



UN Global Compact Communication on Progress 2011



Generating Futures: Providing quality education for disadvantaged communities remains the centrepiece of Pakistan Petroleum Limited's Corporate Social Responsibility Programme



Pakistan Petroleum Limited



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Message from the Managing Director & Chief Executive Officer

Cognizant of our obligation to responsible corporate citizenship, we at Pakistan Petroleum Limited (PPL) reiterate our commitment to the principles of the United Nations Global Compact (UNGC). The Company continues to place highest priority to its stake and proactive involvement in spurring sustainable socio-economic development among stakeholders, including communities, environmental conservation, maintenance of strict health and safety standards and human resource enablement and capacity building.

As a leading Exploration and Production Company, PPL has taken measurable initiatives by spending approximately Rs. 1 billion through its Corporate Social Responsibility programme in operational areas and beyond, focusing on healthcare, education, livelihood generation, infrastructure development and post-disaster management for disadvantaged communities.

As such, our efforts have been widely recognized. The Company received the Pakistan Centre for Philanthropy's award for largest corporate contributor in terms of total volume for the sixth consecutive year, the Management Association of Pakistan's 27th Corporate Excellence Award in the Fuel and Energy sector, the Annual Environment Excellence Award and the 2010 South Asian Federation of Accountants Award for best presented accounts and transparent financial disclosures.

Twelve PPL departments and facilities are certified for ISO 14001 and OHSAS 18001 and eleven for ISO 9001. Besides, all PPL-operated fields are registered with the Federal Environmental Protection Agency under the Self Monitoring and Reporting Programme for monthly testing through an external laboratory and reporting of emission parameters against National Environmental Quality Standards (NEQS).

To obtain objective and unbiased feedback from employees on their satisfaction and engagement levels, PPL used the services of an external management consultancy to conduct an Employee Satisfaction/ Organizational Climate Survey in 2010. We are glad to report that nearly 80 percent of staff participated in the survey, with high ratings on stake in the Company's policies and targets as well as awareness of policies. Based on the recommendations of the survey, further actions are underway to enhance staff commitment to the vision and values of the Company.

Though this may indeed be a heartening stock of achievements for the reporting year, we will continue to strive for sustainability and continual improvements in our operational and governance systems as outlined in the UNGC principles.


KHALID RAHMAN
MANAGING DIRECTOR & CEO

Principle 1



Business should support and respect the protection of internationally proclaimed human rights.



Commitment

Pakistan Petroleum Limited (PPL) respects the dignity and rights of its human resource. Through our Corporate Social Responsibility (CSR) Programme, we also support the right to education, healthcare and basic civic amenities for communities.





1 Strategic System for Organizational and Human Development

ACTIONS

Organizational Surveys

Performance

PPL conducts and participates regularly in organizational surveys, enabling the company management to review and adopt best practices from benchmark companies. This proactive approach helps in continuous improvement of systems and procedures.

- ▶ PPL participates in various countrywide Human Resource (HR) benchmarking surveys to assess prevailing and emergent trends. The findings enable the company to align its HR system with leading companies and consolidate best practices already followed by the company.
- ▶ PPL engaged an external management consultancy firm to independently conduct and analyze Employee Satisfaction Survey in 2010 to obtain objective feedback from employees on their satisfaction and engagement levels. Based on the recommendations, a comprehensive action plan has been prepared to further enhance staff commitment in line with the company's vision.
- ▶ As a contender for the 2009 and 2010 awards, PPL participated in Management Association of Pakistan's (MAP) assessment process to evaluate and confirm its adherence to best practices. PPL won the prestigious MAP Award for three consecutive years from 2008 to 2010.
- ▶ The company sends its head office staff on regular field visits to seek their opinion and suggestions for work-related improvements.

2 Industrial Relations and Employees

ACTIONS

Fair Investigation Procedures

Performance

PPL protects employee rights, ensuring equitable treatment and opportunity for all to voice their views.

