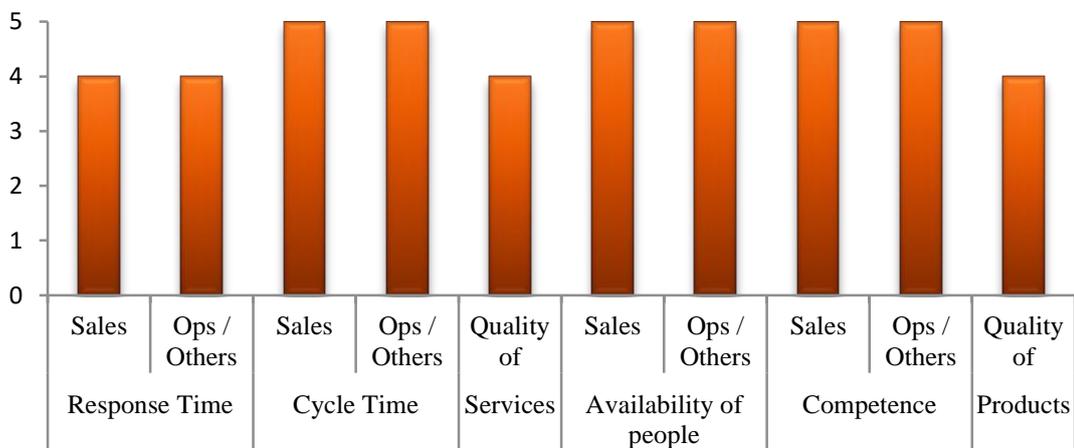
### *Market Share*

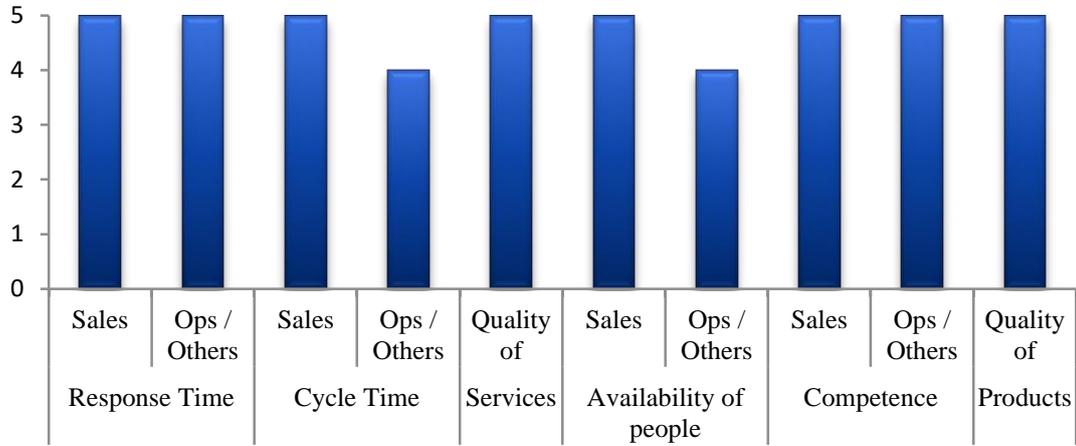
The petroleum products are being dispatched after confirming the quality specifications through bowsers via road and through dedicated product supply lines to Oil Marketing companies and other customers round the clock. ARL meet the petroleum products demand mostly in the northern part of Pakistan. The product share of ARL product during the year is as follows:



# CUSTOMER SURVEY 2021







# GRI INDEX



## INDEPENDENT THIRD PARTY ASSESSOR'S STATEMENTS

### STATEMENT FROM M/S SGS PAKISTAN (PVT) LIMITED FOR ISO 9001, ISO 14001 AND ISO 45001 MANAGEMENT STANDARD AUDIT HELD ON OCTOBER 21-22, 2021

The Management System documentation demonstrated conformity with the requirements of the audit standards 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 its 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 demonstrates 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 audited standards.

### INDEPENDENT AUDITORS REPORT ON THE AUDIT OF FINANCIAL STATEMENTS AUGUST 23, 2021

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### STATEMENT FROM PAKISTAN NATIONAL ACCREDITATION COUNCIL FOR ISO/IEC 17025 SEPTEMBER 23-24, 2021

The laboratory complies with the conditions of ISO/IEC 17025 as per defined scope and is recommended for continuation of laboratory management system accreditation.



