

Sustainability Report 2022

Celebrating
"100 Years of Excellence"



PIONEER & PACESETTER

Attock Refinery Limited (ARL) is the pioneer and pacesetter in Pakistan's petroleum refining sector. Since its inception in 1922, ARL continues its operations unabated despite various hurdles and challenges. Today it has grown into a modern state-of-the-art refinery with a name plate capacity of 53,400 barrels per day (bpd).

The Refinery at Morgah started its operations with two small stills of 2,500 bpd following the first discovery of oil at Khaur by the Attock Oil Company in 1915. The Refinery was expanded in late thirties and early forties after discovery of oil in Dhulian in 1937. In 1939-40, 5,000 bpd Lummus Two- Stage-Distillation Unit, a Dubbs Thermal Cracker Unit, Wax Purification facility and the Edeleanu Solvent Extraction Unit for smoke point correction of Kerosene were added. With the addition of these units Morgah Refinery became a fully integrated refinery of high complexity producing a full range of petroleum fuels, lubricating oils, waxes, greases, solvent oil, mineral turpentine oil and various grades of bitumen.

In 1978 ARL was incorporated as a Private Limited Company and in June 1979 it was converted into a Public Limited Company. Considering high potential for crude oil production in Meyal and Toot oilfields, in 1981 the capacity of Refinery was increased by the addition of two distillation units of 20,000 and 5,000 bpd capacity each. Due to changes in crude oil characteristics the old units of Dubbs, Edeleanu and plants for lube and wax production were closed down in 1986-88.

Another expansion and up gradation 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 7.5 MW Captive Power Plant was added. The latest Expansion/Up-gradation Project completed in November 2016 comprised:

- i) Diesel Hydro Desulphurization (DHDS) unit
- ii) Pre-flash unit
- iii) Light Naphtha Isomerization unit and expansion of the Captive power plant by 18 MW.

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 refinery continues to produce a full range of fuel products: LPG, Naphtha, PMG, HSD, Jet Fuels, FFO, Kerosene Oil, LDO, Mineral Turpentine Oil (MTT), Jute Batching Oil (JBO) and various grades of road paving asphalts. The Company is ISO 9001, ISO 14001, ISO/IEC 17025, ISO 45001 certified and is the first refinery in Pakistan to implement ISO 50001 (Energy Management System).

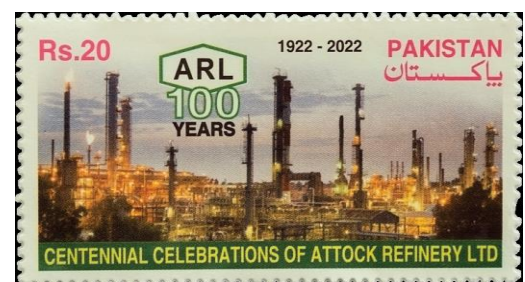
With a turnover of Rs. 262 billion in 2021-22, the Company's contribution to the national exchequer in the form of taxes and duties amounted to over Rs. 36 billion while foreign exchange savings of US \$ 256 million were achieved through import substitution and exports. The Company not only operates on 100% indigenous crude oil thus providing a major outlet to several oilfields spread over the northern part of Pakistan but also remains the main source of petroleum products to the civil and defense sectors in the northern region of Pakistan. It is also a catalyst in the deployment of a large transportation fleet for crude oil and refined products movement.

The dynamics of refinery business are constantly varying and changing with new challenges emerging due to environmental concerns, pandemic issues, economic recessions, globalisation, technological breakthroughs, and alternate sources of energy and government policies.

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, 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, optimizing Reformer hydrogen internal usage and rationalization of production slate. Moreover, loss making export Naphtha operation has been curtailed through maximization of petrol production and maintaining refinery optimum throughput.

The Company is now gearing up to undertake another major project at an estimated cost of US\$ 500 million for setting up Continuous Catalyst Regeneration Unit (CCR) and revamp of the DHDS unit to increase production of petrol and meet Euro-V products' specifications.

We at ARL not only take pride in our 100 years of glorious past but also look forward to a bright future with continued support of the government, shareholders, board of directors and our outstanding human resource working relentlessly and with dedication in pursuit of excellence in an organizational culture of openness, fairness and meritocracy aligned with our core values of Integrity & Ethics, Quality Assurance, Learning & Innovation, Teamwork, Empowerment and Social Responsibility.



PERFORMANCE OVERVIEW



1378 Mega Liter
Water Consumption



100% Compliance
Punjab Environmental Quality
Standards



11.3 Million
Safe Man Hours



136.9 Million PKR
Environmental Investment

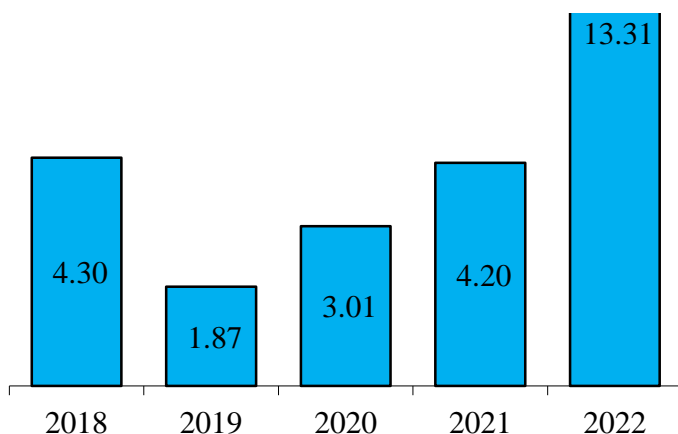


Zero per Million Hours
Total Accident Incident
Frequency rate

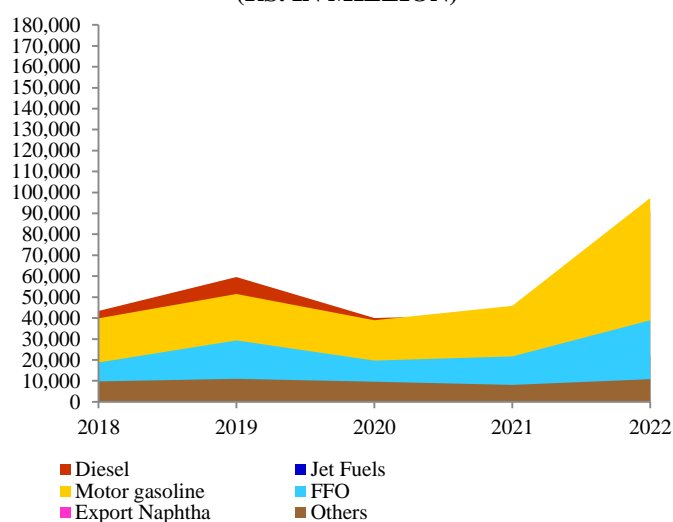


470 Mega Liter
Total water Recycle

**GROSS REFINER'S MARGIN
US \$ PER BARREL**



**SALES REVENUE COMPOSITION
(RS. IN MILLION)**



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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THE COMPANY

ATTOCK REFINERY LIMITED



CEO MESSAGE

100+ YEARS

Since 1922



We are fulfilling our social responsibility as a corporate entity by practicing good governance, promoting respect for human rights, diversity and taking responsibility for the products that we provide to our customers. Although Pakistan's economy is facing numerous challenges, the company has maintained steady supply of high-quality petroleum products. Over the past years, we have honored our sustainability commitments and I am pleased to share our progress with you in this report.

Attock Refinery Limited (ARL) completed its 100 years of continued operation on February 11, 2022. In these past 100 years, our company has remained committed to achieve excellence by evolving with the times in unison with people and society. We at ARL not only take pride in our glorious past but also look forward to a bright future with continued support of our stakeholders in an organizational culture of openness, fairness and meritocracy aligned with our core values.

Responsible and sustainable development is the business strategy that ARL has always held since its establishment to achieve its goal to fuel the economy. The sustainability targets are set in light of the long-term strategic priorities of the company to create positive impacts. In line with the SDGs of the UN's 2030 agenda and international ESG trends, ARL will continue to refine its environmental, social, and governance strategies and activities to generate substantial benefits and long-term impact, thus promoting economic growth, environmental sustainability and social harmony.

We are constantly improving our management systems over and above the compliance requirements and have implemented an integrated management system (IMS) that includes ISO 45001:2018, ISO 9001:2015, ISO 14001:2015, ISO/IEC 17025:2017 and ISO 50001:2018. Implementation of these standards ensures the best way to deal with quality & ESG issues across the organization, identifies potential risks and ways to control them in a structured way. This risk-based thinking leads to improved planning & effective decision-making to seek out opportunities in an organized manner.

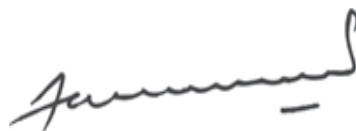
ARL continued its efforts to play its role in the global cause to combat climate change by planting more than 10,000 tree saplings every year, installing on-grid solar systems at multiple locations on its premises, recycling effluent water from its wastewater treatment plant, and implementing ISO 50001 (Energy Management System) for resource conservation.

Our sustainability team prioritizes our material aspects and appropriate actions are advised accordingly. We have achieved 11.3 million cumulative safe man hours till June 30, 2022 from last LTI on 24th July, 2020, and achieved Total Accident Incident Frequency Rate (TAIFR) of zero against the limit of <1.5.

The country's business environment has become challenging as a result of political instability, severe currency devaluation, soaring inflation, and high interest rates. Uncertainty in the demand for furnace fuel continues to be a significant obstacle. In spite of numerous issues, the difference between supply and demand has led to a significant improvement in refining margins internationally and locally. The company was able to record its highest net profit after taxes in company history, at Rs 9,931 million, this translated in earnings of Rs 93.14 per share (June 30, 2021: Loss of Rs 20.12 per share). Achievement of this milestone has been especially satisfying since it coincided with the completion of 100 years of ARL operation.

In parallel, the company is working on up-gradation projects that will allow meeting the requirements for Euro-V gasoline and High-speed diesel specifications. However, such capital-intensive projects without the government's assistance and a supportive investment climate are challenging to implement. Realizing the issue, Government of Pakistan has formulated a new "Refining Policy" in consultation with the stakeholders to ensure that local refineries get upgraded and new Greenfield projects also materialize. The approval of the policy is awaited and is expected to be approved soon.

I invite you to learn more about our sustainability programs, progress, and aspirations for the future through this report and our website. We're clear on our purpose as a company and are committed to progress and grow transparently. The journey of ARL in pursuit of business sustainability would continue unabated. Thank you for being a part of our journey.



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 and Opportunities		
Risk /Opportunity	Impact & Consequence	ARL Management of Risks & Opportunities
Change in Quality of Crude Oil	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. In case of high sediments & salts, the De-salters 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.
Competitors Refineries in North region	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 yet.
Occupational Health & Safety of employees and safety of Assets	High absenteeism rate, Direct and indirect accident cost and lower productivity	In order to minimize the chances of accidents and incidents, 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 process safety tools for HSE planning.

China-Pakistan Economic Corridor	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.
Market Trends	Low throughput, Uncertainty in Business & decrease in profitability	<p>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.</p> <p>Reduced refinery margins due to various reasons, including the pandemic (COVID-19), have severely impacted the refinery profitability. Refineries have taken up the issue with GOP and a Refining Policy has been drafted with recommending measures required for sustainable operation and up gradation of refineries. The draft Refining Policy has been presented at the relevant forums of the Government for approval. The Company is also constantly reviewing its operations to improve profitability and recently introduced 95 RON PMG product for a niche market while discontinued a specialty product which was not economical.</p> <p>As a result of Government's decision to minimize furnace fuel consumption in power plants (IPPs) with cheaper RLNG availability, FFO upliftment from refineries reduced drastically leading to reduction in throughput especially during the winter season. Recently, due to issues in supplies of RLNG, FFO off take has also improved but the problem still persists in the long run.</p> <p>Considering the limited future demand of FFO, a configuration study for selection of optimum technology for bottom of barrel up gradation for ARL was completed in 2020. However, as setting up of individual deep conversion units for Furnace Oil by each refinery may not be a viable option considering the magnitude of investment involved and economy of scale. On request from GOP, all refineries are doing a study for a joint venture as an alternate solution. An international consultant/licensor has been appointed for selection of configuration of a combined BOB project, prepare a Feasibility to assess the project viability and provide a proposal in this regard.</p>
PMG/HSD Specifications	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.	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, Licensor FEED for revamp of the existing DHDS unit is in progress by the Licensor of the unit.

Disaster-Sabotage/Terrorism	<p>a. Security threat due to terrorism and Regional Geo-strategic instability.</p> <p>b. Sabotage/ terrorist activities to inflict damage to Refinery</p>	<p>a. Appropriate security measures to be emplaced round the clock.</p> <p>b. Continuous assessment of national and international environment for evaluation of threat assessment for mounting matching response.</p> <p>c. Liaison with Law Enforcement Agencies (LEAs) for provision of early warning on impending threat.</p>
Land disputes	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.
Man Power Retention	<p>Company is facing some serious turnover challenges due to opening of overseas employment opportunities in a post Covid-19 scenario and unfavorable govt. policies coupled with inflation, Pak currency devaluation and domestic and international market volatilities, retention in key areas of specialists and generalists is a major challenge.</p>	<p>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 to keep turnover under check. We are trying to meet the challenges by means of efficiency orientation and absorb the shocks through a well-defined backup plan thus ensuring our business standards paramount. During the entire period of huge financial losses, 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. Company is committed to retain its valuable HR and compensate reasonably to the satisfaction of its employees thus reviewing constantly the employees' affairs and securing their rights candidly.</p>
Circular Debt	Reduced Industrial Activity, Cash flow Shortfall, Social Effects	<p>The issue of circular debt in petroleum sector has not been resolved, but in case of refineries it has reduced to some extent. Further, it is hoped that quantum of circular debt will be reduced as a result of payments expected under recent agreements between Independent Power Producers (IPP) and Government of Pakistan (GOP). The Company closely monitor receivable/payable position and dispatches.</p>
Fluctuating Exchange Rate	Uncertainty in Business Activities	<p>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.</p>

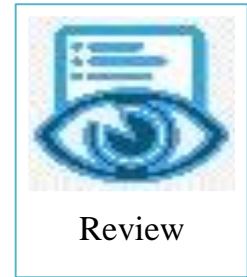
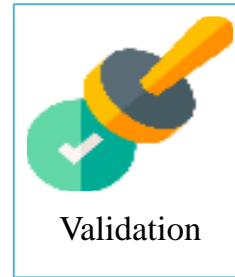
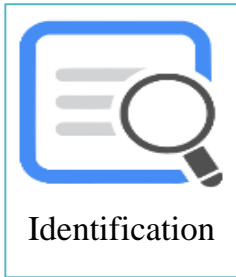
Adverse change in taxation and other laws / policies		All proposed changes in the laws and policies which may affect the Company are thoroughly monitored and discussed at relevant forums at the initial stage to avoid any unexpected exposure upon promulgation of relevant law.
Reduction in Products' Demand	Financial Capital/ Manufactured Capital	Technological, social, economic and political changes can have adverse impact on demand of products produced by the Company; e.g. conversion of electricity power plants to RLNG has adversely impacted the demand of Furnace Oil in the country. This in-turn impacts the operations and profitability of the Company. These risks are mitigated by focusing on operational and technological solutions for producing alternative products as well as communicating with relevant stakeholders for reviewing the demand of respective products.
Pricing Formula	Uncertainty in Business Activities	Under the present 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.
FFO issue	Uncertainty in Business Activities	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.
Scarcity of Resources	Financial Capital/ Manufactured Capital	In a developing market, the Company is always competing for available resources like utilities, land, human resource etc. with other segments of society. The Management of the Company is always alert to such challenges and takes a holistic approach of identifying such risks and mitigate these by putting appropriate plans in place.
Competing products and entities	Financial Capital/ Manufactured Capital	ARL is only refinery in the northern region and has an assigned area for sale of its products. With the emergence of alternate resources and advent of superior grade products, there is always a looming threat of competitors trying to capture ARL's established market. The Company strives for investing in the latest technologies to retain its market share.

Refinery policy	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>
Climate Change	Natural calamities, Disasters, Overloading of atmosphere with pollutants, Increase in earth temperature	<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 & possible reduction and increasing awareness etc.</p>
Water Management	Constraints to growth, Decrease in profitability, Rising costs for raw-water reconditioning	<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>During hot and dry months (May-June), water demand is at its peak. When Supply-Demand gap widens, a fraction of 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 in general but in dry months in particular.</p>

Covid-19 Pandemic	Threat to workers health, Indirect threat to the productivity and continuity of business	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 i.e., EHS.
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ABOUT THE REPORT



Process for defining report content and aspect boundaries

Scope

This report covers all Environmental, Social, and Governance (ESG) 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 sharing 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 2022, economic and financial data for the fiscal year July 1, 2021 to June 30, 2022, content from previous year reports and relevant information that was available in 2021 after the publication of report. Some data has also been added from the most recent Annual report published on August 16, 2022. 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 UN 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 2021

This report is in accordance with the GRI Standard, 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 2021 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 2022, there are some information and data from 2021 report which is restated for evaluating and comparing 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 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, community, students, External Auditors like SGS and Ferguson and all interested parties as our audience.

Sustainability Reporting Team

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.



Anwer Saeed (Head of Department 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.



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.



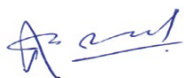
Muhammad Hasnain Shah (Environment Engineer)

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.