- ▶ The company has an effective policy for redressal of staff grievances, if any.
- ▶ Based on laws relevant to its various locations, PPL follows the Standing (Orders) Ordinance 1968 for official reprimand of staff.

Benefits

Performance

The company provides its staff with competitive remuneration packages as well as strives to facilitate enabling working environment with ample capacity development and career progression opportunities.

- ▶ In line with the Companies Profits (Worker's Participation) Act 1968, PPL contributes 5 percent of its net profit to the Workers Participation Fund.
- ▶ PPL follows the Employees Old Age Benefits (EOB) Act 1976, contributing 5 percent of minimum basic salary to EOB institutions with employees participation of 1 percent.
- ▶ The company pays Statutory Bonus under Section 10-C of the West Pakistan Industrial and Commercial Employment (Standing Order) Ordinance 1968 as well as Annual Settlement Bonus to non-management staff.
- ▶ Annual Leave Fare Assistance is given to non-management staff in addition to monthly remuneration.
- ▶ PPL also extends loans to staff for house construction/renovation and purchase of vehicle.
- ▶ Free bachelor accommodation along with necessary utilities is given to field-stationed staff.
- ▶ Gratis Haj and Umrah facilities are provided to workers.
- ▶ PPL provides pick-and-drop transport facility to women staff.
- ▶ For senior executives and women employees, the company provides a nutritious and balanced lunch facility at the head office.



Employee Recognition

Performance

PPL follows fair and transparent policies and procedures to recognize and reward high standards of performance and enhance staff motivation.

- ▶ Performance Excellence Awards are given on an annual basis to employees in recognition of their outstanding achievements in both tangible and intangible categories. The company recognizes and rewards individual efforts for extraordinary performance, innovation, creativity, cost savings, productivity gains and complexity reduction. The scheme also sets out to establish role models within the organization that other employees can emulate.
- ▶ PPL considers human capital its premium asset and acknowledges longevity of service, ranging from 15 to 40 years, through annual long service awards.
- ▶ The company arranges farewells for retiring staff in appreciation of their services.

Healthy Entertainment for Employees

Performance

PPL attaches great importance to providing sports facilities and entertainment for staff.

- ▶ PPL encourages sports among head office and field employees such as the Annual Interlocation Cricket Tournaments. Besides the company has teams for various sports that participate in contests/ matches with other organizations.
- ▶ PPL organizes annual golf tournament for employees and other enthusiasts. The 6th tournament in this series was held in February 2011.
- ▶ PPL has a dedicated Exploration Library that subscribes to leading industry journals to enhance staff knowledge.
- ▶ Current reading material, including newspapers, magazines and periodicals are provided to keep staff updated on latest trends and information.
- ▶ The company's monthly newsletter *Progress*, now in its 55th year of publication regularly reports on company activities and industry-related news.
- ▶ PPL maintains a fully equipped health and fitness facility to keep its employees mentally and physically fit. There is a Head Office Sports Club for staff recreation during lunch break or after working hours. The club at Sui Gas Field also has a jogging track, badminton, tennis and squash courts and a swimming pool for staff use. Besides, the company has proper indoor games/ recreation facilities at all field locations. The company also organizes indoor games competition among the head office employees.
- ▶ PPL organizes musical and other cultural programmes for its employees.
- ▶ Company management and staff celebrate religious and cultural festivals as well as national days.

Preventing Forcible Displacement of Individuals

Performance

Due to its strict adherence to prescribed laws, PPL has never had a case of forcible displacement of employees.

Employment Policy for Handicapped and Disabled People

- ▶ PPL follows the Disabled Persons (Employment and Rehabilitation) Ordinance 1981 and ensures employment of handicapped personnel.
- ▶ In line with the Workmen Compensation Act in matters related to disability, alternate job assignments are given to disabled staff.