## BUSINESS ASSOCIATIONS

ARL is having association with the following governmental and non-governmental organizations and Agencies:

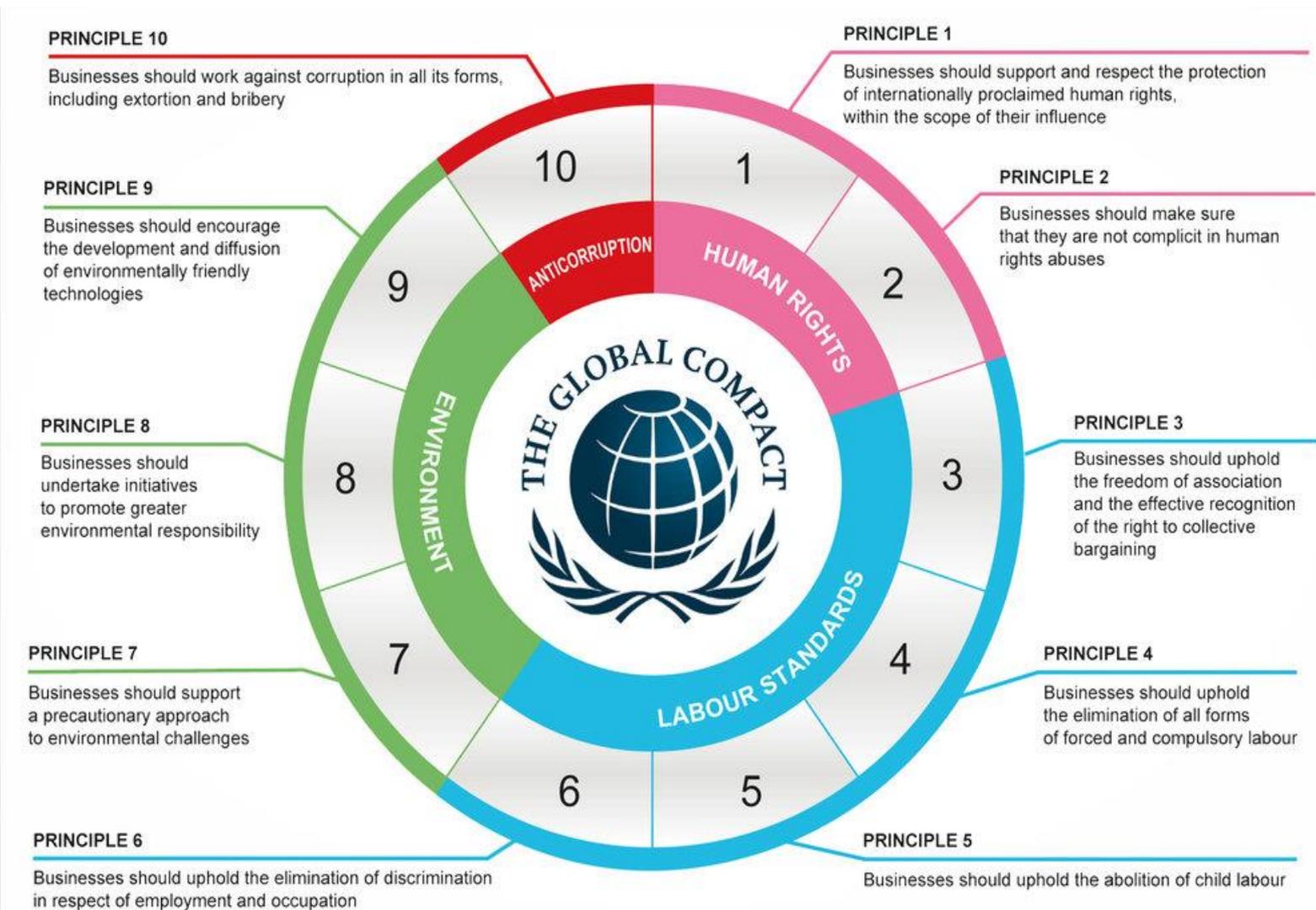
1. Pakistan Stock Exchange
2. Oil Company Advisory Committee (OCAC)
3. Federation of Pakistan Chambers of Commerce and Industries (FPCCI)
4. Overseas Investors Chamber of Commerce and Industries (OICCI)
5. Rawalpindi Chamber of Commerce and Industries (RCCI)
6. Petroleum Institute of Pakistan (PIP)
7. 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), Interior Ministry
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
24. Rescue 1122



## UNITED NATIONS GLOBAL COMPACT

*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, labor standards, the environment and anti-corruption.