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

Contact Information

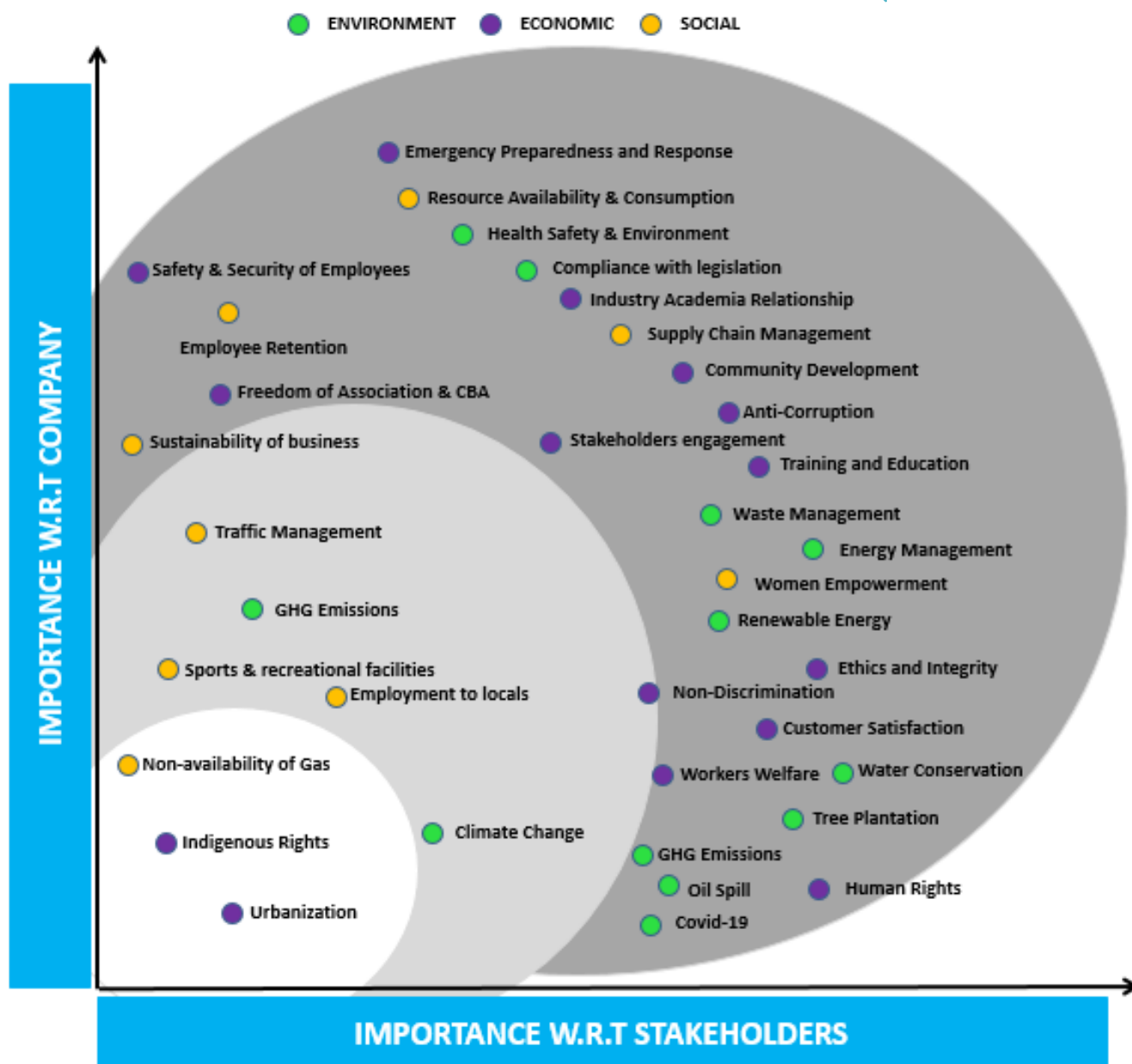
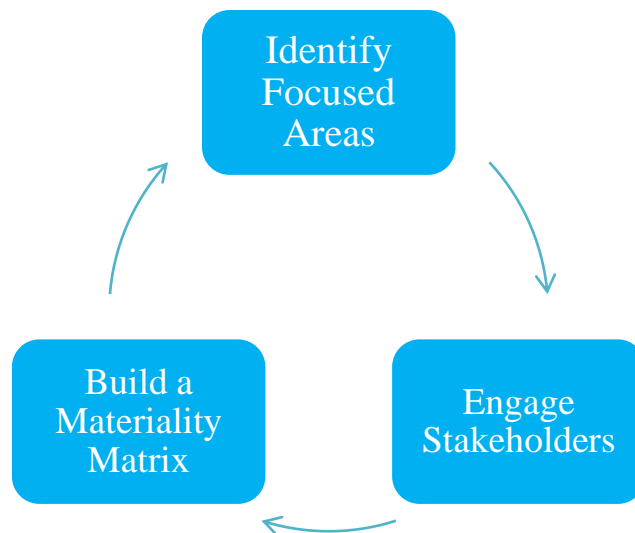


Mr. Anwer Saeed
 Manager (Health, Safety, Environment & Quality)
 Attock Refinery Limited, P.O. Morgah, Rawalpindi
 Ph: 92 51 5487041, Fax: 92 51 5487254
 E-mail: anwersaeed@arl.com.pk

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



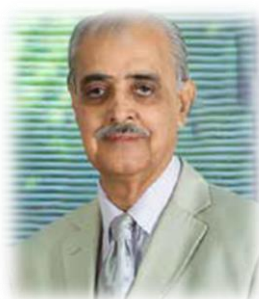
Mr. Jamil A. Khan

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

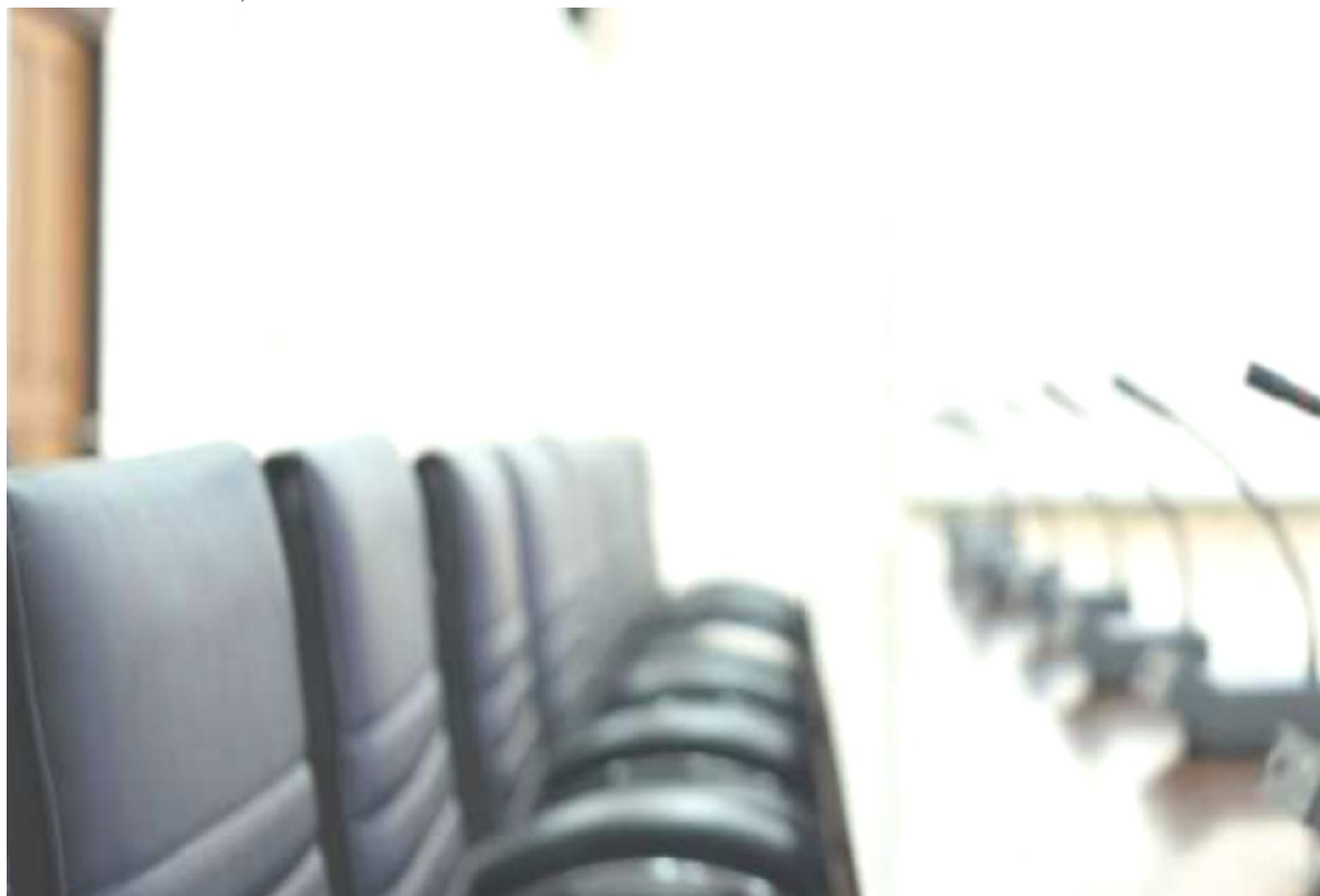
The Audit Committee's primary role is to ensure compliance with the best practices of Code of Corporate Governance, statutory laws, safeguard of Company's assets through monitoring of internal control system and fulfill other responsibilities under the Code.

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) to Mr. Wael G. Pharaon)

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

Website: 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
 Habib Metropolitan 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 its shares are quoted 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 100 years of successful operations, ARL's plants have been gradually upgraded/replaced with state of- the-art hardware to remain competitive and meet new challenges and requirements.

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 smokepoint 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:

- i) Diesel Hydro Desulphurization (DHDS) unit: This has reduced Sulphur contents in the High Speed Diesel to meet Euro III specifications;
- ii) Pre-flash unit: This has increased refining capacity by 10,400 bpd;
- iii) Light Naphtha Isomerization unit: This has enhanced production of Premium Motor Gasoline by about 20,000 M. Tons per month;
- iv) Expansion of existing Captive power plant by 18 MW.

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. ARL laboratory is ISO/IEC 17025 accredited. It is the first refinery in Pakistan to implement ISO 50001 (Energy Management System).

THE MANAGEMENT



From Left to Right

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

- | | |
|---|---|
| 1. <u>Sardar Lall Khan</u> Manager (HR & A) | 7. <u>Salman Tariq</u> AGM (Maintenance) |
| 2. <u>Saeed Uddin Faruqi</u> Manager (Engineering) | 8. <u>Munir A. Temuri</u> AGM (Operations) |
| 3. <u>Saleem Anwar</u> AGM | 9. <u>Khalid Mehmood</u> SM (TS, P&D) |
| 4. <u>Asif Saeed</u> AGM (C&MM) | 10. <u>Anwer Saeed</u> Manager (HSEQ) |
| 5. <u>Syed Asad Abbas</u> Chief Financial Officer | 11. <u>Usman Ishaq Raja</u> Manager (BR&A) |

MANAGEMENT COMMITTEES

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

Management Committee

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

Value & Ethics Committee

The primary role of this Committee is to investigate and advise the CEO appropriate actions regarding violation of ARL Core Values and related codes and policies.

Succession Planning and Career Management Committee

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

Econo-Tech. Committee

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

Budget Committee

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

Appraisal Committee

The role of this Committee is to review and propose annual increments and promotions of management staff.

Pricing Committee

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

Central HSE Committee

The primary role of this Committee is to advise appropriate measures 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 HSE issues.

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 planning of refinery.

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.

Training Steering & Scholarship Committee

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

Information Technology Committee

This committee has overall responsibility for governance of Information Technology in the Company.

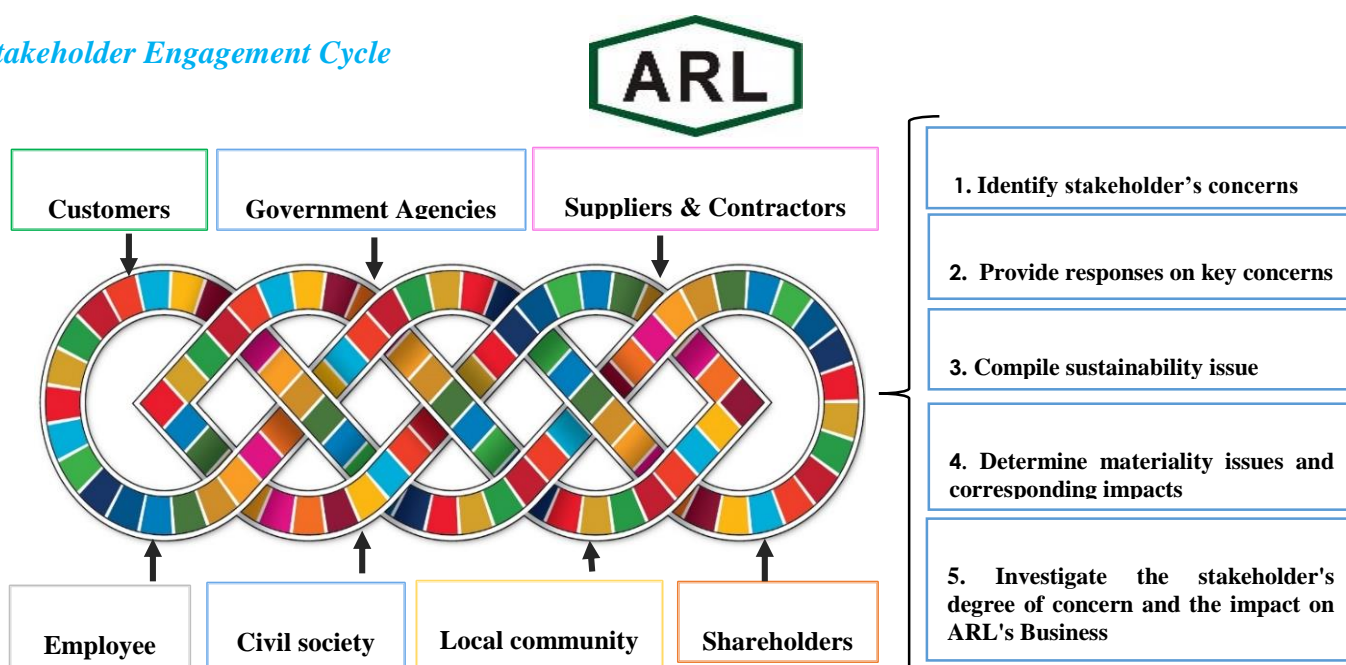
STAKEHOLDERS ENGAGEMENT



STAKEHOLDERS ENGAGEMENT STRATEGY

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 quarterly/ 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.



Refinery Management Committee Meeting

Local Communities

Neighborhood, Local schools, Masajids, 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.



Dengue awareness seminar at Govt. Elliot High School Morgah Rawalpindi

Customers

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.

Expectation & Interest

Quality and quantity of product, Timely delivery, Technical assistance and financial compliance, after sales services, Customer satisfaction, Asset's safety and security

Mode of Engagement

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 & when required

Responses

- Timely delivery of products and quantity compliance, response to queries, administrative complaints being addressed by oil movement section of Operations department
- 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.
- Timely billing, reconciling and financial coordination is addressed by invoicing and receivables management section of F&CA department
- Customer liaison & satisfaction, Compliance of sales agreements by sales section of C&MM department
- Asset safety and security is ensured by HSEQ Department and security section of HR&A department



ARL officials meeting with Pakistan State Oil (PSO) Officials & Inspector of Total Energies (TE) France

Employees

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



Attock Refinery Employees receiving HSE Training

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 agreements, 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



Petroleum Product Testing at ARL Laboratory

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, and administration District Disaster Management Authority by the relevant company representatives



Joint sampling and testing of gaseous emissions by ARL and EPA team

Civil Society

Universities, Foundation, NGOs, Research Institutes, Technical Training Institutes, Colleges, & School Students, and local neighbourhood.

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 community 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



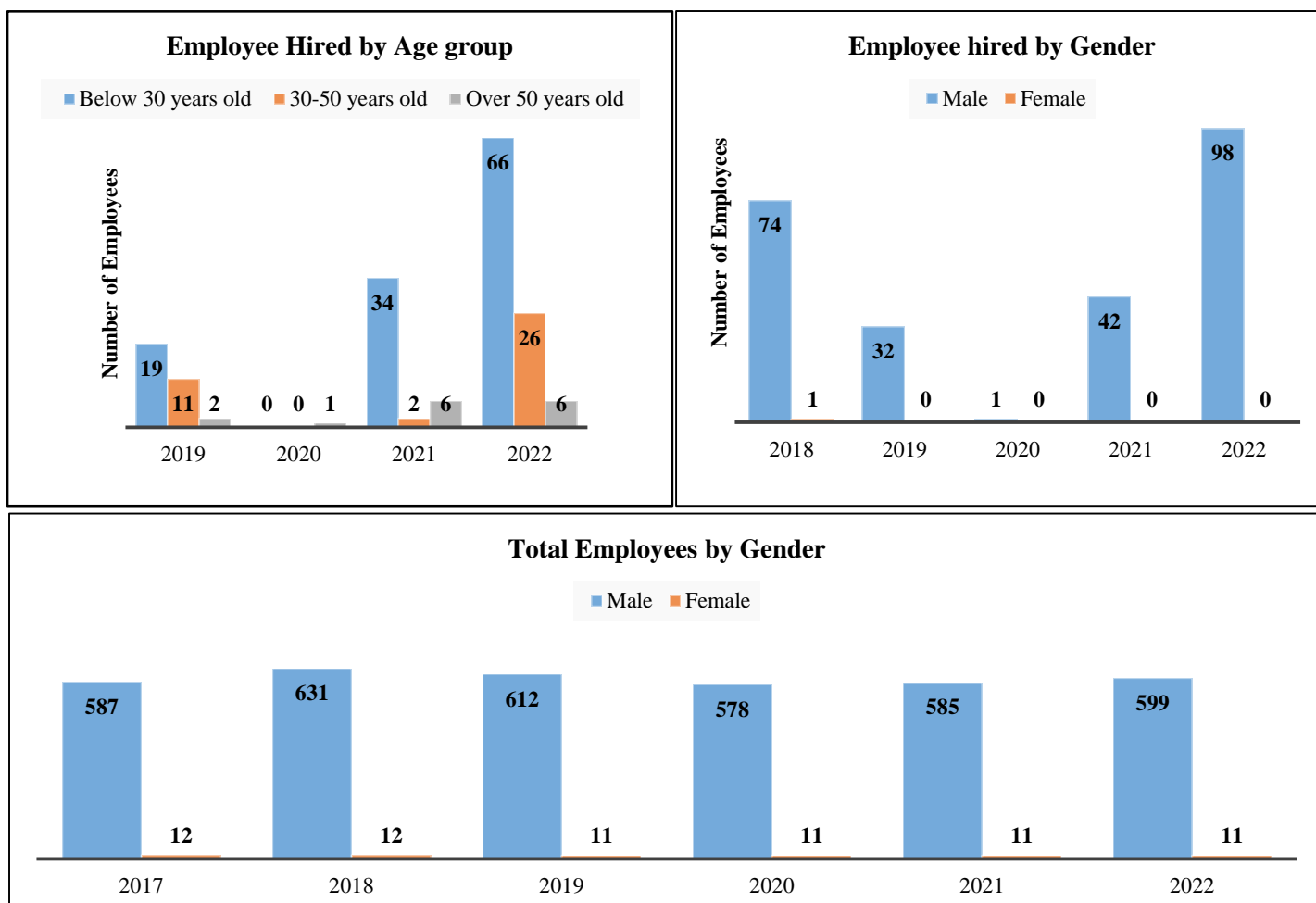
A delegation from the Punjab Institute of Management and Professional Development (PIMPD), Lahore at ARL