3 Employee Safety and Security

ACTIONS

Safe Working Conditions

Performance

Employee safety and security is one of PPL's top priorities. The company has dedicated Security and Health, Safety and Environment (HSE) departments to ensure hazard-free working conditions and has taken the following initiatives to help protect its employees from risky situations and conditions:

- ▶ Safety alerts and travel advisories are sent regularly to employees.
- ▶ Employees are provided personal protective equipment (PPE) and clothing according to the nature of their job.



- ▶ Safety and fire drills are regularly conducted as per HSE requirements at head office and all field locations.
- ▶ HSE awareness and training sessions are held regularly in English and Urdu on fire fighting, incident investigation and reporting and permit-to-work system.
- ▶ Security passes are compulsory for PPL employees at the head office and field locations.
- ▶ HSE procedure on 'Hazard Identification, Risk Assessment and Management' is developed and distributed to all concerned. Field HSE representatives provide training to all concerned for conducting risk assessment of routine and project activities at PPL locations.
- ▶ Head Count System in the form of T- Card is being implemented at all PPL fields. As a quick and accurate estimation of personnel's location at various field sites, the T-Card boards are already in use at Adhi, Chachar and Hala fields.

Employee Travel Safety

Performance

PPL regularly arranges training programmes on defensive and evasive driving. Awareness programme on road sense and safety has been initiated for company staff.

- ▶ Any unsafe driving practices, travel route issues, vehicle or employee complaints regarding transport are reported to the Administration Department for necessary countermeasures.
- ▶ Wearing seat belts is mandatory for company transport drivers and employees using company vehicles.
- ▶ All PPL employees are insured while travelling locally, domestically or internationally.
- ▶ Use of mobile phones is prohibited while driving company vehicles.
- ▶ First aid boxes are placed in all company vehicles.

4 Health

ACTIONS

Healthy Environment for Employees

Performance

PPL's goal is to support a safe and healthy workplace by enhancing staff health and well-being.

- ▶ Periodic check-ups are carried out to check fire extinguishers, fire alarms and sprinklers at all field locations.
- ▶ Assessment of Occupational Health, Safety and Environment (OHSE) performance against identified Key Performance

Indicators, including Loss Time Injury Illness target rate for the year, PPE compliance by management, non-management and contract staff in routine and project activities and implementation of annual work plans, is undertaken through regular monitoring and conducting awareness sessions.

- ▶ As a result of rigorous planning and implementation of HSE procedures at all company locations, PPL was able to surpass its 2010 target Loss Time Illnesses and Injuries rate of 1 percent, which was actually 0.03 percent.

Basic Health Facilities

Performance

PPL extends a comprehensive health plan and medical policy to employees and their families. The company has qualified doctors for providing medical consultation and treatment in the head office and field locations.

- ▶ The company provides medical assistance to all employees, including their immediate family, and pensioners as per medical policy.
- ▶ PPL maintains a city clinic in Karachi to ensure easy access for its employees and their families. Besides, PPL has a full-fledged hospital located within the premises of the Sui Gas Field. At other company fields and locations, Kandhkot, Adhi, Mazarani, Chachar and Adhi fields, proper arrangements for emergency medical care are in place.
- ▶ PPL follows the Factories Act – 1934, Mines Act – 1923 and Oil and Gas (Safety in Drilling and Production) Regulations – 1974, which include employee personal hygiene, environment, emergency medical assistance and periodic medical checkups.
- ▶ Ex- gratia payments are made to staff in case of prolonged sickness.
- ▶ Clean drinking water is provided to staff at all locations.



5 Corporate Social Responsibility

PPL stands committed to community development in education, health, infrastructure development, livelihood generation and post-disaster rehabilitation and has allocated minimum 1.5 percent of its pre-tax profit for CSR activities. The company spent around 1 billion rupees for CSR initiatives during April 2009 to March 2011 which is over and above its minimum benchmark.

ACTIONS

Education

Performance

PPL assigns top priority to promoting education in some of the country's most remote areas.