## GRI CONTENT

### BACKGROUND TO THE GRI SUSTAINABILITY REPORTING STANDARD

This index is organized using the GRI Standard (Comprehensive Option). The United Nations Global Compact (UNGC) principles are also being referenced and Sustainable Development Goals are being mapped with GRI Standard.

Full Coverage	
Partial Coverage	
No Coverage	

## GRI INDEX

GRI 1 used						
Statement of use:						
ARL has reported in accordance with the GRI Standards for the social & environmental performance data of calendar year 2021, economic & financial data for the fiscal year July 1, 2020 to June 30, 2021.						
GENERAL STANDARD DISCLOSURES						
GRI Std.	Strategy and Analysis	Page	SDGs	Explanatory Note	UNGC	Level
The organization and its reporting practices						
2-1	Organizational details	20, 21		ARL Operates only at Morgah Rawalpindi in Pakistan		
2-2	Entities included in the organization's sustainability reporting	15, 90-91		ARL is the only entity included in the report		
2-3	Reporting period, frequency and contact point	15, 16		ARL publishes standalone sustainability report and annual report separately		
2-4	Restatements of information	15				
2-5	External assurance	15				
Activities and Workers						
2-6	Activities, value chain and other business relationship	26, 97, 108				
2-7	Employees	33,34				
2-8	Workers who are not employees	34, 35	8	The third party workers are contract workers employed through contractors performing multiple tasks & services including general , janitorial, gardening, security & maintenance etc.		
Governance						
2-9	Governance Structure and composition	18, 19, 23, 41, 87, 88				
2-10	Nominating and selecting the highest governance body	-		The shareholders of the Company after every three years elect a Board of Directors amongst them, in accordance with the eligibility criteria given in the Companies Act 2017 and the prevailing Listing Regulations of the Pakistan Stock Exchange Limited. The Directors so elected act on behalf of the shareholders		

				and review the overall management of the Company. Most of the Board members are on the Board for the last decade and have developed expertise in the financial, operational, economic and environmental aspects of the Company. The Board has also formed different Committees, which meet regularly and assist the Board on respective mandate assigned to them. While nominating members of the Board Committees, the relevant expertise of the Board members is considered		
2-11	Chair of the highest governance body	18		The chair of the highest governance body is not a senior executive		
2-12	Role of highest governance body in overseeing the management of impacts	16				
2-13	Delegation of responsibility for managing impacts	22, 23		There are executive level position having responsibilities regarding economic, social and environmental topics and these report to the governance body through HODs and CEO. For further details refer to the department section at <a href="http://www.arl.com.pk">www.arl.com.pk</a> We value the concerns/recommendations of our stakeholders. The shareholders' can give their feedback/recommendation in general meetings of the company. CEO has formulated various committees comprising of senior management on operational, environmental & financial matters of the Company, which regularly give their feedbacks on the matters concerning their respective area to the CEO & where appropriate, the CEO update the Board on any specific matters highlighted by the committees		
2-14	Role of the highest governance body in sustainability reporting	16				
2-15	Conflicts of interest			Directors and employees, irrespective of their function, grade or standing, must avoid conflict of interest situations between their direct or indirect (including members of immediate family) personal interests and the interest of the Company. Also, no employee will perform any kind of work (involving monetary benefit directly or otherwise) for a third party without proper approval of CEO. Employees must notify their direct supervisor of any actual or potential conflict of interest situation and obtain a written ruling as to their individual case. In case of directors, such ruling can only be given by the Board and will be disclosed to the shareholders. The Conflicts of Interest are fairly mentioned in Conduct & Discipline Policy		