HUMAN CAPITAL DEVELOPMENT

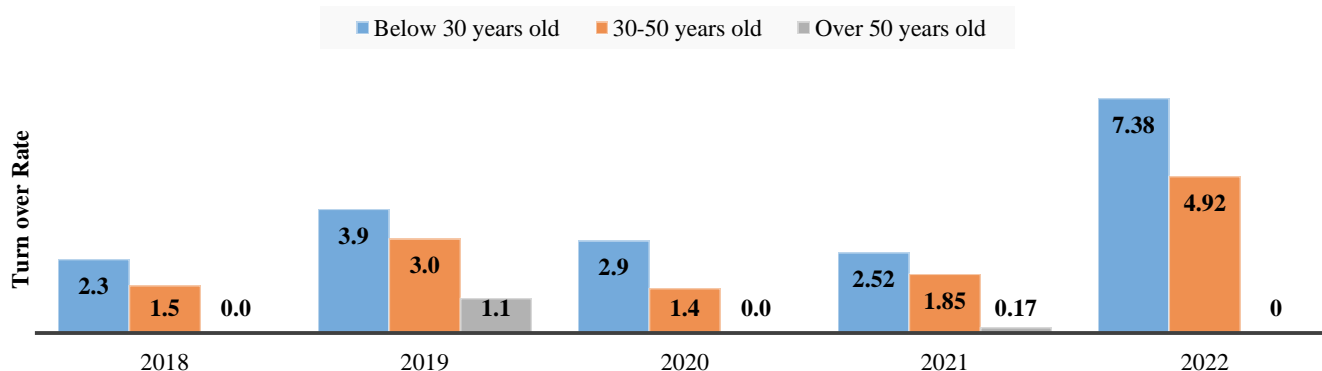
Human resource is considered a fundamental asset and it is ensured that all employees are treated with dignity and respect by creating an atmosphere of mutual understanding and open communication. ARL proliferate under an ecosystem based on the concept of empowerment. Company encourages socialization, 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 and violations. 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

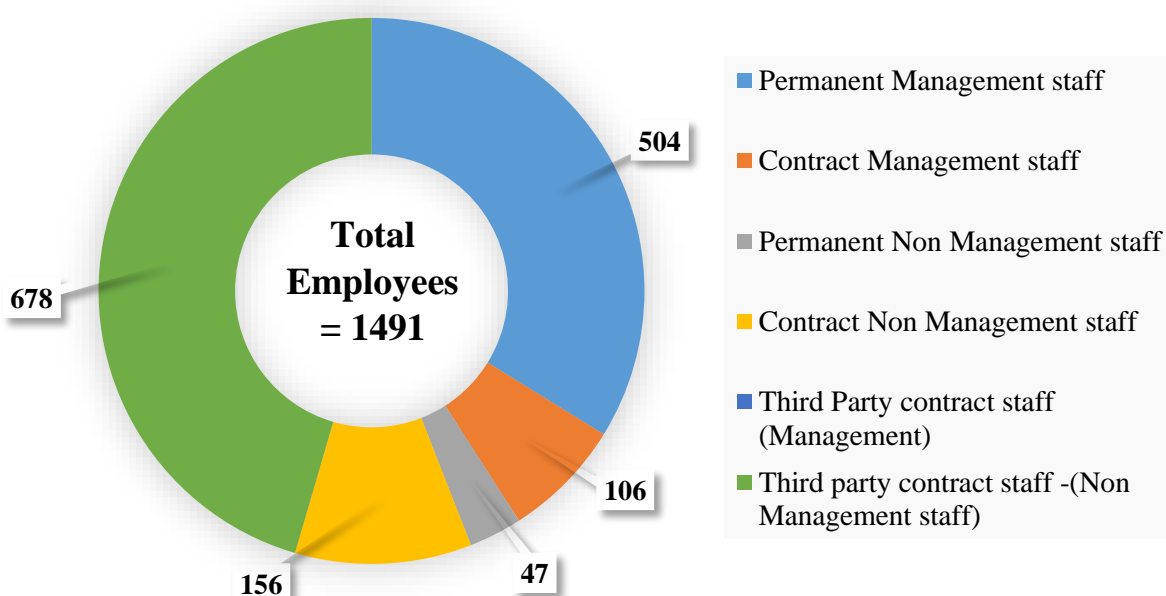
We pursue a merit-based policy for induction and promotion of employees. Company is located at Morgah Rawalpindi and while hiring company prefers people from district Rawalpindi and nearby districts. Moreover about 23% of the company total staff comprises of locals. Senior management staff includes the 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/ Janitorial/ Horticulture/ Cooks/ Waiters etc.)



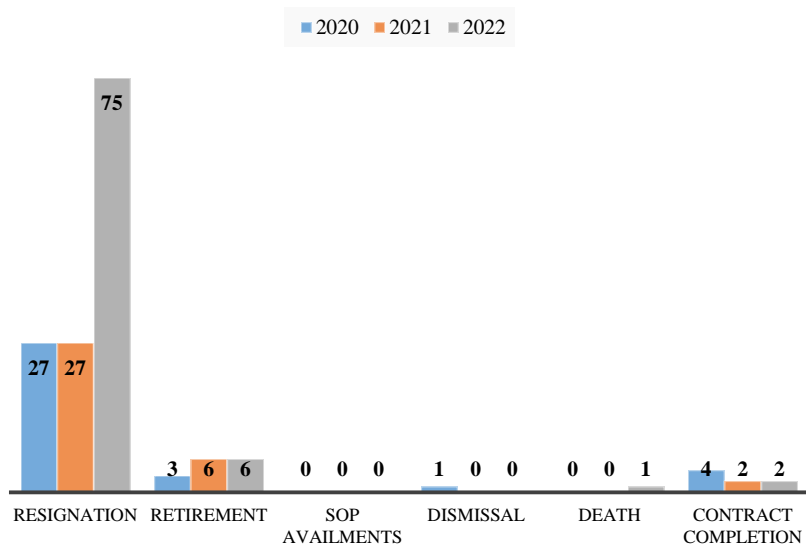
Employee Turnover by age group



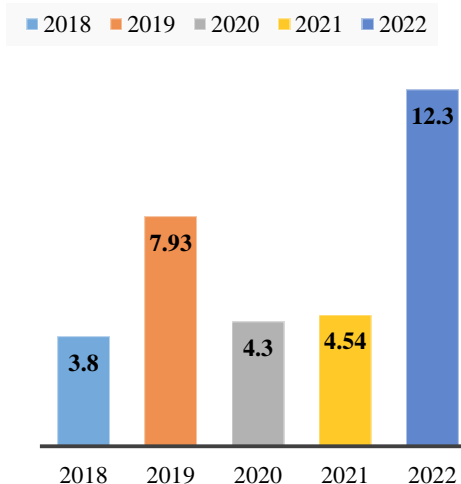
Total Employees at ARL



Reasons for Employee separation 2022



Total Turnover rate



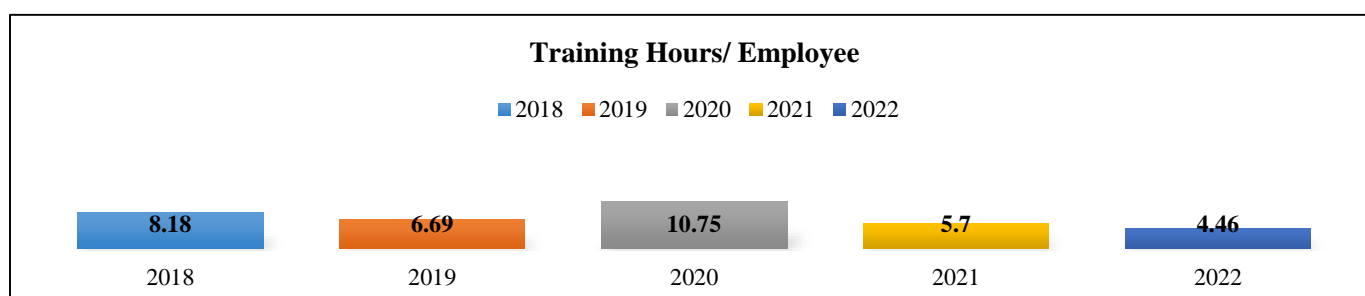
EMPLOYEE DEVELOPMENT & TRAINING

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	242	1100	4.55
Female	7	11	1.57

Training Hours per Employee by Employee Category 2022			
Category	No. of employees	Man-hours	Training hours / Employee
Top-Management	28	66	2.36
Mid-Management	65	226	3.48
Executives	118	568	4.81
Junior Management	38	251	6.61



Performance Reviews of Management and Non-Management Staff by gender and category

100%

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

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, Japan Cooperation Center Petroleum (JCCP), Japan offered online training courses to its member organizations in lieu of foreign trainings to ensure continuity of learning opportunity for the participants. Four 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 O&M Conferences



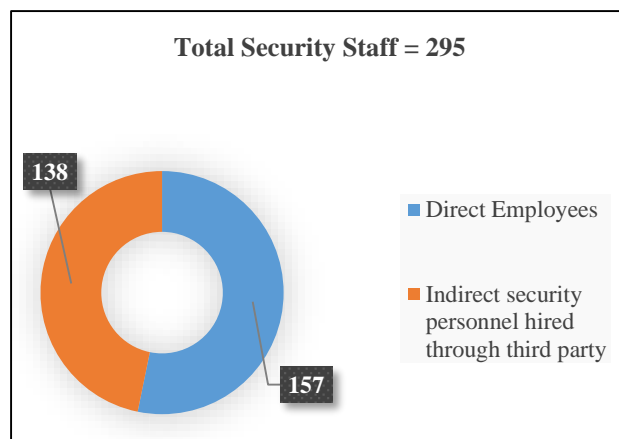
Glimpse of Virtual JCCP Training Session 2022

HUMAN RIGHTS AND LABOR PRACTICES

Human Rights

ARL endorse and comply 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.

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 & growing economy and ARL supports strong enforcement structures to protect employees against abuse of power. We feel 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 standards, 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 year 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.



Christmas Celebrations at ARL

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 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 Agreement 2022

Number of total employees covered under CBA	47
Total employees	1502
% of employees covered under CBA to total employees	3%

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 with 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		
Year	2021	2022
Female Who Entitled to Parental Leave	1	0
Return to Work rate	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	09	-	-	01	08
Number of Individual in organization Management Committee	11	-	-	02	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 on and 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). 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"	
EOBI FUND	9,697
Staff gratuity and pension benefits	58,872

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, the Company can 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

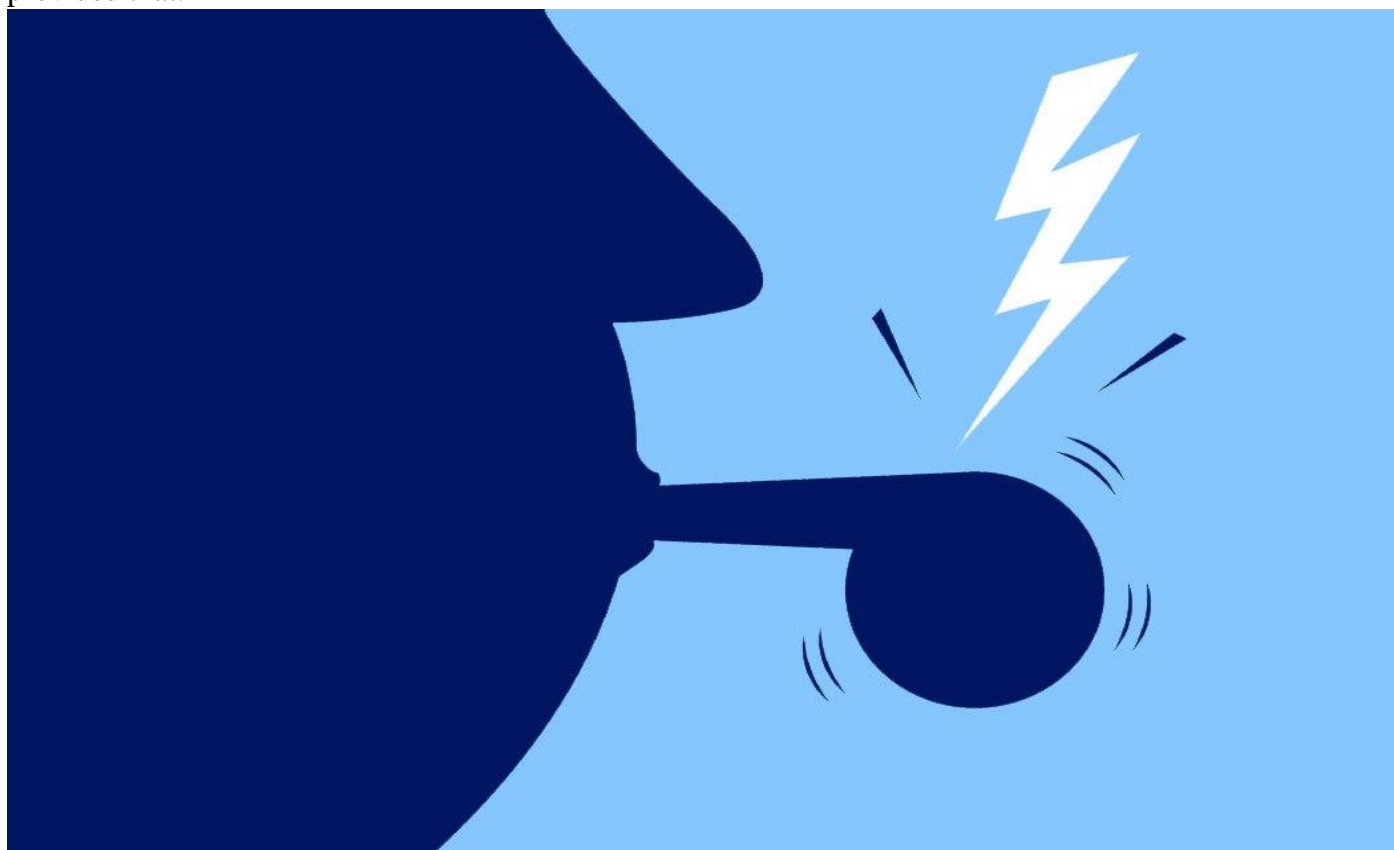
The Management encourages whistle blowing culture in the organization and has adopted a culture to detect, identify and report any activity which is not in line with the Company policies, any misuse of Company's properties or any breach of law which may affect the reputation of the Company. The Company 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.

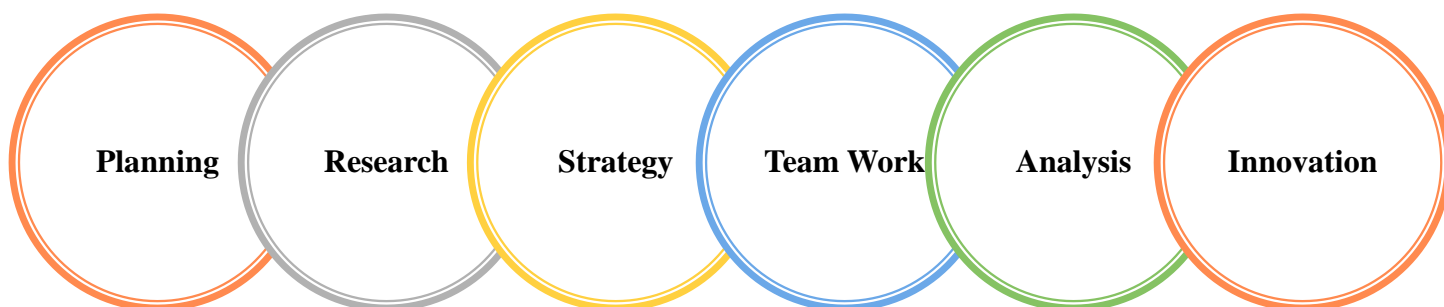
The Management understands that through the use of a good Whistle Blowing Plan, they can discover and develop a powerful ally in building trust with its employees and manage fair and transparent operations. The Company therefore provides a mechanism whereby any employee who meets the above referred conditions 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 the 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 (UN-SDGs) 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 impacts with control measures to avoid any harm to the community. The community is engaged in public hearings before the introduction of any new project.



Awareness session on dengue in Govt. school

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 communicated accordingly. The mechanisms used for stakeholder's engagement truly address their concerns.



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.



COMMUNITY ENGAGEMENT

- Participation
- Involvement
- Community Meetings



COMMUNICATION FORUMS

- Public Hearing & media
- Community Awareness Sessions
- Conferences & Seminars



COMMUNITY ORGANIZATIONS

- National Cleaner Production Center
- Attock Hospital Limited
- Attock Sahara Foundation



SOCIAL CHALLENGES

- Infrastructure Development
- Capacity Building
- Facilitation & provision of jobs
- Skills Development



SOLUTIONS AND PERFORMANCE

- Internship and Apprenticeship
- Model schools
- Utilities
- SDGs
- Water supplies

Identification of social changes

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 Schools

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.

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 is 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.



Glimpse of CSR activities by Attock Refinery Limited

PHILANTHROPY & CORPORATE INVESTMENTS

Attock Refinery Limited (ARL) has been contributing towards Corporate Social Responsibility (CSR) since its inception in year 1922. CSR is an important part of our core values. During last 100 years we have taken exhaustive initiatives in this realm and continued to find ways and means to meaningfully contribute towards community welfare activities. During the year various CSR activities carried out by the Company and other organizations working under Company's umbrella. Some of the activities are enumerated below:

1. Attock Sahara Foundation (ASF)

- ASF is a registered Non-Profit Organization (NPO), sponsored by ARL. ASF has also been certified by Pakistan Centre for Philanthropy (PCP). The main objective of ASF is to help and support the poor segment of community through various welfare programs/schemes.
- During the year various programs/schemes were conducted which mainly included Skill Enhancement and Capacity Building for womenfolk, Apprenticeship Program, Scholarship Scheme, Marriage Support Fund, Poor Patient Fund, Collection & Distribution of Zakat. Workshops were also conducted to create awareness on dengue prevention, kitchen gardening and tree plantation.
- ASF has a well-equipped Industrial Order & Stitching Section which not only serves as its main source of income but also helps to train less privileged women by enhancing their skills to enable them to become earning hands for their families.

2. Attock Hospital (Private) Limited

The Company has a wholly owned subsidiary company; Attock Hospital (Private) Limited (AHL). The hospital provides medical services to the employees of Group companies and people living in the surrounding area. The Company has taken various measures to cater for requirement of the under privileged people of surrounding area through this hospital. In this regard AHL provided free services from Poor Patient Fund. A Covid-19 vaccination center was established and during the year over 10,000 people were vaccinated through this center. A blood donation campaign was launched during the year. Further free and discounted dialysis services were also provided to the marginalized people of the surrounding area. During the year over 500 dialysis were performed free of cost.