- ▶ The company has been providing quality education to local children at Sui Model School since 1957.
- ▶ The company offers eight scholarships to children of permanent workers, with two scholarships for post-intermediate and professional and six for post-matriculation education.
- ▶ To promote reading culture at the local level, PPL constructed public libraries at Dadhar Town, Balochistan, together with an auditorium and parking shed, Tando Allah Yar and Kamber towns, Sindh and provided relevant books and magazines. The company invested Rs. 4.26 million for these facilities. Besides, Bhao Dur Mohammed Trust Public Library at Kambar Town was constructed by PPL with a contribution of Rs. 2 million in 2009 and Rs. 1 million in 2010.
- ▶ The company earlier constructed and operationalized in 2010 the first ever Computer Training Centre and Library (CTCL) at Sui for general public. PPL has engaged Kalsoft, an Information Technology company, to operate the centre. Currently, CTCL offers basic computer courses for local communities. Two batches of CTCL students, 60 in each, completed three-month basic course in Microsoft Office. Besides, the centre also houses a reading area where books and selected magazines are provided.
- ▶ PPL encourages development of libraries and computer centres at the school level to promote reading habits and computer literacy from an early age. To this end, books, furniture and office equipment were donated for a library at Government Inter College, Dera Bugti. The company also donated Rs. 3.6 million for construction of a library and computer centre at Dawood Model School, Kalat.
- ▶ The company provides free-of-cost transport facility to students of Taleem Foundation and Federal Government High School, Sui.
- ▶ The company constructed academic blocks at Chhab and Kani, District Attock, Government School, Miana Mora near Adhi Field, District Rawalpindi and Government Girls' High School, Barkhan Town, Balochistan where an auditorium was also built. Besides, sanitary facilities at Thraty near Adhi Field were also constructed. These facilities were provided with an investment of Rs. 14 million. Besides, the company also renovated Government Boys Middle School Naban Janjua near Adhi Field.
- ▶ PPL regularly provides furniture, stationary and other relevant items/ equipment to schools near its operational areas to support their curricular and co-curricular activities. To this end, classroom furniture, stationery and sports items were provided to various government schools around Chachar Gas Field. The company regularly supports its adopted government schools in Ghabi Dero and Ghazi Khan Chandio, near Mazarani Gas Field.
- ▶ PPL has committed to provide 100 Frequency Modular (FM) Systems to the Institute for Special Children (ISC), Quetta. FM is a state-of-the-art hearing instrument that directly transmits the teacher's voice to students, regardless of distance, and reduces grey noise to make audibility clear. So far, 80 FM systems were provided to ISC during the last four years. The last tranche of 20 will be delivered in 2011.
- ▶ PPL has constructed two primary schools in Kandhkot, near its operational field. These schools are run by The Citizen's Foundation as part of the MOU signed between the two organizations to provide quality education to the children from local communities. The company has created an endowment fund worth Rs. 78 million for construction and operationalization of these schools over a period of 10 years. The third primary school as part of the plan is being constructed. Later, a secondary school will be built to accommodate students moving to higher grades.
- ▶ PPL has provided Rs. 2.75 million to the Chemical Engineering Department, University of Karachi for the



upgradation of laboratory facilities. Earlier, the company provided Rs. 8.5 million for this initiative.

- ▶ To encourage education in remote areas, PPL has given generous donations for:

Activities	Spending in 2010
12 Annual Scholarships for Balochistan Public School for 6 years	Rs. 0.654 million
Higher Secondary Scholarships for females, District Dera Bugti	Rs. 0.209 million
Scholarship Scheme for Higher Professional Education (60 students annually)	Rs. 4 million
Twenty scholarships for diploma in Associate Engineering for students of Technical Training Centre, Sui	Rs. 0.441 million
Tameer-e-Millat Foundation, Nushki, Balochistan	Rs. 0.5 million

Social Welfare

Performance

PPL draws strength and direction from the government's policy of encouraging the corporate sector to extend a helping hand to people living in remote areas of the country. The company has formulated a diverse, need-based social welfare policy. Though concentrated around its locations, PPL's CSR initiatives are spread across the country. To ensure optimum on-ground implementation and impact, PPL works through government, local civil society institutions and communities.