2-16	Communication of critical concern	6-7, 9-14, 17 & 23		Any critical concern regarding any potential risks and opportunities relating to operations, health, safety & environmental impacts on local community are communicated to the CEO by the senior management in the fortnightly Management Committee meetings & if required earlier. After considering the sensitivity of the information as the case, may be it can be communicate to the Board. As per policy, all critical matters relating to operation and environment are communicated to the Board. The Board gives guideline to the management for amicable resolution of the problem. Apart from other matters in this connection, the Board advised management for setting up Diesel Hydrodesulphurization unit to reduce sulphur contents in diesel. This project has been successfully completed		
2-17	Collective knowledge of highest governance body			The Company's management encourages its senior management to participate in international and local workshops, seminars etc. to enhance their knowledge of economic, environmental and social topics. Further the Company organize Human Resource and HSE Conferences on regular basis for the professional development of its management. The management also encourages its senior management to write articles in International Magazine/Journals		
2-18	Evaluation of the performance of the highest governance body			The Board strives to continuously improve its and Board Committees' effectiveness. Board of Directors has developed a mechanism as required under the Code of Corporate Governance to undertake annual evaluation to assess Board's and its Committees' performance. The Board also reviews developments in corporate governance to ensure that the Company always remains aligned with best practices		
2-19	Remuneration policies			The Board of Directors have formulated a Directors' Remuneration Policy. Its main features include that every director including alternate directors are entitled to meeting fee as remuneration for attending meetings of the Board of Directors. No remuneration shall be paid for attending General Meeting(s) or meetings of the Committee(s) of the Board and/or any other business meetings of the Company		
2-20	Process to determine remuneration					
2-21	Annual total compensation ratio			Stakeholders' views are sought and taken into account regarding remuneration through independent organizational surveys, HR resources, & remuneration committee of BOD		
<b>Strategy, policies and practices</b>						
2-22	Statement on sustainable development strategy	6-7				

2-23	Policy commitments	43, 44, 59, 60		The Policies and Procedures all are approved by Board of Directors or CEO. The Policy commitments are implemented in letter & spirit in all areas of the organization. Policy Commitments are Formally / Informally communicated through Circulars / Emails / Sustainability Report/ Annual Reports /Safety Talks / Awareness sessions. All policies are publically available <a href="http://www.arl.com.pk/hseq.php">http://www.arl.com.pk/hseq.php</a> <a href="http://www.arl.com.pk/hr_policy.php">http://www.arl.com.pk/hr_policy.php</a> <a href="http://www.arl.com.pk/Code_of_conduct.pdf">http://www.arl.com.pk/Code_of_conduct.pdf</a> <a href="http://www.arl.com.pk/COC_workplace.pdf">http://www.arl.com.pk/COC_workplace.pdf</a> <a href="http://www.arl.com.pk/Whistle_Blowing_Policy.pdf">http://www.arl.com.pk/Whistle_Blowing_Policy.pdf</a>		
2-24	Embedding policy commitments	25, 46,47, 61		Limit of Authority (LOA), a document explaining extent of employee authority across different levels within organization/ limits are clearly defined. All organizational strategies are implemented through Corporate Target on macro level. Individual Targets are derived in line with Corporate Targets, where applicable. Internal / External Audits are conducted to monitor performance. Policy changes are communicated through circulations / Awareness sessions		
2-25	Processes to remediate negative impacts			There is Grievance Policy in practice in the Company. A proper procedure is followed. Employee can register complaint in Suggestion Box placed at various location or through writing addressed to HOD (HR&A) or the CEO. Any employee can give feedback for improvement through Suggestion Box / HSE Cards / Complain registration or through discussion with In charges or HOD		
2-26	Mechanism for seeking advice and raising concerns	38, 43, 44, 57		Employee Relations Manual (ERM) is the company rule book and guideline for all the matters of the Management staff. Labour Laws (Code of Labour) is the manual and guideline for the non-management/Apprentices staff in order to seek advice on matters related to organizational integrity and alike		
2-27	Compliance with laws and regulations			No significant instances of non-compliance with laws and regulations during the reporting period		
2-28	Membership associations	108				
<b>Stakeholder engagement</b>						
2-29	Approach to stakeholder engagement	25-32, 103-105	16			
2-30	Collective bargaining agreements	39-40	16			
<b>Management Approach on Material Topics</b>						
3-1	Process to determine material topics	17				
3-2	List of material topics	17				

3-3	Management of material topics	25-32				
<b>Economic Performance</b>						
201-1	Direct economic value generated and distributed	54	2,5,7, 8,9	There is no discrimination of wages on the basis of gender		
201-2	Financial implications and other risks and opportunities due to climate changes	9-14	13		7	
201-3	Defined benefit plan obligations and other retirement plans	42				
201-4	Financial assistance received from government	-		Government of Pakistan has no shareholding in the company. ARL has not received any financial assistance from Government of Pakistan		
<b>Market Presence</b>						
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	40-41	1,5,8			
202-2	Proportion of senior management hired from the local community	33-34	8			
<b>Indirect Economic Impacts</b>						
203-1	Infrastructure investments and services supported	50-53	2,5,7, 9,11			
203-2	Significant indirect economic impacts	50-53	1,2,3,8,10,17			
<b>Procurement Practices</b>						
204-1	Proportion of spending on local suppliers	99-100	12			
<b>Anti-corruption</b>						
205-1	Operations assessed for risks related to corruption	57	16			
205-2	Communication and training about anti-corruption policies and procedures	57	16			
205-3	Confirmed incidents of corruption and actions taken	57	16			
<b>Anti-competitive behaviour</b>						
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	57	16			
<b>Materials</b>						
301-1	Materials used by weight or volume	62	12,8	Only crude oil was purchased externally while all other resources are sourced internally	8	
301-2	Recycled input materials used	62	12,8		8,9	
301-3	Reclaimed products and their packaging materials	-	8,12	Packaging materials are not in use since fuels are transported via pipelines and bowsers. ARL products sold are not reclaimable hence not applicable		
<b>Energy</b>						