3. Community Welfare

The Company supports and arranges multiple community welfare activities. Details of some of the activities are given below:

- The Company maintains play grounds for various sports including hockey, cricket, football etc. This promotes healthy activity among employees and youth living in the vicinity. The Company also patronizes parks and provides potable drinking water and health care to the surrounding communities.
- The Company takes care of schools and worship places in the surrounding area. The Company also provided financial assistance to an NGO working for the betterment of the visually impaired persons.

- c. The Company provides annual grants to adjoining Union Councils of Morgah and Kotha Kalan for betterment of the community.

4. 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. Free of cost vaccination facility was extended to employees of Attock Group of Companies, their families and general public of the surroundings areas at AHL. Employees of our contractors/ service providers were also vaccinated.

5. Campaign to Control Dengue

Dengue fever has remained a challenge for the health of people living in the surrounding area. The Company formed special teams in collaboration with District management and Health Department to ensure taking of effective precautions against Dengue. In this respect workshops were conducted to create awareness among the residents. Fumigation was also carried out over a large area for eradication of dengue larva.

6. Industrial Relations / Workers Welfare

ARL ensures cordial industrial relations through its Collective Bargaining Agent (CBA). Agreement with CBA was signed during the year for the period 2021-22 to 2022-23. The Company extends various facilities to its workers. Some of the facilities are described below:

- Provision of highly subsidized food and wheat flour.
- 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.
- Free pick and drop facility is provided to the school going children of the workers.
- Every year the Company selects through balloting 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.

7. Green Environmental Initiatives

- The Company in collaboration with its parent Company, the Attock Oil Company Limited has established Attock Institute of Horticulture (AIH). This institute promotes art & practice of horticulture and imparts knowledge and training to domestic gardeners. Courses includes kitchen gardening and horticulture training duly recognized by Technical Education & Vocational Training Authority (TEVTA) Punjab. Despite of COVID-19 situation, around 500 gardeners and hobby gardeners have been trained at AIH.



- b. The Company has established Morgah Biodiversity Park to conserve the indigenous biodiversity of Potohar region. Under Morgah Biodiversity Park Project, the Company has initiated several CSR activities which include production of natural honey, growing of different fruits including peach, grapes, citrus, papaya, olives and organic vegetables. Ecological sustainability measures like water conservation, kitchen waste water recycling, rain water harvesting for irrigation and solar powered drip & sprinkler irrigation systems are also being observed.
- c. ARL plants 10,000 to 12,000 saplings each year including around 2,000 fruit plants. Tree saplings are also donated to various educational institutions and local communities to enhance the vegetation cover, improve the environment and conserve natural ecosystems for future generations.
- d. 73rd Annual Flower Show was organized by Morgah Club during first week of April, 2022. Employees of Attock Group of Companies residing in ARL colony participated in the bungalow lawn competitions. Competition among companies' lawns was also organized to recognize the efforts made by gardeners for beautification of office lawns.

8. 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.

9. Education/Training

- a. The Company is operating an extensive management training program of 1 to 2 years for fresh graduates and student internships to students during summer vacations.
- b. The Company offers scholarships from class 6 to PhD level to employees' children. During the year, 38 scholarships were awarded and 27 brilliant students amongst employees' children were recognized by awarding prizes.

10. Business Ethics and Anti-Corruption Measures

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

11. 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.

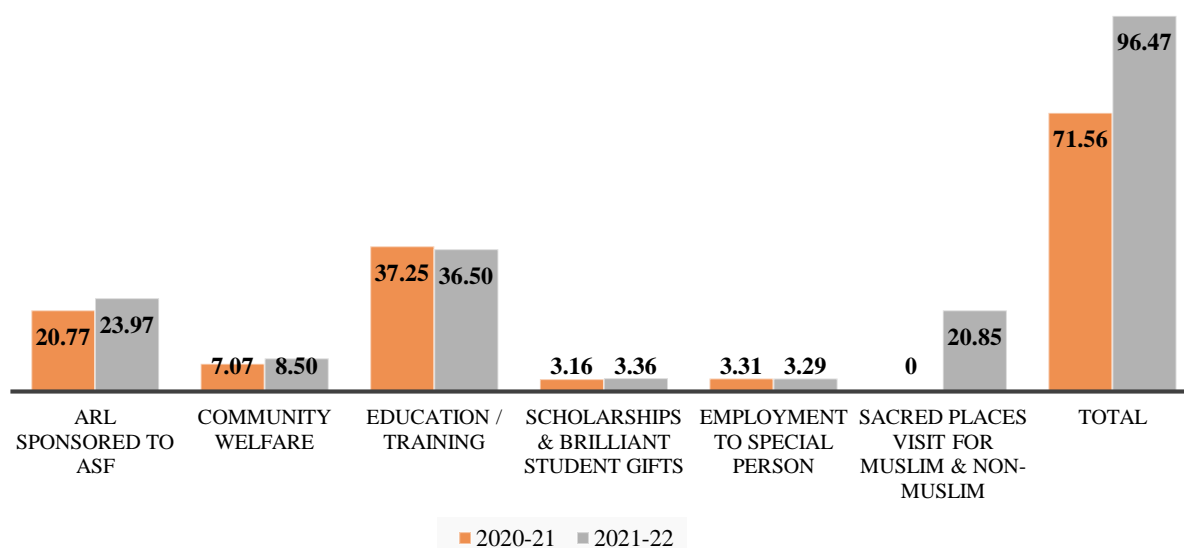
12. Positive & Indirect Economic Impacts

The Company's annual contribution to the national exchequer in the form of taxes and duties amounted to over Rs 36 billion while foreign exchange savings of US \$ 256 million were achieved through import substitution and exports. The Company is the only refinery in the country which operates on 100% indigenous crude oil. It provides a major outlet to several oilfields located in northern part of Pakistan. The Company also remains the main source of petroleum products to the civil and defense sectors in the northern region of Pakistan.

DIRECT ECONOMIC VALUE DISTRIBUTION PKR "000"

Revenues	261,983,815
Operating costs	(243,305,567)
Employee wages and benefits	1,688,166
Payments to providers of capital	-
Payments to government	35,564
Community investments	97,202
Economic value retained	9,815,140

CSR Investments Million PKR



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.



Glimpse of activities conducted by Attock Institute of Horticulture (AIH)

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 in the reporting period.

ARL also has a whistle blowing policy to address any type of malpractice in all of its activities. Please refer to 2nd 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 signatory of UNGC. There were no case reported by public or contractor on account of corruption by any employee of the organization.

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.



ENVIRONMENT, HEALTH & SAFETY



HEALTH, SAFETY, ENVIRONMENT & QUALITY (HSEQ) POLICY



ARL is committed to provide the best quality products in the market, endeavors to protect the environment and to ensure health and safety of its employees, contractors and customers, 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 2022.

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 optimization, 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

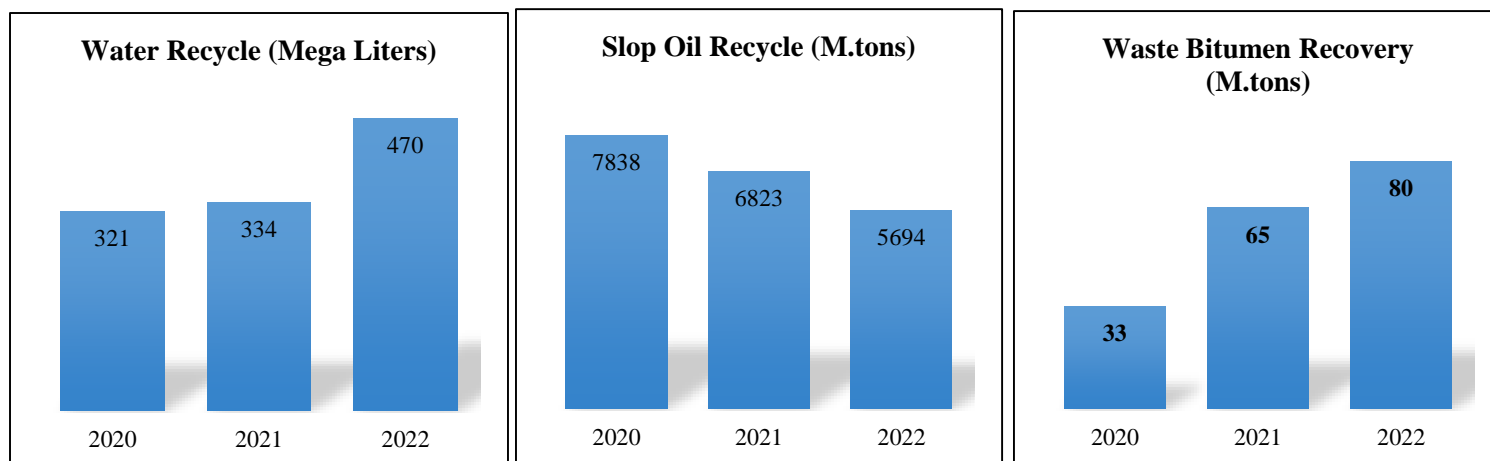
Materiality principles have been applied for the identification of significant ESG issues including environment. On the basis of significance, we categorized our plans as short, medium and long-term. This approach results in shorter, focused and sustainable solutions to these issues.

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	2019	2020	2021	2022
Non-Renewable	Crude Oil	M. ton	2,251,078	1,674,852	1,858,175	1,897,414
	Electricity	kWh	75,580,892	72,458,090	74,377,230	73,417,739
	Fuel Oil	Bbl	226,082	183,175	249,576	257,481
	Fuel Gas	MCF	2,389,259	2,324,529	2,199,581	1,445,237
Renewable	Steam	M. Ton	536,834	495,175	497,750	488,947
	Water	Mega liters	1,473	1,415	1530	1,378

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 month of Oct-2022.

1. Energy Week Celebration
2. Energy Awareness Talks/Sessions
3. Energy Award

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.

Energy Week Celebration

Energy week was celebrated from October 17th to 21st, 2022. Everyone in the company actively participated in the event. This celebration was organized in-line with the World Energy Day. The World Energy Day is initiated by the World Energy Forum to raise awareness of global energy-related issues. The purpose of this celebration is to motivate employees and make them energy conscious and to reaffirm their commitment towards energy conservation at workplace. The management of ARL emphasizes that we take energy issues as our moral and social responsibility. We believe that sustainable business growth is possible only when we equally take care of global interests.

Energy Awareness Session/ Training

The purpose of Energy Awareness Talks/Session is to motivate employees and make them energy conscious, reaffirm their commitment towards energy conservation at workplace and 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.



Energy Awareness Session/ Training	
No. of Man Hours	249

Energy Award

9 th Energy Award	Winner: OM-II
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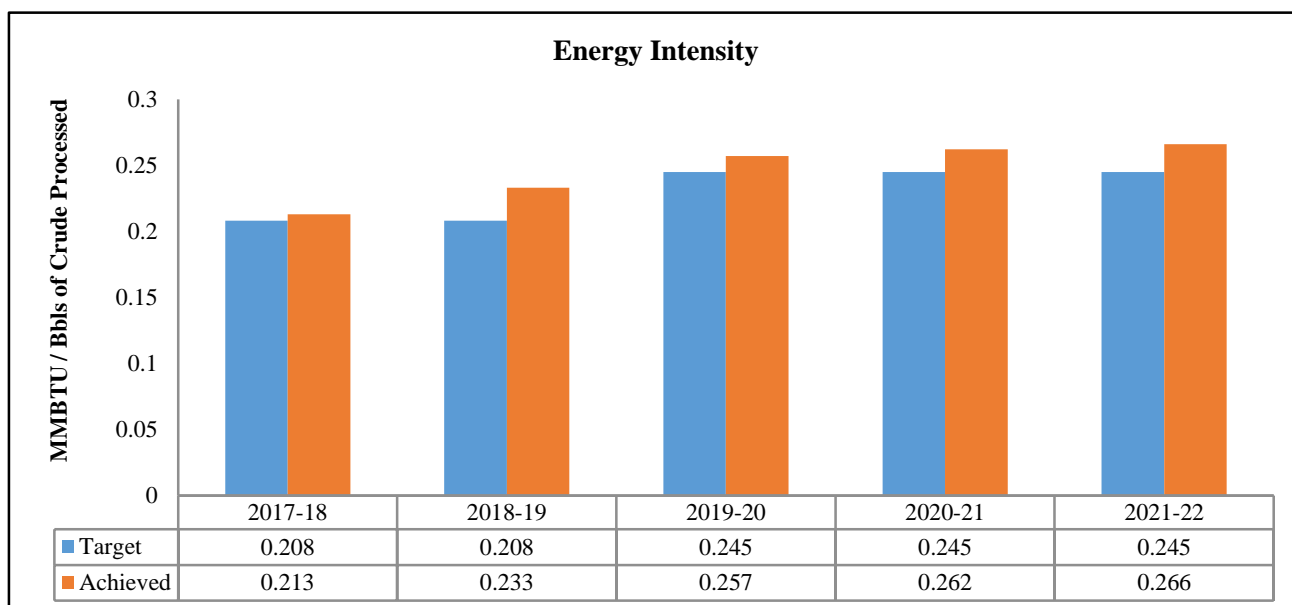
Renewable /Alternate Energy Projects

- i. 205 kW on-grid solar panel systems installed at multiple location at ARL and operational.
- ii. Installation of 30 kW on-grid solar systems is in progress during the FY 2022-23.

Energy Intensity:

It is defined as the "energy consumed in MMBTU per Barrel of Crude Processed. It indicates the total energy consumed within the organization. Energy intensity is 0.266 MMBTU/Bbls of crude. Overall Energy consumption per barrel is higher w.r.t. to baseline FY 2021-2022 due to overall operation of refinery at low throughput.

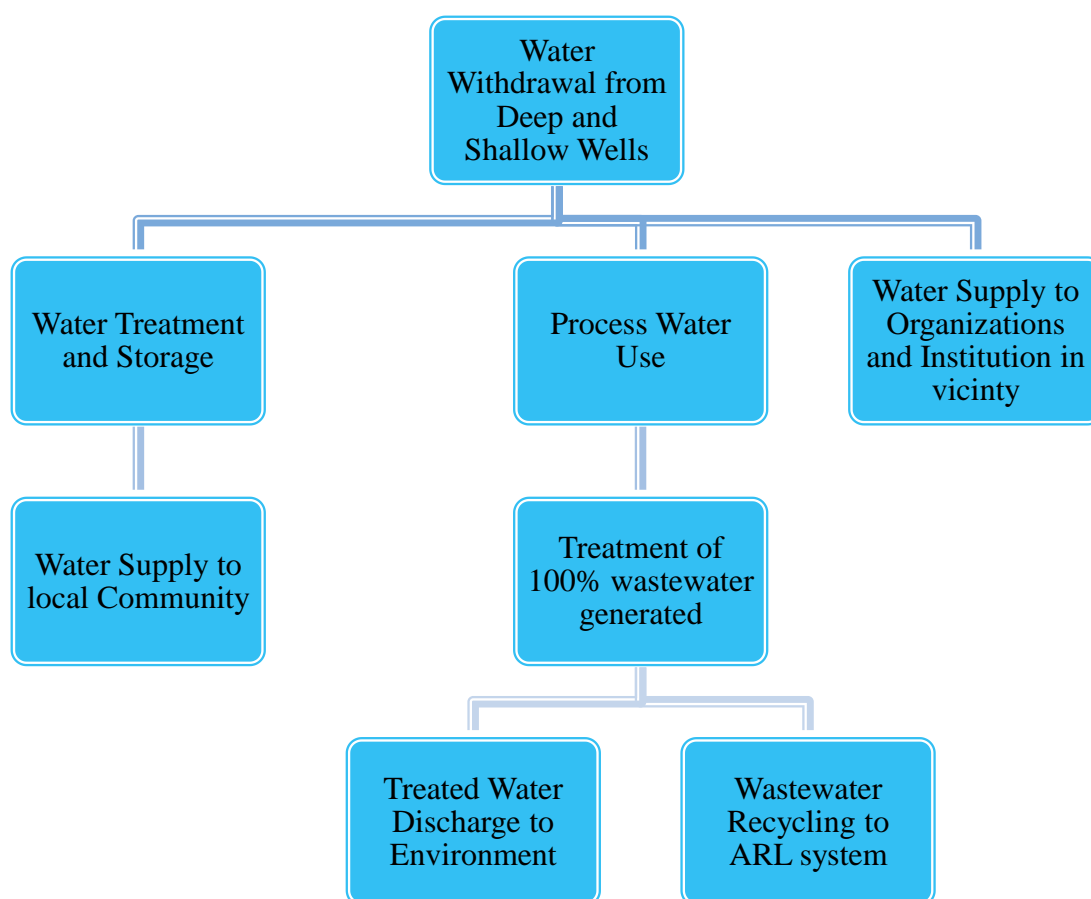
Energy Intensity target for the year 2022-23 is to maintain the value of 0.245 MMBTU/Bbls of Crude Processed at 100% throughput.



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 as well whose water is pumped to ARL via Sohan pumping station.

Provision of safe drinking water is an essential to basic human right. 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 drinking purposes. Following is the water cycle which ARL is following for Sustainable water management.