- ▶ The company won the Pakistan Corporate Philanthropy Awards instituted by the Pakistan Centre for Philanthropy (PCP) for six consecutive years from 2004 to 2009.
- ▶ PPL sponsored construction of four youth hostel blocks at the SOS Children's Village of Balochistan, situated in Quetta, through a support of Rs. 20 million. In 2010, the company provided support for building a mosque at the village. Similarly, PPL supported the construction of SOS village, Jamshoro through a donation of Rs. 10 million, including a last tranche of Rs. 2.5 million handed over to the management in 2010.
- ▶ To support organizations delivering social and health services to the needy, PPL has given generous donations to the following:

PCP, Islamabad	Rs. 10 million
The Helppcare Society, Lahore	Rs. 8 million
Karwan-e-Hayat, Karachi (on an annual basis since 2002)	Rs. 3.6 million

Healthcare Initiatives

Performance

PPL cares for local communities wherever it operates. The company has provided extensive medical facilities in some of the most remote regions of Pakistan through hospitals, mobile dispensaries and medical camps.

- ▶ PPL runs a fully equipped Sui Field Hospital (SFH) at Sui Gas Field since the early 1960s. The hospital caters to a large number of local patients, free-of-cost, in addition to the field staff. Besides, majority of locals residing near the field are treated through the mobile medical dispensary. The dispensary refers cases for further investigation and treatment, including minor and major surgeries, to SFH. Despite these efforts, a large number of patients in Sui could not be reached. For this, PPL in partnership with Government of Balochistan (GoB) is constructing a 50-bedded PPL Public Welfare Hospital at Sui Town. The land is provided by GoB while PPL will invest Rs. 243 million for construction and furnishing the hospital together with providing basic equipment. The hospital will be run by GoB and have the necessary facilities such as gynaecology and obstetrics, emergency, operation theatre and service of specialist doctors. Additionally, PPL provides medicines to Rural Health Centre, Sui on a monthly basis.
- ▶ The company also operates mobile medical dispensaries for local communities living around Mazarani and Kandhkot Gas fields.
- ▶ PPL holds bi-annual free eye and medical camps for treatment of critical epidemic/ contagious diseases such as scabies around its operational areas in Sui, Adhi, Kandhkot, Mazarani, Chachar and Hala fields. Cataract surgeries are also performed at the eye camps.



- ▶ To provide effective healthcare facilities to local women, PPL has provided relevant facilities in the marginalized areas. In this connection, a female surgical ward was constructed at District Headquarter Hospital, Khuzdar and a mother and child healthcare centre at Kandhkot Town.
- ▶ PPL has adopted Marie Adelaide Leprosy Centre's Triple Merger programme housed at Turbat and Panjur, Balochistan and Kandhkot, Sindh. These centres extend free-of-cost diagnosis and cure for treatment of leprosy, blindness and tuberculosis (TB) to local communities.
- ▶ The company supports awareness raising campaigns and seminars for polio, malaria and other ailments.
- ▶ To support viable community health projects and services, PPL has given generous donations to the following:

National Institute of Cardiovascular Diseases, Karachi	Rs. 10 million
Sindh Institute of Urology and Transplantation, Karachi & Patient Welfare Society, Aga Khan University	Rs. 5 million
Sponsored 20 patients for dialysis at Zubaida Medical centre, Karachi	Rs. 3.4 million
Bait-ul-Sukoon Cancer Hospital, Karachi	Rs. 3.5 million
Donation to 'JANUM' a project of Murshid Hospital	Rs. 1 million
Donation to Javed Medical Complex, Panjgur	Rs. 5.5 million
Constructed TB ward at Jinnah Post Graduate Medical Centre	Rs. 5 million
Malaria Eradication Campaign around Chachar Gas Field	Rs. 0.2 million

Enhancing Livelihood Opportunities

Performance

PPL realizes that changing the fate of marginalized communities is better addressed through creating livelihood options on a sustainable basis. The company has invested substantially in engaging people, both men and women, in earning livelihoods through sustained sources of income.