302-1	Energy consumption within the organization	63-64	7,8, 12,13	The calculations are based on the MMBtu of energy consumed per barrel of crude processed while the conversion factors are taken from Pakistan Annual Energy book	8	
302-2	Energy consumption outside of the organization	63-64	7,8, 12,13	Our significant energy consumption lies within refinery due to refinery operations. Hence we do not calculate energy consumption outside the organization	8	
302-3	Energy intensity	63-64	7,8, 12,13		8,9	
302-4	Reduction of energy consumption	63-64	7,8, 12,13	No reduction has been observed because of addition of four new operating units	8,9	
302-5	Reductions in energy requirements of products and services	63-64	7,8, 12,13	ARL's products are not of long useable life while no services are provided by ARL. Hence we have not included products and services		
<b>Water and Effluents</b>						
303-1	Interactions with water as a shared resource	14, 65	6	All the mentioned data related to water is directly measured		
303-2	Management of water discharge-related impacts	14, 65	6			
303-3	Water withdrawal	66	6,8,12		8	
303-4	Water discharge	66				
303-5	Water consumption	66, 92, 94				
<b>Biodiversity</b>						
304-1	Operational sites owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas	67-68	6,14,15	ARL does not fall in or adjacent to any protected area, hence not applicable		
304-2	Significant impacts of activities, products, and services on biodiversity	67-68	6,14,15		8	
304-3	Habitats protected or restored	67-68	6,14,15			
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	67-68	6,14,15	There is no IUCN red listed species and national conservation listed species with habitats in ARL vicinity		
<b>Emissions</b>						
305-1	Direct (Scope 1) GHG emissions	69-70	3,12,13, 14,15		8	
305-2	Energy indirect (Scope 2) GHG emissions	-		ARL has its own captive power plant to meet its energy demand, so we have no indirect GHG emissions from purchased electricity		
305-3	Other indirect (Scope 3) GHG emissions	-		ARL doesn't calculate scope-3 emissions		
305-4	GHG emissions intensity	69-70	12,13, 14,15			
305-5	Reduction of GHG emissions	69-70	12,13, 14,15		7, 8, 9	
305-6	Emissions of ozone-depleting substances (ODS)	69-70	3,12,13, 14,15	There are no emissions of ozone depleting substances at ARL. Purchase of all equipment using ozone depleting substances is discontinued on September 3, 2004 as a matter of policy		
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	69-70, 73	3,12,13, 14,15			

Effluents and Waste						
306-1	Water discharge by quality and destination	62, 65, 73	3,6,12,13,14,15		8	
306-2	Waste by type and disposal method	70-71	3,6,12,13,14,15			
306-3	Significant spills	74	3,6,12,13,14,15			
306-4	Transport of hazardous waste	71	3,12,13,15	ARL doesn't import or export hazardous waste		
306-5	Water bodies affected by water discharges and/or runoff	-	6,12,13,14,15	ARL remained 100% compliant to all the applicable Environmental Regulations and no concerns expressed by any of the stakeholders. It is concluded that ARL's effluent water moving out of the refinery is harmless to the downstream biodiversity of water related habitats		
Environmental Compliance						
307-1	Non-compliance with environmental laws and regulations	73	12,13,14,15,16			
Supplier Environmental Assessment						
308-1	New suppliers that were screened using environmental criteria	99-100		All new Suppliers are assessed on the basis of Environmental Criteria		
308-2	Negative environmental impacts in the supply chain and actions taken	99-100		100% of our suppliers have been assessed on the basis of negative environmental impacts inside refinery		
Employment						
401-1	New employee hires and employee turnover	33-34	8,5			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	39-40, 42	8			
401-3	Parental leave	40	8,5			
Labour/Management Relations						
402-1	Minimum notice periods regarding operational changes	39	8	The minimum period is decided with prior mutual discussion on case to case basis	1,3	
Occupational Health and Safety						
403-1	Occupational health and safety management system	77-84	8			
403-2	Hazard identification, risk assessment, and incident investigation		3,8	HSEQ policy and Permit to Work System authorizes workers to stop work and report immediately if the conditions are not safe		
403-3	Occupational health services		3,8			
403-4	Worker participation, consultation, and communication on occupational health and safety		8			
403-5	Worker training on occupational health and safety					
403-6	Promotion of worker health					
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		10, 17, 77-84			