ARL's Water Cycle

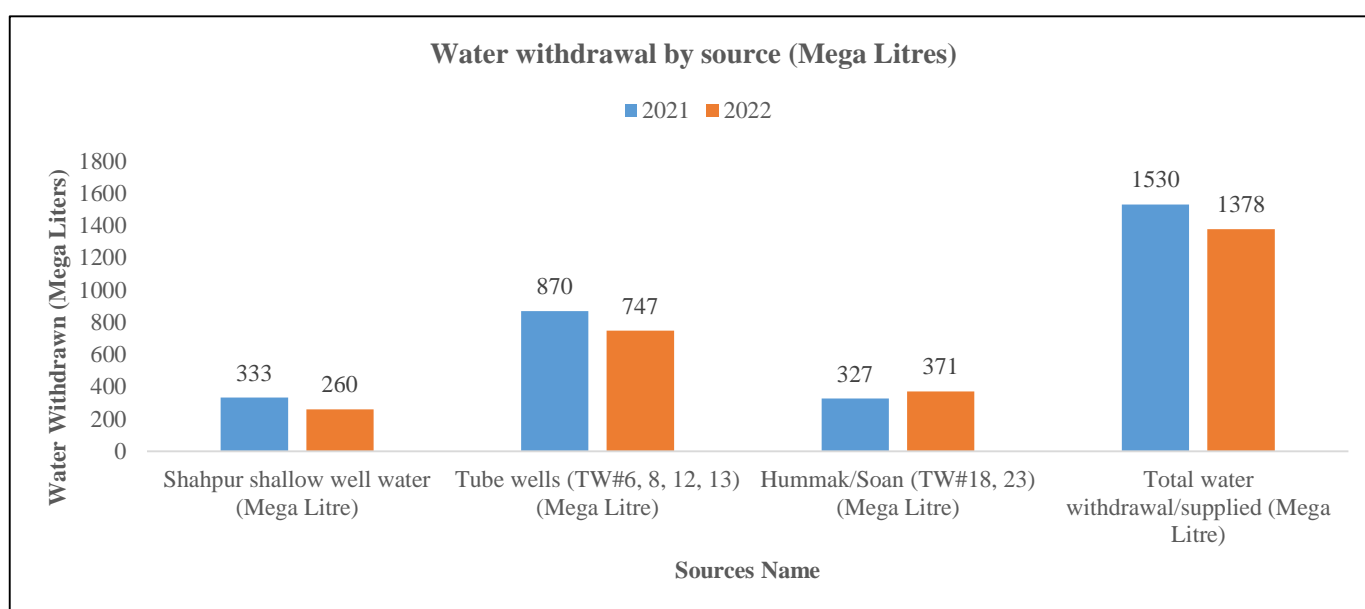
Sufficient supply of water to ARL, being a material aspect, is very critical for smooth refinery operation.

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 37103 Gallons/per hour water against the corporate target of 39,000 Gallons/per hour during July-2021 to June-2022 and achieved a reduction of 5%. 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



Wastewater Discharge

ARL uses water for a variety of purposes in the production process, and as a result the water is partly polluted. 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, 73 Mega liters of water is recycled from ETP in year 2022 approximately 5.3% of total water consumed. All the discharges are within PEQs Limits and regularly reported to EPA-Punjab.

Wastewater treatment & discharge in Mega liters in year 2022	
Total wastewater Treated at ETP	238
Total wastewater Discharged from ETP	174
Total treated water Recycled from ETP	73

BIODIVERSITY

Biodiversity plays an important role to overcome adverse environmental effects like air & water pollution, climate change, acid rain, urban sprawl, waste disposal, ozone layer depletion etc. To overcome the impacts of these challenges, Attock Refinery Limited (ARL) has established Horticulture department responsible for maintenance of landscapes and plantations. ARL also established Organic Vegetable and fruit farms comprising Olives, Peach, Grapes, Citrus, Guava and Almond over an area of more than 40 acres with solar powered drip irrigation systems. The fresh and healthy organically grown farm products including natural honey, fish, vegetables and fruits are being provided to ARL dining facility as well as to the employees on subsidized rates. For the promotion of art and practice of horticulture and to impart knowledge and training to Gardeners, Hobby Gardeners and Horticulture Professionals, ARL in collaboration of Attock Oil Company (AOC) has established Attock Institute of Horticulture (AIH). This institute works under the ambit of Attock Sahara Foundation, a Non-Profit Organization (NPO).

Tree Plantation

As part of Corporate Social Responsibility, ARL plants 10,000 to 12,000 samplings every year. In order to encourage tree plantation among community, Horticulture Section launched spring season Tree Plantation Campaigns in collaboration with Islamabad Gardening Club and Environmental Protection Department (EPA) Rawalpindi at Morgah Biodiversity Park and established a MIYAWAKI FOREST comprising 2,000 indigenous tree species on March 12, 2022. During spring season more than 6,500 tree saplings are planted at different locations including Morgah Biodiversity Park, ARL Vegetable Farm, Fruit orchards, Shahpur farm, Cricket ground, Inside Refinery, G.T road and Residential areas.



Morgah Club Flower Show

73rd Annual flower show was Organized by Morgah Club on April 01, 2022. Management employees of Attock Group of companies residing in Bungalows of ARL colony participated in the lawn competitions. Horticulture Section displayed in-house grown organic fruits, vegetables and flowers. Families of management staff participated in the Cut Flower's competition. Chief Executive Officer of Attock Refinery Limited Mr. M. Adil Khattak was the chief guest at the occasion. He appreciated efforts of the participants & gardeners and distributed prizes among the winners.



Morgah Biodiversity Park

The Morgah Biodiversity Park (MBP) is a Pro-Poor Public-Private Partnership (5Ps) project of UNESCAP, Government of Pakistan and Attock Refinery Limited (ARL). The Park spreads over an area of 28 acres and was inaugurated by Dr. Kim Hak Su (Executive Secretary



UNESCAP) on January 31, 2005. This 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.

The Park is 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.



Events held at Morgah Biodiversity Park by ARL

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 measures. 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 ₂	Fossil-fuel combustion, Land-use conversion, Cement Production	~100	1
Methane	CH ₄	Fossil fuels, Rice paddies, Waste dumps	12	25
Nitrous Oxide	N ₂ O	Fertilizer, Industrial processes, Combustion	114	298

Scope-I emission (M. Ton/year)			
Distillation Units	CO ₂ emissions	CH ₄ emission	N ₂ O emission
HCU	10033	0.47	0.09
HBU-1	53814	2.56	0.51
HBU-II	6900	0.33	0.07
Lummus	8431	0.39	0.08
Total	79178	3.76	0.75

The SO₂ emissions in year 2022 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 ₂ e	CO ₂ e
		Fuel Gas Million (m ³)	Fuel Oil (m ³)	M. Tons/year	M. Tons/Bbl. of Crude Processed
HCU	10000	2.55	1365.7	10073.1	0.007
HBU-1	32400	0.00	6882.4	54030.2	0.010
HBU-II	6000	0.00	761.6	6928.3	0.006
Lummus	5000	1.80	1471.0	8463.7	0.010
Total	53400	4.35	10480.6	79495.4	0.034

GHG Emissions Reduction

Initiatives taken for the reduction of GHG Emissions:

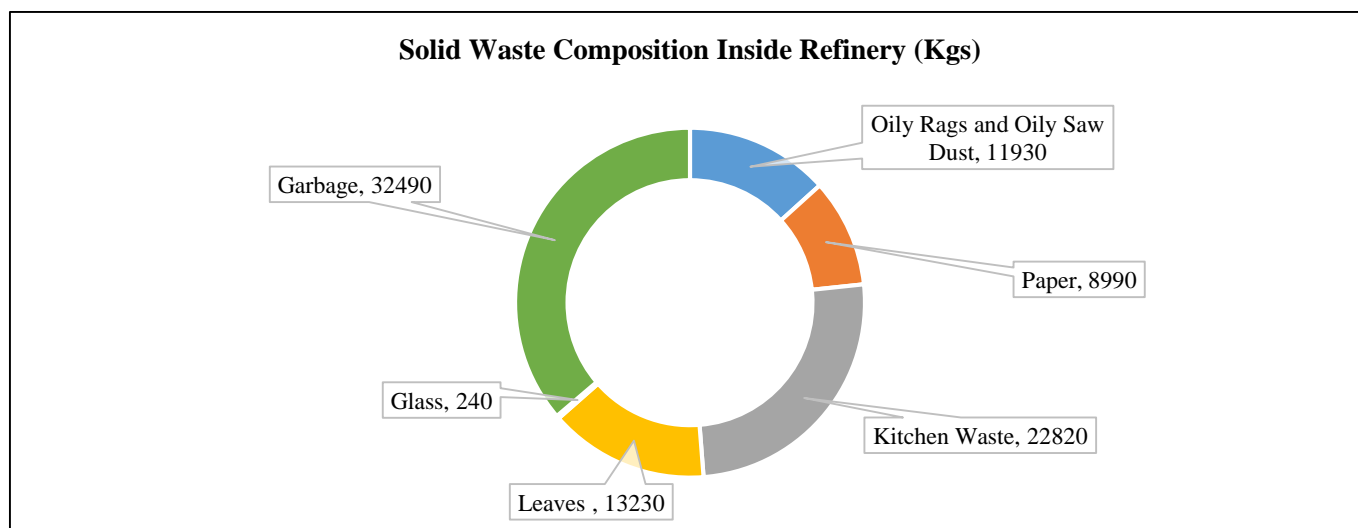
- ✓ Implementation of ISO 50001 (Energy Management System) and extending its scope to all processing units.
- ✓ ARL has achieved another milestone by commissioning 205 kW on-grid Solar Power System at multiple locations in refinery.
- ✓ Installation & commissioning of Burner Management System.
- ✓ Humak pipeline project: Previously water from Humak was being transported in bowsters 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 1st 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 2021-22.
- ✓ 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 implemented to ensure proper disposal.

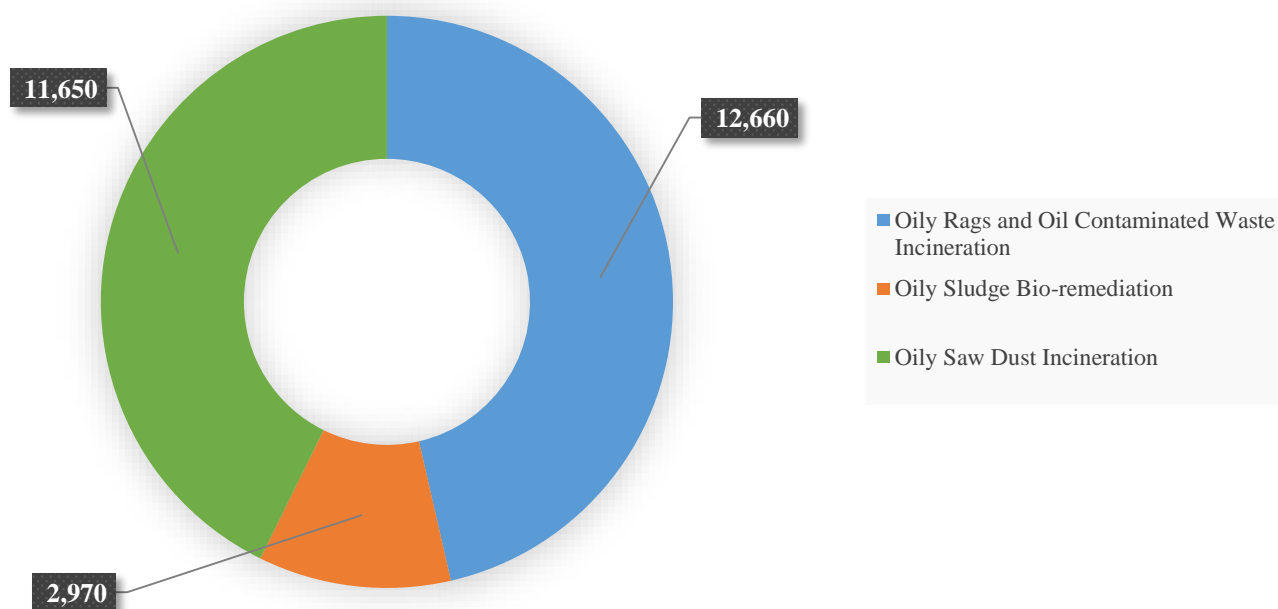
Non-Hazardous Waste:

Non Hazardous Waste		Quantity (kg)	
Types of Non-Hazardous Waste	Disposal Method	2021	2022
Paper	Incineration	1370	8990
Garbage	Landfilled	27850	32490
Glass Waste	Sold for recycling	140	240
Leaves	Compost	11650	13230
Plastic Scrap	Sold for recycling	4,280	0
Kitchen Waste	Landfilled	25330	22820
Wood	Sold	115660	150280
Metallic Scrap	Sold for recycling	70810	72570
Total Non-Hazardous Wasted	-	182,000	300,620

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.

Hazardous Waste Generation (Kgs)



Environmental Investments

Activity	2021	2022
	Investments (million) PKR	Investments (million) PKR
Environmental Monitoring & Testing (Third Party)	1.0	2.3
EMS Audits from third party	0.1	0.1
Effluent Treatment Plant Operation	23.6	23.0
Tree Plantation & Landscaping	31.8	41.7
Safe Disposal of Waste	1.1	0.7
Environmental Monitoring of ARL up-gradation projects	1.4	0.7
Drinking Water Treatment Plant Operation	11.0	13.1
Energy conservation	64.8	42.8
Environmental Reporting	2.1	2.1
Total Environmental Protection Expenditure	136.9	126.5



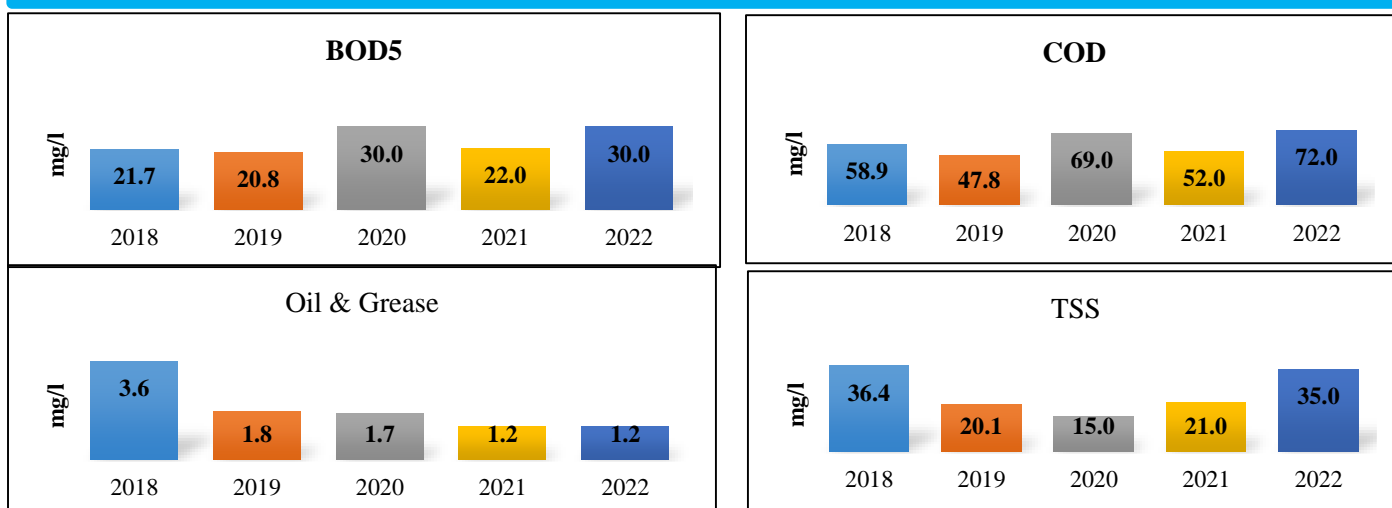
This tree was planted in residence of group chief executive, Attock group to mark opening of refinery on 11th Feb, 1922.

Environmental Monitoring and Compliance

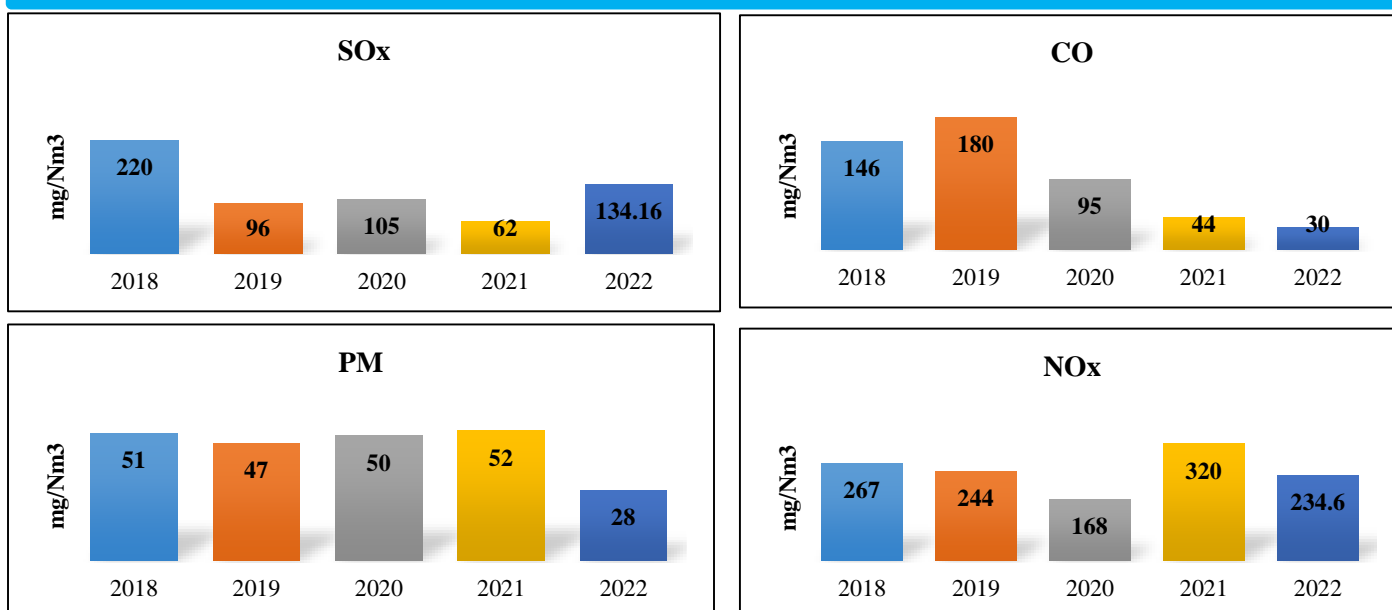
We report our environmental performance each month to EPA- Punjab regularly. Gaseous Emissions of Carbon Monoxide (CO), Sulfur Dioxide (SO₂), Nitrogen Oxides (NO_x) and Particulate Matter from the stacks of different heaters and boilers remain in compliance with Punjab Environmental Quality Standards (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 2022, the average flow was 28 m³/hr, pH was 8 and the annual average phenol concentration in the effluent was 0.048 mg/L.

Green Transportation

EFFLUENT DATA



EMISSION DATA



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 2022, zero chemical and 11 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 2022, no 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 2022.

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.
- Green purchasing is being ensured where availability of alternate environment friendly materials is confirmed and economically viable.