- ▶ The company has been supporting the infrastructural and operational costs of the Women Handicraft and Welfare Centre at Sui since 2006. The centre provides skill learning opportunities for young local women who could not complete their formal education and are interested in enhancing their income potential. A purpose-built facility for this centre has been constructed at Sui and relevant equipment and teaching material was provided.
- ▶ PPL is extending infrastructure and maintenance support for Technical Training Centres (TTC) in Sui and Daultala, near Adhi Field, since the 1990s. The courses offered at these centres include automobile, wood work and carving, welding, tailoring, car painting and plumbing. Besides, PPL is supporting 10 students of TTC-Sui through provision of scholarship for diploma in associate engineering.

- ▶ PPL initiated a 12- week training scheme for Heavy Transport Vehicle drivers at National Logistics Cell Driving School Dina, Jhelum. Under this programme 100 participants, living around PPL's operational areas, will receive an internationally recognized HTV driving certificate on completion of the course.

Infrastructure Development

Performance

PPL recognizes that provision of meaningful, durable infrastructure is a key to development and sustained economic growth, especially in the far-flung areas of the country. The company's business takes it to the remotest and usually the disadvantaged areas of the country, where it has focussed on developing infrastructure and civic amenities, including roads, bridges, culverts, water supplies and construction of basic facilities, not only for its own use but also for local communities.

- ▶ PPL provides free-of-cost gas and water supplies to Sui Town and villages around Sui Gas Field. Approximately 2 million gallons of drinking water is daily supplied to these areas at an annual cost of Rs. 100 million. In order to fully address the need of local communities, PPL in partnership with the GoB is developing a new water scheme for residents of Sui Town with a contribution of Rs. 62.4 million.
- ▶ To provide free-of-cost potable water to Ghabi Dero (GB) and its surrounding villages near Mazarani Gas Field, PPL has initiated a water supply scheme using a bowser facility which carries water through a safe source. The water is stored in two tanks built in the GB village. The company bears an annual cost of Rs. 1.5 million for the scheme.

Post-disaster Relief

Performance

In times of national emergencies, PPL has always come forward to give generous donations in cash and kind to victims of disaster-hit areas. Following the 2005 earthquake, the company moved a step forward by assisting rehabilitation efforts so that affectees can once again become productive members of society. Likewise, for the devastating floods in July 2010, PPL not only provided generous donations for victims but it is also working on a strategy for their long-term rehabilitation in partnership with local civil society organizations.

- ▶ PPL established and operationalized a Rehabilitation Centre in Bagh in 2006 for the October 8, 2005 earthquake victims, needing prostheses and orthoses treatment. The centre is managed by Chal Foundation and extends physiotherapy and counselling for physical and psychological management of the disability besides provision of limbs to affectees. Since 2010 PPL has created an endowment fund worth Rs. 24 million to support the centre's operational cost for another three years. The fund also enables a 50 percent contribution for operational expenses of Pakistan Institute of Prosthetic and Orthotic Services Rehabilitation Services Project, Balakot.
- ▶ PPL extended generous support for flood affectees of July 2010. Initially, the company donated Rs. 20 million in cash to the Prime Minister's Flood Relief Fund 2010 (PMFRF). PPL

staff and workers also contributed one day's salary amounting to Rs. 6.3 million to PMFRF. Besides, PPL also distributed relief goods, including dry food packages, tents and other basic necessities amounting to Rs. 30 million, to affected areas. To provide healthcare facility to the flood affectees around its operational fields, PPL set up medical camps in collaboration with local rural healthcare centre. The service included on-spot diagnostics, oral and clinical administration of medicines and provision of free medical supplies worth Rs 2.7 million to over 6,000 patients. PPL has also earmarked Rs. 50 million for the rehabilitation work.