403-8	Workers covered by an occupational health and safety management system	10, 17, 33-34, 77-84		100% Employee are covered by ARL's Occupational Health and safety management system		
403-9	Work-related injuries	77-84		There has been no fatality reported during the year		
403-10	Work-related ill health					
<b>Training and Education</b>						
404-1	Average hours of training per year per employee	35-36	4,5,8			
404-2	Programs for upgrading employee skills and transition assistance programs	35-36	8			
404-3	Percentage of employees receiving regular performance and career development reviews	35-36	8,5	100 % coverage of management and non-management employees by gender and category		
<b>Diversity and Equal Opportunity</b>						
405-1	Diversity of governance bodies and employees	41	5,8	No females are included in governance body while female employees do constitute in the sub management committees on the basis of their experience and technical expertise		
405-2	Ratio of basic salary and remuneration of women to men	41	5,8,10			
<b>Non-discrimination</b>						
406-1	Incidents of discrimination and corrective actions taken	38	5,8,16			
<b>Freedom of Association and Collective</b>						
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	38-39	8			
<b>Child Labour</b>						
408-1	Operations and suppliers at significant risk for incidents of child labour	38-39	8,16			
<b>Forced or Compulsory Labour</b>						
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	39-40	8	At ARL, no operation & suppliers is identified having a significant risk for incidents of child and forced labour. We have commitment on the restriction of employment below the age of 18 years and consider it a serious violation to Labour Laws		
<b>Security Practices</b>						
410-1	Security personnel trained in human rights policies or procedures	38	16	All the security staff either directly hired or through third party has been trained on human right policies		
<b>Rights of Indigenous Peoples</b>						
411-1	Incidents of violations involving rights of indigenous peoples	-	2	ARL respects the right of indigenous people and no incident is reported regarding its violation		
<b>Human Rights Assessment</b>						

412-1	Operations that have been subject to human rights reviews or impact assessments	-		ARL is a member of UNGC and strictly adheres to the Human Rights charter & applicable laws. All the operations at ARL subjected to impacts are assessed. 100% human rights reviews or impact assessments has been made at all operations		
412-2	Employee training on human rights policies or procedures	38-40				
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	38-40		In the reporting year no significant investment agreements were made		
<b>Local Communities</b>						
413-1	Operations with local community engagement, impact assessments, and development programs	27, 45-49				
413-2	Operations with significant actual and potential negative impacts on local communities		1,2			
<b>Supplier Social Assessment</b>						
414-1	New suppliers that were screened using social criteria	-	5,8,16	ARL assessed and ensured 100% assessment of suppliers on social basis		
414-2	Negative social impacts in the supply chain and actions taken	-	5,8,16	ARL ensures to mitigate any significant actual and potential negative impacts within its boundary and control. Impacts of Suppliers are assessed 100 % and no supplier has been found with potential negative social impacts		
<b>Public Policy</b>						
415-1	Political contributions	-	16	No financial and in-kind political contribution made by the company		
<b>Customer Health and Safety</b>						
416-1	Assessment of the health and safety impacts of product and service categories	101-102				
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	101-102	16			
<b>Marketing and Labelling</b>						
417-1	Requirements for product and service information and labelling	101-102	12,16			
417-2	Incidents of non-compliance concerning product and service information and labelling		16			
417-3	Incidents of non-compliance concerning marketing communications		-			
<b>Customer Privacy</b>						
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	102	16	No incident reported		
<b>Socioeconomic Compliance</b>						

419-1	Non-compliance with laws and regulations in the social and economic area	102	16	ARL complies with all country applicable laws, regulations and neither fined nor faced any non-monetary sanctions. No Non-compliance with laws and regulations in the social and economic area was observed during the reporting year	
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Your comments and suggestions are encouraged.

1. Your overall comments on this report?

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2. Your comments on our approach to stakeholders?

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

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

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5. Any other suggestions?

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Personal Information (Optional): Name: \_\_\_\_\_

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