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). We hold Membership of Global Network for Resource Efficient and Cleaner Production RECPnet (UNEP & UNIDO). We have 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, Abbottabad University of Science and Technology-Abbottabad, Mir Chakar Khan University of Technology DG Khan, Shaheed Benazir Bhutto University, Sheringal and Pakistan Girl Guides Association, who support our 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 Pakistan Ministry of Environment
- 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)
- ISO 17025:2005 Certification of Quality Control Laboratory (QCL)
- 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
- Biodiversity Park
- 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:

- | | |
|--|---------------------------------------|
| ✓ Pilot Projects for Universities (Phase V and VI) | ✓ International Observance Days |
| ✓ E-waste Project (UNIDO) | ✓ Awareness |
| ✓ National Environmental Mela 2022 | ✓ Sessions/Trainings/Workshops/Walks/ |
| ✓ Tree Plantation Program | ✓ Model Projects |
| ✓ Kitchen Gardening | ✓ Eco-Internship Program |



Multiples activities to enhance Environmental Awareness conducted by NCPC during the year

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 to 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 and other requirements.

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 reports 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)
- ✓ Job Safety Analysis
- ✓ Area Safety In-charges meeting (Monthly)
- ✓ Incident Investigation and Reporting committee (Bi-annually)
- ✓ 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:

1. Frequency of Exposure: Rate at which any person is exposed to the hazard.
2. Incident Probability: Likelihood that the exposure will result in loss. It has an integral value from 1 to 4.
3. Potential Consequences: Severity of the resulting loss is rated in this category. It has an integral value from 1 to 4.
4. Degree of Risk is defined as: Frequency of Exposure*Incident Probability*Consequences
5. 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. (OHS-FM-001)

Hazard identification:

All ARL employees are encouraged to identify Occupational Health, safety and environmental hazards. Hazard identification is based on ISO 45001:2018 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.
- 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) coordinates 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 protection from 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 seven different systems for addressing non-conformities.

- | | |
|---|---|
| 1) Oracle based HSEQ Management System | 5) External Audits |
| 2) Health, Safety, Environment, Quality and Energy Reporting Card | 6) Quarterly Housekeeping Audits |
| 3) Action Items of HSEQ Meetings | 7) Monthly Health, Safety, and Environmental Walk |
| 4) Internal 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 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. OHS committee ensures continuous improvement of the OHS health services and meets on monthly basis.

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.

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 Labour 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 Success of a good HSE Management System 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 Health, safety, and Environmental walk 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 concerned 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 during working days. Tea and meals are provided to the participants. It is mandatory for participants to attend this training. Training is evaluated through discussion and a written test.

Topics Include:

- | | |
|--|--|
| i. Process safety Management | vii. H2S Safety |
| ii. Emergency response plan | viii. NH3 safety |
| iii. Office safety / Behavior Based Safety | ix. Chemical handling |
| iv. Permit to work system | x. First Aid/ Drowning |
| v. Personal protective equipments | xi. ISO 50001 |
| vi. Integrated Management system | xii. Hazard identification and risk assessment |

No. of training Man Hours	5640
No. of participants	235

Emergency Response Trainings

Emergency Response Training record for the year;

No. of training Man Hours	717
No. of participants	1434

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	319
No. of participants	319

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	515
No. of participants	515

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 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.



Medical Service

Attock Hospital was established in 1930. Now it has a capacity of forty six beds with air conditioned facility. AHL provides services in 15 specialties round the clock to facilitate employees and neighboring communities and has well equipped operation theatres, laboratories, dialysis, radiology facilities and pharmacy.

Prevention and mitigation of occupational health

Trainings are conducted on various safety topics which are a clear signal to improve workplace safety. During the year, trainings were provided to workers on CPR, first aid, drowning, ergonomics, obesity, food handling, rescue and firefighting in addition to work related hazard.

Confidentiality of Worker Health:

AHL maintains the confidentiality of worker/employee health through a worker/employee file and AHL has its own software through which it maintains its data. Access of data is only allowed to medical professionals such as doctors or employees/workers themselves.



Workers covered by an occupational health and safety management system:

ARL defines workers as either permanent, contract or third party workers/employees which are further classified into sub-categories.

Permanent/Contract:

1. Management Staff
2. Non-Management Staff

Third Party Workers:

1. UHRS staff
2. Contractor staff

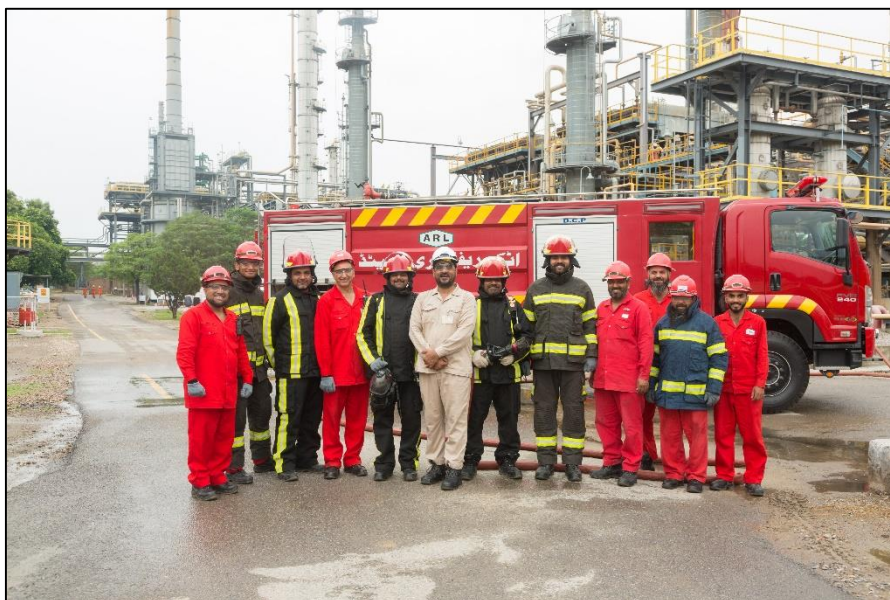
ARL occupational health and safety management covers the entire area of the refinery, including all workers working inside the refinery whether they are permanent/contract or third party. The HSEQ department including section in-charges has the overall responsibility to enforce occupational health and safety management system.

Work related injuries & Ill health

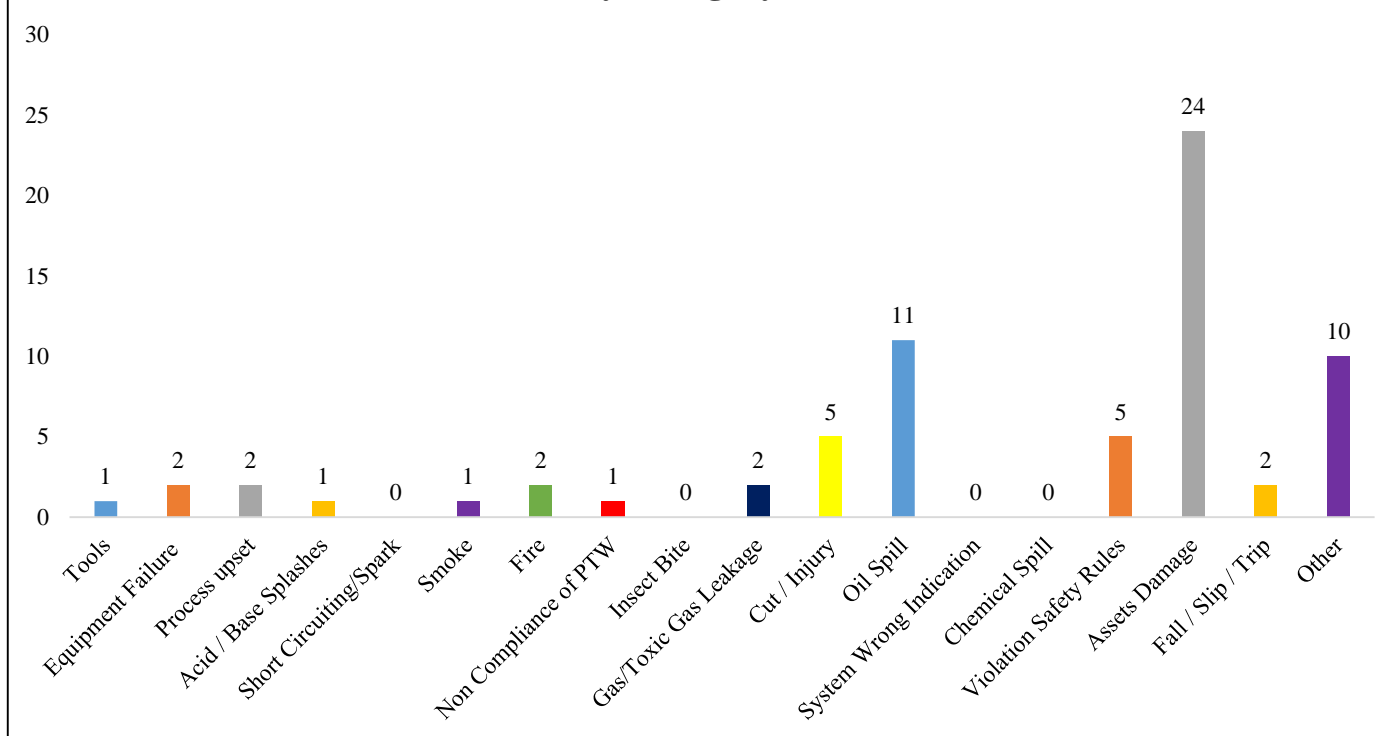
All first aid cases and injuries are regularly reported. The fatality and injury rates for company and contractor are calculated by taking into consideration the number of recordable injuries multiplied by 1000000 and divided by Man-hours worked.

See the graphs for further detail.

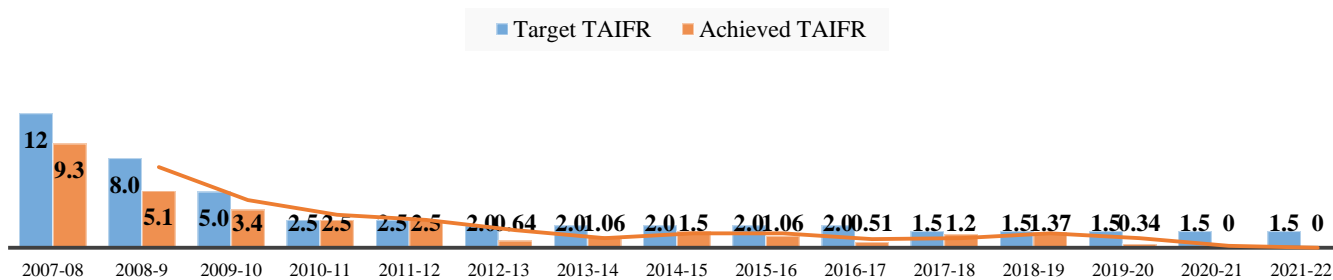
- Fatality Nil
- TAIFR= 0 against the target of 1.5.
- Main categories are first aid, medical treatment case, restricted work case, Loss time injury, permanent partial disability, permanent total disability, Fatality.
- 11.3 million Cumulative Safe man hours from last LTI on 24th July, 2020



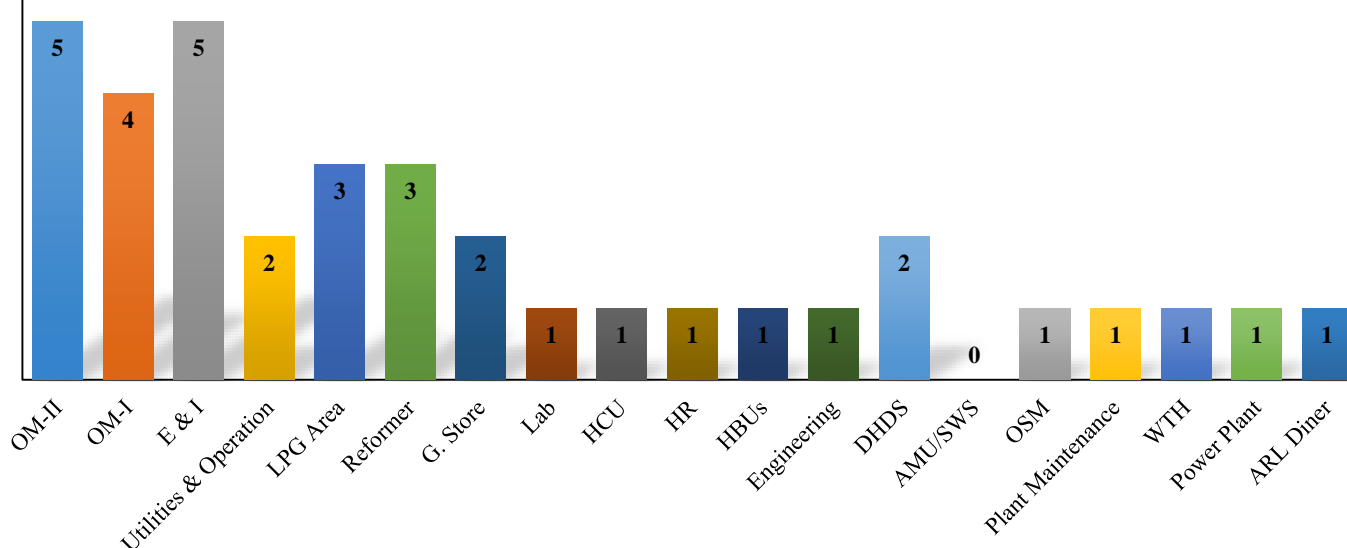
Near Miss by Catagory for Year 2022



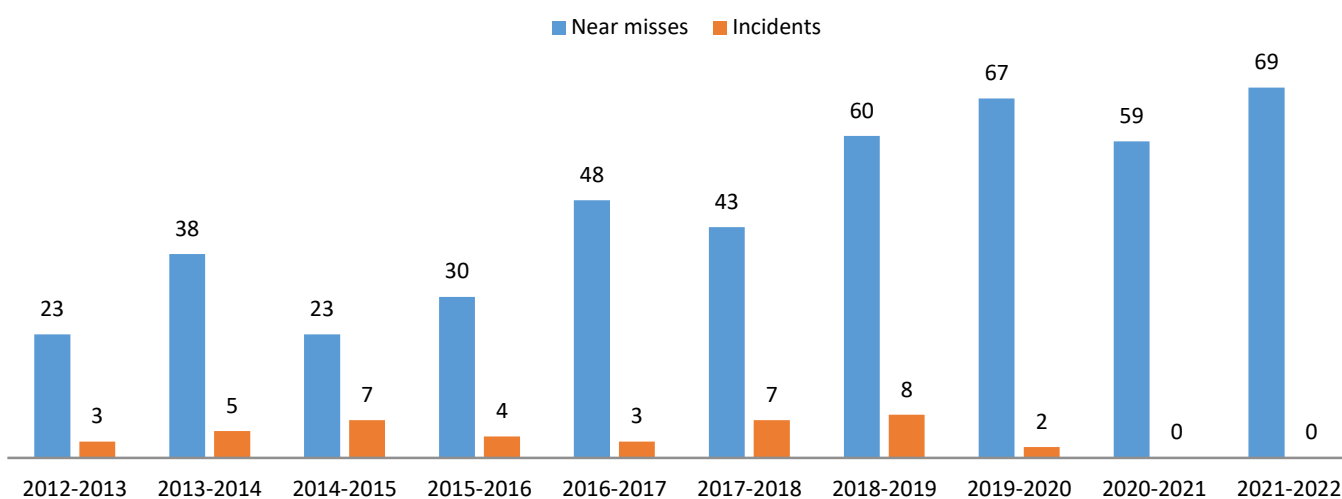
Total accident incident frequency rate (TAIFR)



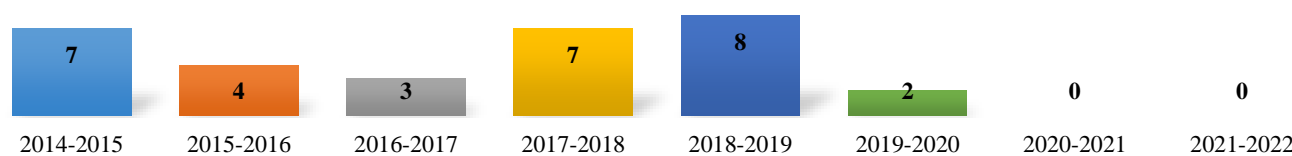
Histogram of Department wise Accidents Since 2013-2022



Incidents and Near Misses 2012-2022



8 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

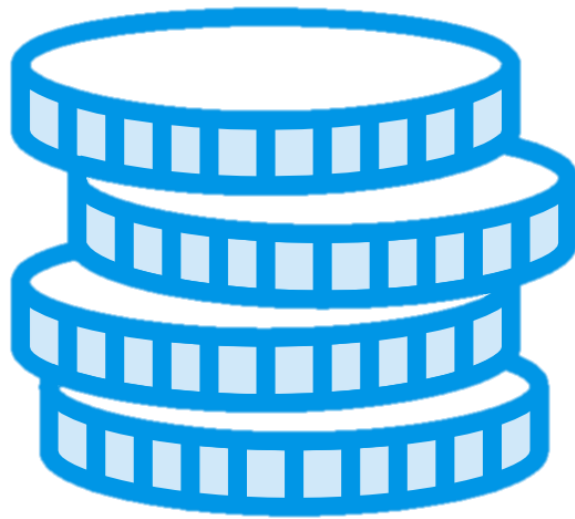
Medium Term Plans (2-5 Years)

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 the Company: Attock Refinery Limited

Year Ended: June 30, 2022

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	8*
Female	Nil

* This includes seven elected directors and one Chief Executive Officer of the Company.

2. The composition of the Board as at June 30, 2022 is as follows:

Category	Name
Independent Directors	Mr. Shamim Ahmad Khan
	Mr. Tariq Iqbal Khan
Other Non-executive Directors	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
Executive Director	Mr. M. Adil Khattak (Chief Executive Officer)
Female Directors	Nil

A Constitutional Petition was filed by the Company before the Sindh High Court, where in Company has challenged Compliance with, inter alia, and the provision of regulation 7 of the Code / law relating to appointment of female director. The matter is still 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.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
- 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;
- 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 the 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 two (2) directors have already completed this program. 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
Audit Committee	Mr. Shamim Ahmad Khan (Chairman)
	Members:
	Mr. Shuaib A. Malik
	Mr. Abdus Sattar
	Mr. Tariq Iqbal Khan
	Mr. Babar Bashir Nawaz (Alternate Director for Mr. Wael G. Pharaon)
HR and Remuneration Committee	Mr. Tariq Iqbal Khan (Chairman)
	Members:
	Mr. Shuaib A. Malik
	Mr. Jamil A. Khan
	Mr. M. Adil Khattak

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the Committee for compliance;

14. The frequency of meetings of the committees were as per following:

Meetings	Frequency
Audit Committee	Four quarterly meetings were held during the financial year ended June 30, 2022.
HR and Remuneration Committee	One meeting was held during the financial year ended June 30, 2022.