Principle 2



Business should ensure that they are not complicit in human rights abuses.



COMMITMENT

PPL is highly committed to conducting its business in accordance with the highest ethical and legal standards.



1 ETHICS

ACTIONS

Adherence to Highest Corporate Values

Performance

PPL's vision, mission and values are testament to the importance the company places on corporate ethics. As such, it expects its employees to adhere to the following core values:

- ▶ Recognizing that leadership, empowerment and accountability are essential for corporate success
- ▶ Pursuing the highest standards of ethical behaviour and integrity
- ▶ Considering people as the most important resource
- ▶ Valuing creativity and innovation
- ▶ Committing to excellence in all spheres of performance
- ▶ Advocating team spirit and work
- ▶ Respecting environmental imperatives and striving for its conservation

Based on the recommendations of the Employee Satisfaction Survey, PPL is planning to hold a series of staff workshops to improve their understanding of the values in order to meet the company's expectations for excellence.

Code of Business Ethics

Performance

Ethical commitments and values remain the centrepiece of PPL's code of conduct, compliance to which is mandatory for all employees.

- ▶ All employees sign and submit annual compliance certificates to ensure clear understanding and acceptance and uphold PPL's Code of Business Ethics.
- ▶ PPL requires its employees to maintain an environment free from prejudice, harassment and disruptive activities.
- ▶ In compliance with Oil & Gas Regulatory Authority's directives to implement 'Protection Against Harassment of Women at Workplace (PAHWW) Act 2010', the company took the following measures:
 - Circulated brochures on salient features of the Act, including instructions on compliance, to all employees.
 - Company's harassment policy was prominently placed on the PPL website and portal.
 - A three-member committee, including a female staff, was constituted to address staff grievances.

- Awareness session for staff was organized on PAHWW Act 2010 and PPL's harassment policy.
- ▶ Any suspected violations or actions that create hostile or offensive work environment such as sexual harassment or insensitive comments concerning gender, religion, race, disability or age are promptly reported to management that ensures appropriate actions in line with Standard Operating Procedures.
- ▶ Violations of the Code of Business Ethics are viewed seriously and have often resulted in disciplinary action and, in some cases, led to termination of service.

Principle 3



Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.



COMMITMENT

We acknowledge and respect rights to freedom of association and collective bargaining. We are committed to addressing issues, problems and grievances proactively to regulate the company's operations with dignity of labour, minimization of animosity and fostering a relationship of trust between management and workers.



1 Industrial Relations

ACTIONS

Freedom Of Association

Performance

The company believes in the freedom of opinion and expression of all stakeholders and seeks to ensure a congenial and equitable working environment as per law:

- ▶ The company complies with the Industrial Relations Act, wherein employees are free to join any trade union of their choice.
- ▶ PPL has a registered trade union, Pakistan Petroleum Workers Union, of which most workers are members.

Collective Bargaining

Performance

The company management and Collective Bargaining Agent (CBA) work towards creating a cordial working environment for workers at all field locations.

- ▶ The CBA together with stewards and union members, coordinates with management to improve working conditions and redress job-related issues.
- ▶ Negotiations of the Charter of Demands are always settled amicably with CBA representatives.
- ▶ Initiatives for change are undertaken by incorporating the union's suggestions to ensure hassle-free implementation.
- ▶ The office bearers of the trade union enjoy freedom to discharge their legal responsibilities without any interference from management.