15. The Board has set up an effective internal audit function who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
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. Please refer paragraph 2 above of the Statement of Compliance. 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
Nomination Committee: The Board may constitute a separate committee, designed as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29 (1)	The responsibilities as prescribed for the nomination committee are being taken care of at board level as and when needed so a separate committee is not considered to be necessary.
Risk Management Committee: 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.	30 (1)	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 Committee's findings and recommendations for consideration and approval of the Board.

Shuaib A. Malik

Chairman



M. Adil Khattak

Chief Executive Officer



August 16, 2022

Rawalpindi

FINANCIAL STATISTICAL SUMMARY

30 June (Rupees in Million)

		2022	2021	2020	2019	2018
TRADING RESULTS						
Sales (Net of Govt. Levies)		261,486.59	127,752.27	119,819.44	176,754.54	129,588.62
Reimbursement from/ (to) Government		497.23	(21.86)	-	-	7.95
Turnover		261,983.82	127,730.41	119,819.44	176,754.54	129,596.57
Cost of Sales		243,305.57	130,298.90	124,999.91	180,815.67	130,675.23
Gross profit/ (loss)		18,678.25	(2,568.49)	(5,180.47)	(4,061.13)	(1,078.66)
Administration and Distribution cost		943.70	819.20	857.01	740.48	695.28
Other Income		2,002.94	1,265.17	2,780.70	2,779.99	1,977.48
Non-Refinery Income		834.00	120.30	554.48	1,155.87	1,591.54
Operating (loss)/profit		20,571.49	(2,002.22)	(2,702.30)	(865.76)	1,795.08
Financial and other charges		4,450.10	234.40	1,424.18	6,770.21	2,819.03
Profit/(loss) before tax		16,121.39	(2,236.62)	(4,126.48)	(7,635.97)	(1,023.95)
Taxation		6,190.68	(91.56)	(1,301.55)	(2,250.73)	(1,602.93)
Profit/(loss) after tax		9,930.71	(2,145.06)	(2,824.93)	(5,385.24)	578.98
Dividend		1,066.16	-	-	-	-
Bonus shares		-	-	-	-	213.23
STATEMENT OF FINANCIAL POSITION SUMMARY						
Paid-up Capital		1,066.16	1,066.16	1,066.16	1,066.16	852.93
Reserves		49,640.27	37,633.70	37,029.28	22,193.29	28,767.54
Unappropriated Profit brought forward		820.37	3,011.80	5,807.65	10,398.64	9,697.79
Shareholder' funds		51,526.80	41,711.66	43,903.09	33,658.09	39,318.26
Financing facilities		7,204.91	10,692.79	7,614.19	10,181.42	14,842.92
Property, plant & equipment (less depreciation)		37,463.17	40,105.69	42,542.75	31,145.02	33,239.76
Net current assets		(82.74)	(13,855.61)	(10,928.35)	(7,321.81)	4,110.24
CASH FLOW SUMMARY						
Cash flows from operating activities		15,257.10	1,558.66	(6,137.05)	2,304.92	7,353.16
Cash flows from investing activities		2,066.05	381.78	1,562.26	2,596.49	2,491.91
Cash flows from financing activities		(4,098.77)	(1,017.00)	(3,890.26)	(11,275.19)	(8,542.68)
Increase / (Decrease) in cash and cash equivalents		13,224.38	923.43	(8,465.05)	(6,373.77)	1,302.39
Profitability Ratios						
Gross profit ratio	%	7.13	(2.01)	(4.32)	(2.30)	(0.83)
Net profit to sales	%	3.79	(1.68)	(2.36)	(3.05)	0.45
EBITDA margin to sales	%	7.70	1.12	(0.46)	(1.70)	2.55
Operating leverage ratio	Time	13.13	8.59	1.35	(23.87)	(3.21)
Return on equity	%	19.27	(5.14)	(6.43)	(16.00)	1.47
Return on capital employed	%	17.87	(4.13)	(5.92)	(10.99)	1.02
Shareholders' Funds	%	38.77	40.38	44.80	32.41	38.89
Return on Shareholders' Funds	%	19.27	(5.14)	(6.43)	(16.00)	1.47
Liquidity Ratio						
Current ratio	Time	1.00	0.75	0.76	0.88	1.08
Quick/ acid test ratio	Time	0.72	0.52	0.51	0.66	0.82
Cash to current liabilities	Time	0.31	0.22	0.18	0.27	0.45
Cash flow from operations to Sales	Time	0.06	0.01	(0.05)	0.01	0.06
Cash flow to capital expenditures	Time	83.97	11.64	(10.11)	4.74	16.25
Activity/Turnover Ratio						
Inventory turnover ratio	Time	17.94	15.75	14.55	18.26	16.86
No. of days in inventory	Days	20	23	25	20	22
Debtor turnover ratio	Time	13.59	14.11	9.56	11.25	12.05
No. of days in receivables	Days	27	26	38	32	30
Creditor turnover ratio	Time	6.41	4.66	3.93	5.55	5.75
No. of days in payables	Days	57	78	93	66	63
Total assets turnover ratio	Time	1.97	1.24	1.22	1.70	1.35
Fixed assets turnover ratio	Time	6.99	3.18	2.82	5.68	3.78
Operating cycle	Days	(10)	(29)	(30)	(14)	(11)
Investment/ Market Ratio						
Earnings/(loss) per share (EPS)	Rs	93.14	(20.12)	(26.50)	(50.51)	5.43
(on shares outstanding at 30 June)						
Dividend *	%	100	-	-	-	-
Cash dividend per share	Rs	10.00	-	-	-	-
Bonus share issue	%	-	-	-	-	25

Bonus share issue	Rs	-	-	-	-	213.23
Price earnings ratio	Time	1.89	(12.75)	(3.37)	(1.53)	31.71
Price to book ratio	Time	0.14	0.26	0.10	0.08	0.18
Dividend yield ratio	%	5.69	-	-	-	-
Dividend cover ratio	Time	9.31	#DIV/0!	-	-	-
Dividend payout ratio	%	10.74	-	-	-	-
Break-Up Value (Rs per share) without surplus on revaluation of freehold land	Rs	247.93	155.87	176.42	202.65	319.67
Break-Up Value (Rs per share) with surplus on revaluation of freehold land	Rs	483.29	391.23	411.79	315.69	460.98
Break-Up Value (Rs per share) with investment in related party	Rs	483.29	391.23	411.79	315.69	460.98
Highest market value per share during the year	Rs	261.90	287.37	137.01	235.52	430.88
Lowest market value per share during the year	Rs	114.35	88.44	59.32	74.17	187.05
Market value per share at 30th June,	Rs	175.78	256.45	89.32	77.27	215.31
Capital Structure Ratios						
Financial leverage ratio	Time	0.14	0.26	0.17	0.30	0.38
Debt to equity ratio	%	12	20 : 80	15 : 85	23 : 77	27 : 73
Weighted average cost of debt	%	7.13	6.87	10.31	7.07	5.54
Interest cover ratio	Time	16.26	(1.60)	(3.48)	(2.97)	0.48
Employee Productivity Ratio						
Production per employee	M.ton	2,271	2,178	1,797	2,329	2,356
Revenue per employee	Rs in million	317.17	150.80	132.40	186.84	141.95
Non Financial ratio						
% of plant availability	%	79	77	69	93	94
Customer satisfaction index	%	98.00	98.00	98.00	97.00	99.00
Others						
Spares inventory as % of assets cost	%	3.02	3.64	4.52	3.44	2.87
Maintenance cost as % of operating expenses	%	0.17	0.33	0.58	0.34	0.38
* The Board has proposed a final cash dividend @ 100% in their meeting held on August 16, 2022.						

RATIO ANALYSIS

PROFITABILITY RATIOS:

Profitability ratios improved significantly due to increase in refiner's margin all over the world including Pakistan which has enabled the company to post this ever highest profit.

LIQUIDITY RATIOS:

Liquidity ratios of the company have improved as the company earned high profits resulting from improvement in refiner's margin & inventory gains as compared to losses in previous years.

ACTIVITY/ TURNOVER RATIOS:

Overall activity/turnover ratios have shown an upward trend as overall operating cycle improved due to increase in prices of petroleum products along with settlement of circular debt.

INVESTMENT/MARKET RATIOS:

Earnings per share and dividend payout ratios have improved as the company earned ever-highest profit in the current year due to improvement in refiner's margin as compared to losses in previous year.

CAPITAL STRUCTURE RATIOS

All capital requirements are financed through company's own resources and no long term loan has been received during the year hence zero leverage.

TARGETS 2022-2023

TARGETS

State of the Art Technology							
S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2022-2023
1-a	Subject to Petroleum policy: For CCR & DHDS Revamp Project: (i) Selection of Consultant (ii) Prequalification of contractors	T	%	HOD	Internal/ External/ Financial Resources	30-Jun-23	100
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	31-Oct-23	100
Capacity Building							
S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2022-2023
2-a	Training and Development	T	No of Hours per person	HOD (HR&A) & (HSEQ)	Training Need Recommendations	30-Jun-23	12
	•Soft Skills Trainings						
	•Technical Trainings						
Excellent Business Processes							
S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2022-2023
3-c	Throughput per day subject to refinery economics / dispatches	T	BPCD	HOD (OPS)	Crude availability / Regular maintenance	30-Jun-23	40,900
3-j	Water consumption	T	Gph	HOD (OPS)	Users Counselling	30-Jun-23	39,000
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-23	0.245 at 100 % Throughput
Expectations of Stakeholders							
S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2022-2023
4-a	FFO dispatches to ensure Targeted Refinery throughput.	T	%	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-23	302,000

4-b	100 % Sale of product (Production vs. Dispatches) Based on Refinery Economics	T	%	HOD (C&MM)	Follow-ups with OMCs and Close Internal Coordination	30-Jun-23	100
Safety & Quality							
S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2022-2023
5-a	Safe Man Hours during the year	T	Million man hours	HOD (HSEQ)	Trained Manpower / Safety Equipment & Gadgets/ Safe Operation of Equipment	30-Jun-23	5.84
5-b	Cumulative Safe Man Hours	T	Million man hours	HOD (HSEQ)		30-Jun-23	17.14
5-c	Total Accidents / Incidents Frequency Rate (TAIFR)	T	per million hours	HOD (HSEQ)		30-Jun-23	< 1.2
CSR / Environment							
S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2022-2023
6-a	Compliance of Punjab Environmental Quality Standards (PEQS)	T	%	HOD (HSEQ)	Operational Control Procedure/ Equipment / Monitoring & Trained Manpower	30-Jun-23	100



ACHIEVEMENTS

State of the Art Technology							
S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2021-22
1-a	Subject to Petroleum policy: For CCR & DHDS Revamp Project:	T	%	HOD (TS/P&D) & (F & CA)	Internal/ External/ Financial Resources	30-Jun-22	100
	(i) Selection of Consultant	A					30
	(ii) Prequalification of contractors						
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
		A					75
Capacity Building							
S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2021-22
2-a	Training and Development	T	No of Hours per person	HOD (HSEQ) / (HR&A)	Training Need Recommendations	30-Jun-22	12.00
	•Technical Trainings	A					9.20
	•Safety Trainings						
	•Soft Skills Trainings						
Excellent Business Processes							
S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2021-22
3-c	Throughput per day subject to refinery economics / dispatches	T	BPCD	HOD (OPS)	Crude availability / Regular maintenance	30-Jun-22	40,750
		A					40,319
3-j	Water consumption	T	Gph	HOD (OPS)	Users Counselling	30-Jun-22	39,000
		A					37,103
3-k	Energy Management (ISO 50001 2018): Baseline for Energy Consumption Recheck	T	MMBtu / BBL	HOD (HSEQ) / OPS /TS/P&D	Energy efficient equipment / alternate energy resources /proper maintenance	30-Jun-22	0.245 at 100 % Throughput
		A					0.266 against the anticipated target of 0.262
3-u	Leave Management System	T	%	HOD (HR&A)	Effective Coordination/ Trained Manpower	30-Jun-22	100
		A					50
Expectations of Stakeholders							
S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2021-22
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 including exports	30-Jun-22	305,070
		A					348,986

4-b	100 % Sale of product (Production vs. Dispatches) Based on Refinery Economics	T	%	HOD (C&MM)	Follow-ups with OMCs and Close Internal Coordination	30-Jun- 22	100
		A					100
Safety & Quality							
S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2021-22
5-a	Safe Man Hours during the year	T	Million man hours	HOD (HSEQ)	Trained Manpower / Safety Equipment & Gadgets/ Safe Operation of Equipment	30-Jun- 22	5.84
		A					5.84
5-b	Cumulative Safe Man Hours	T	Million man hours	HOD (HSEQ)		30-Jun- 22	11.30
		A					11.30
5-c	Total Accidents / Incidents Frequency Rate (TAIFR)	T	per million hours	HOD (HSEQ)		30-Jun- 22	≤ 1.5
		A					0.00
CSR / Environment							
S#	Description		Unit Of Progress	Lead Person	Resources	Target Date	Total 2021-22
6-a	Compliance of Punjab Environmental Quality Standards (PEQS)	T	%	HOD (HSEQ)	Operational Control Procedure/ Equipment / Monitoring & Trained Manpower	30-Jun- 22	100
		A					100

HONOURS & AWARDS

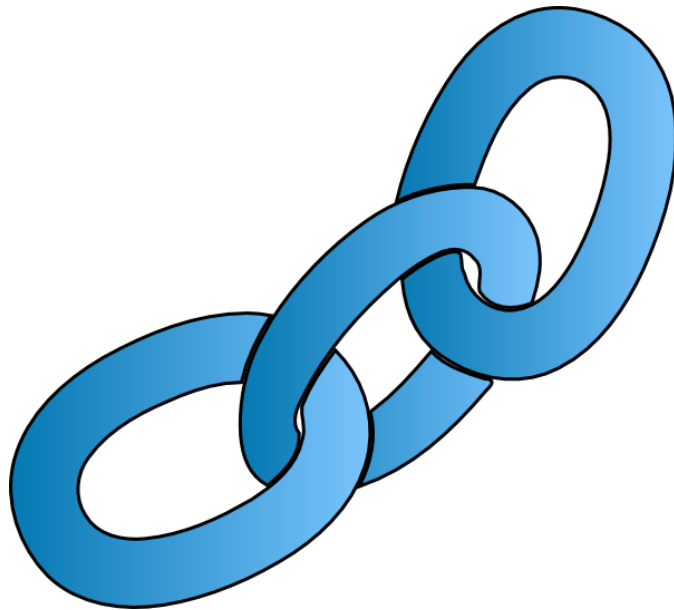


16th EFP Award on
Occupational Safety, Health &
Wellbeing for 2021

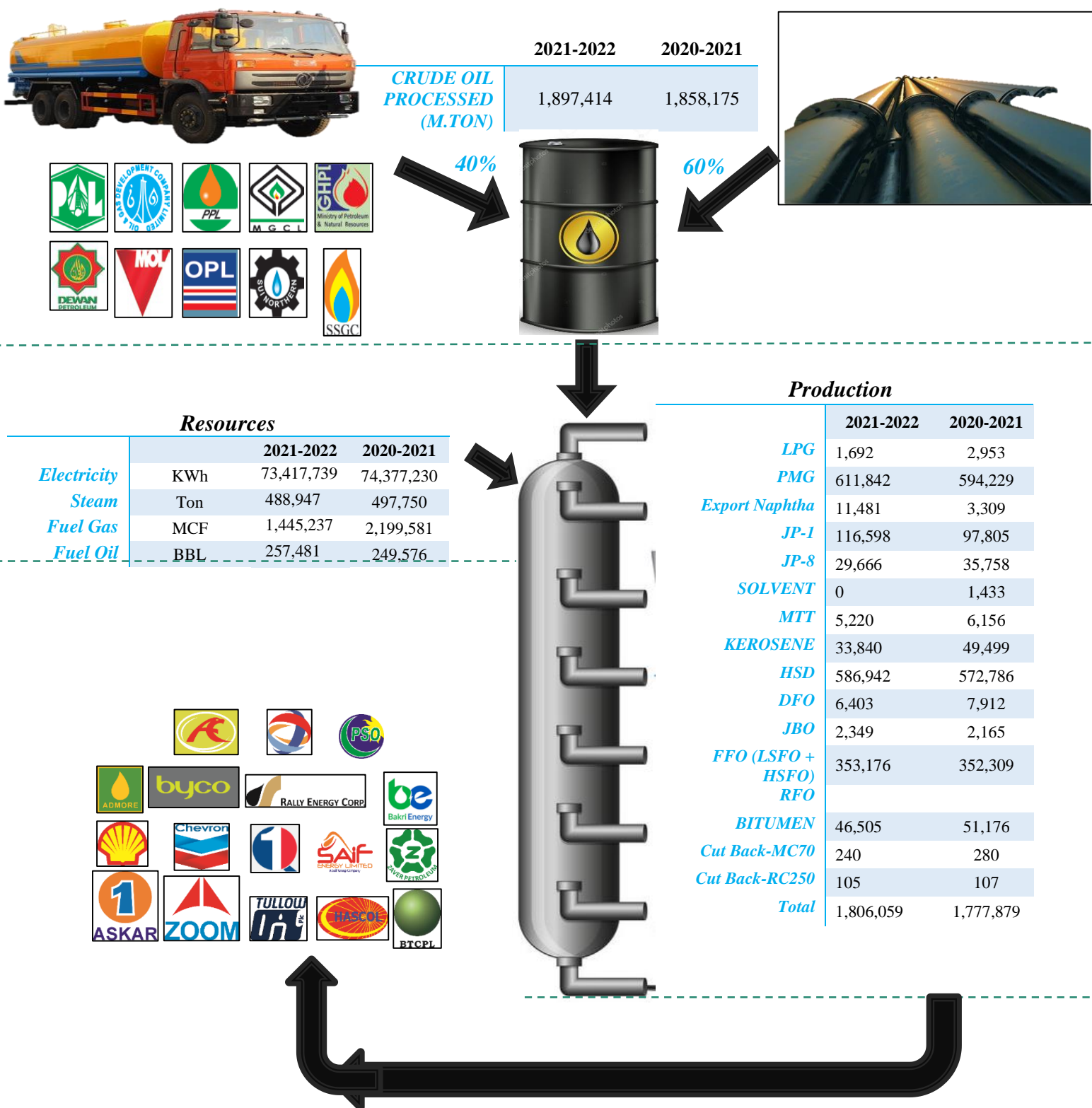
2nd Position in Medium National
Category in Employer of the Year
Award 2021

Certificate of Merit Best
Sustainability Report Awards
2021

SUPPLY CHAIN MANAGEMENT



OPERATIONAL CONFIGURATION



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 selecting/registering 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.

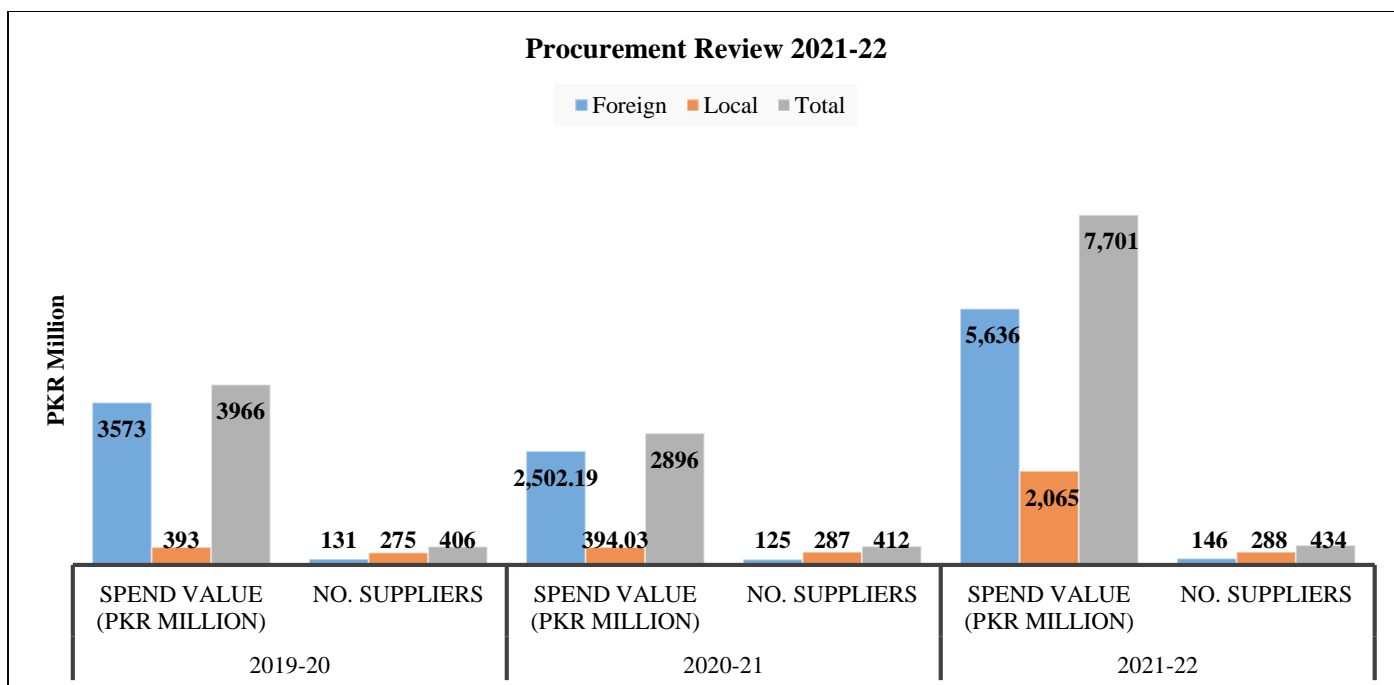
The performance of all contractors are evaluated periodically after a defined period of time.

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. Quantity is also the most important parameter and cannot be compromised. After that the time taken in delivering goods and the supplies location plays an important role in making purchases. Our total procurement from local suppliers for year 2021-22 is Rs. 2,065 million, while the total procurement expenditures are Rs. 7,701 million. The registered local suppliers are 288 in Year 2021-22. The %age local share of procurement for the reporting year is 26.8%. The total number of suppliers almost remained the same with a slight increase from 412 to 434.



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 2022, 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.

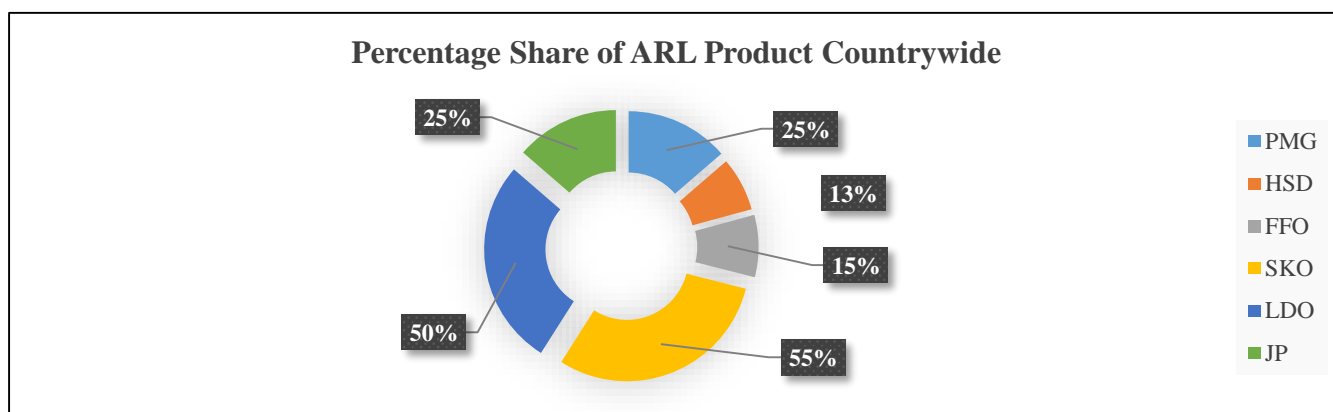
ARL has no breaches to be reported on incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship. Moreover, ARL has a policy not to share confidentiality of its customers and has received no complaints to report regarding breaches of customer privacy or losses of customer data during year-2022.

Compliance

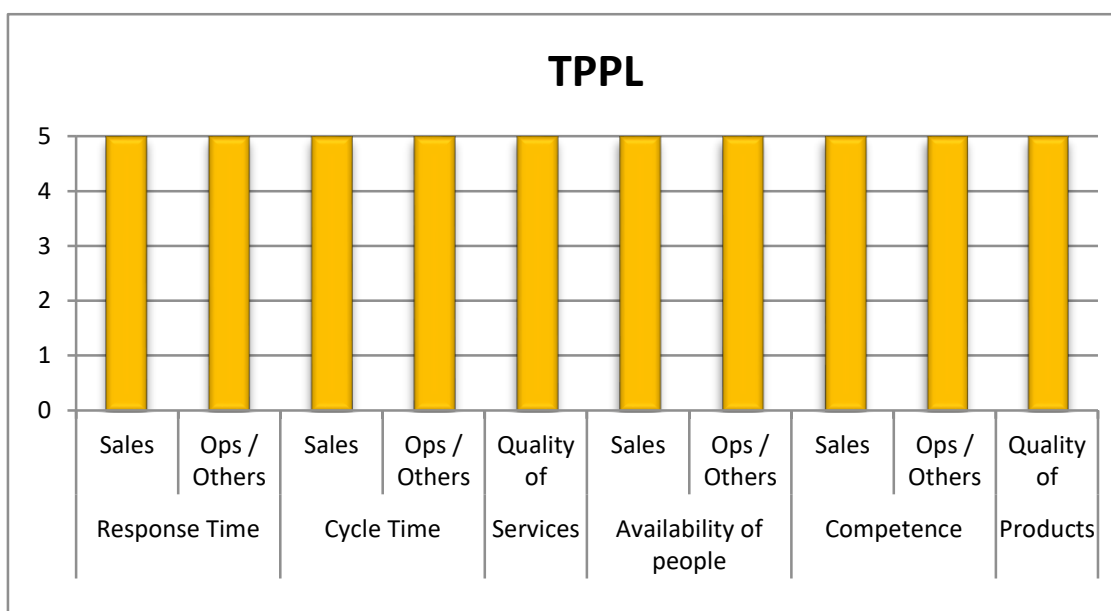
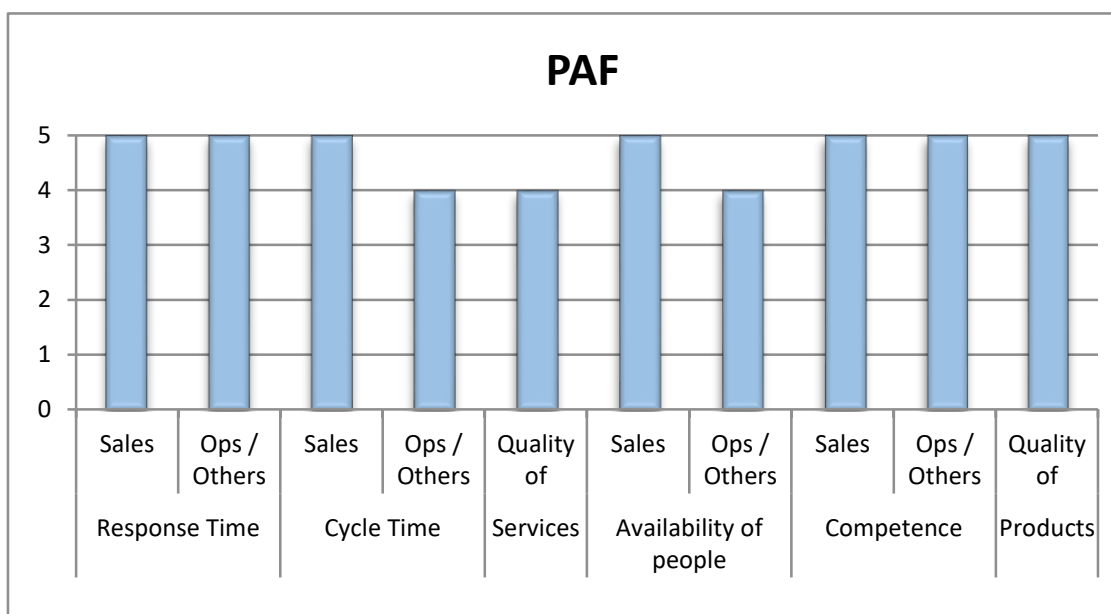
ARL has never been fined regarding non-compliance with laws and regulations concerning the provision and use of products. Moreover, we have a code of conduct which also has declaration on confidentiality and impartiality. The code of conduct is signed by every employee once in a year to recall the commitment.

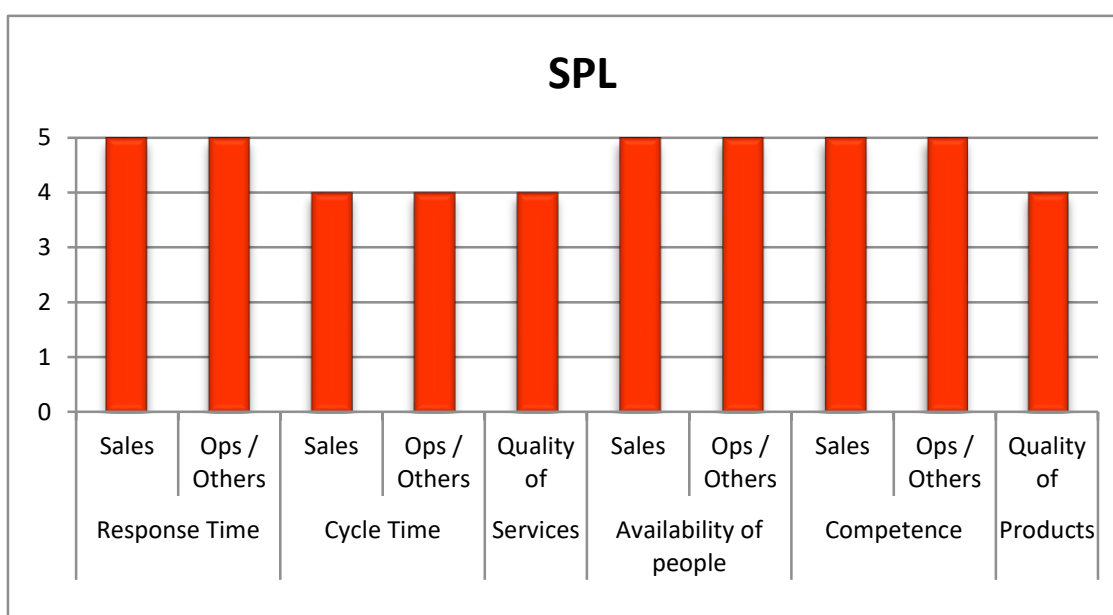
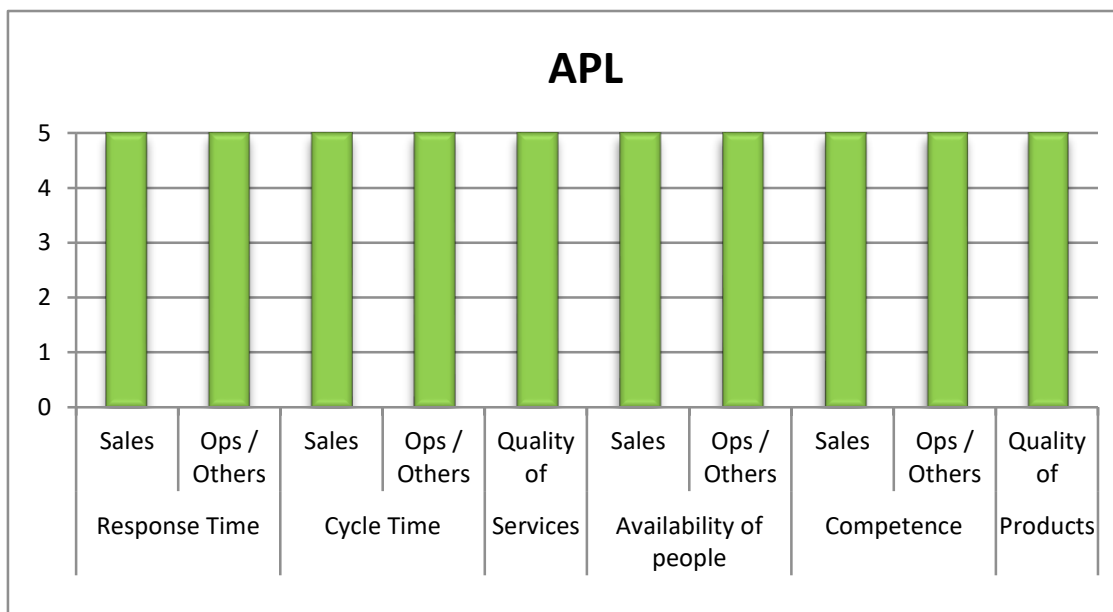
Market Share

The petroleum products are being dispatched after confirming the quality specifications through bowsters 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 2022







Credibility & 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 NOVEMBER 03-04, 2022

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 26, 2022

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, 2022 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 01-02, 2022

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



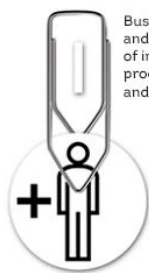
UNITED NATIONS GLOBAL COMPACT

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.

THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

HUMAN RIGHTS



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



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

LABOUR



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



The elimination of all forms of forced and compulsory labour;



The effective abolition of child labour; and



The elimination of discrimination in respect of employment and occupation.

ENVIRONMENT



Businesses should support a precautionary approach to environmental challenges;



Undertake initiatives to promote greater environmental responsibility; and



Encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION



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

GRI CONTENT

BACKGROUND TO THE GRI SUSTAINABILITY REPORTING STANDARD

This index is developed in accordance with the GRI Standard. The United Nations Global Compact (UNGC) principles are also being referenced and UN 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 2022 economic & financial data for the fiscal year July 1, 2021 to June 30, 2022.						
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	97, 108				
2-7	Employees	33-34				
2-8	Workers who are not employees	33-34	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 are 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 www.arl.com.pk 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 communicated 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	40				
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		
Strategy, policies and practices						
2-22	Statement on sustainable development strategy	6-7				

2-23	Policy commitments	43-44, 59-60		<p>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</p> <p>https://www.arl.com.pk/hseq-policy/ https://www.arl.com.pk/hr-policy/ https://www.arl.com.pk/energy-policy/ https://www.arl.com.pk/wp-content/uploads/Code of conduct-1-1.pdf https://www.arl.com.pk/wp-content/uploads/COC workplace.pdf https://www.arl.com.pk/wp-content/uploads/Whistle Blowing Policy .pdf</p>		
2-24	Embedding policy commitments	25, 46-47, 61		<p>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</p>		
2-25	Processes to remediate negative impacts			<p>There is Grievance Policy in practice in the Company. A proper procedure is followed. Employee can register complaint in Suggestion Box placed at various locations or through writing addressed to HOD (HR&A) or the CEO. Any employee can give feedback for improvement through Suggestion Box / HSE Cards / Complaint registration or through discussion with In charges or HOD</p>		
2-26	Mechanism for seeking advice and raising concerns	38, 43, 44, 57		<p>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</p>		
2-27	Compliance with laws and regulations			<p>No significant instances of non-compliance with laws and regulations during the reported period</p>		
2-28	Membership associations	108				
Stakeholder engagement						
2-29	Approach to stakeholder engagement	25-32, 103-105	16			
2-30	Collective bargaining agreements	39-40	16			
Management Approach on Material Topics						
3-1	Process to determine material	17				

	topics					
3-2	List of material topics	17				
3-3	Management of material topics	25-32				
Economic Performance						
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		
Market Presence						
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			
Indirect Economic Impacts						
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			
Procurement Practices						
204-1	Proportion of spending on local suppliers	99-100	12			
Anti-corruption						
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			
Anti-competitive behaviour						
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	57	16			
Materials						
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		

Energy						
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		
Water and Effluents						
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				
Biodiversity						
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		
Emissions						
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		35, 80			
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					
Training and Education						
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		
Diversity and Equal Opportunity						
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			
Non-discrimination						
406-1	Incidents of discrimination and corrective actions taken	38	5,8,16			
Freedom of Association and Collective Bargaining						
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	38-39	8			
Child Labour						
408-1	Operations and suppliers at significant risk for incidents of child labour	38-39	8,16			
Forced or Compulsory Labour						
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		
Security Practices						
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		
Rights of Indigenous Peoples						
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		

Human Rights Assessment						
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		
Local Communities						
413-1	Operations with local community engagement, impact assessments, and development programs	27, 45-50				
413-2	Operations with significant actual and potential negative impacts on local communities		1,2			
Supplier Social Assessment						
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		
Public Policy						
415-1	Political contributions	-	16	No financial and in-kind political contribution made by the company		
Customer Health and Safety						
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			
Marketing and Labelling						
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		-			
Customer Privacy						
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	102	16	No incident reported		

Socioeconomic Compliance						
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		





Your comments and suggestions are encouraged.

1. Your overall comments on this report?

2. Your comments on our approach to stakeholders?

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

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

5. Any other suggestions?

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