- ▶ All terms and conditions of employment of workers are reviewed bi-annually and discussed in a friendly environment with CBA. After bilateral negotiations, a handsome increase in wages and other allowances are paid to them through settlement.
- ▶ Policies on salaries and allowances as well as other benefits such as medical, leave and travel are duly discussed and finalized with the CBA every two years.
- ▶ The Collective Bargaining agreement is concluded through bilateral negotiations.
- ▶ The company has not witnessed any strike, legal or illegal, or lockout during the last five years.
- ▶ No cases of unfair labour practices have been filed by the union.
- ▶ The company provides special leave to CBA union/employees for appearance in court cases, if it is party to disputes.





Principle 4

Business should support the elimination of all forms of forced and compulsory labour.



Principle 5

Business should support the effective abolition of child labour.



COMMITMENT

PPL supports abolition of child labour and elimination of all forms of forced and compulsory labour in its areas of operations or by any of its business partners and contractors.





1 Employees

ACTIONS

Procedure for Preventing Under-age Employment

Performance

The company strictly forbids child labour and actively prevents hiring under-age workers.

- ▶ All PPL permanent workers are in the adult person (18 years and above) category, in accordance with the law.
- ▶ To prevent under-age hiring, the ages of all workers are confirmed through national identity cards, birth certificates, educational certificates or Form 'B' issued by the National Database and Registration Authority.

Procedure for Preventing Forced Labour

Performance

The company follows strict procedures to prevent forced labour.

- ▶ Employment agreement clearly states terms and conditions of service, voluntary nature of employment, freedom to leave and any conditions associated with departure or cessation of work.
- ▶ Employment agreements do not violate any human rights or labour laws.
- ▶ Either party can terminate employment contracts within the notice period.
- ▶ Exit notice period for workers is 30 days and for management, professional and technical staff is 90 days.
- ▶ Exit interviews are taken to solicit feedback and institute corrective measures, if necessary.

Record of Checking Minimum Wage Rate Against Regulated Amount

Performance

The company keeps its wage policy in line with governmental directives to ensure fair corporate governance.

- ▶ All workers in the company (both permanent and contract) are employed above the minimum wage rate as specified by the government and are paid competitively in accordance with market norms.

Principle 6



Business should support the elimination of discrimination in respect of employment and occupation.



COMMITMENT

PPL is committed to providing equal opportunities for employment as well as growth opportunities without any discrimination on the basis of race, sex, religion, language, social origin, birth or other status.



1 Recruitment

ACTIONS

Equal Employment Opportunity

Performance

PPL's employment policy provides equal opportunities for employment and discourages all forms of employee discrimination.

- ▶ PPL is an equal opportunity employer and provides equal opportunity to women employees.
- ▶ Women employees are placed at various levels in the organization, ranging from non-management to senior management positions.
- ▶ The company employs men and women employees under standard screening processes based on merit and job suitability.
- ▶ There are equitable career paths and career opportunities for women employees.

2 Employees

ACTIONS

Enabling working conditions for diversified workforce

Performance

As a leading employer and responsible corporate citizen, PPL provides an enabling environment for professional growth, with equity, security and human dignity, irrespective of gender or religion.

- ▶ PPL has a diversified workforce and does not discriminate on the basis of race, colour, gender, religion, disability or family status in the recruitment, training or advancement of its employees.
- ▶ Minorities are given special holidays in accordance with their religious festivals to ensure an open and moderate culture and environment across the company.

Career Plan: No Discrimination in Staff Promotions

Performance

- ▶ Hiring and promotions are done on merit, professional performance and qualification.

Principle 7



Business should support a precautionary approach to environmental challenges



COMMITMENT

PPL is committed to environmental conservation by complying with National Environment Quality Standards (NEQS).



1 Environment Management

ACTIONS

Health, Safety and Environment

Performance

HSE is recognized as a crucial management responsibility. The company is committed to the health and safety of all its employees and other personnel involved in its operations. Similarly, PPL strives to conserve the natural environment by minimizing its ecological footprint.

- ▶ PPL's HSE Policy recognizes its management's commitment to the health and safety of its employees, contractors and visitors and ensuring environmental conservation during the company's operations. The policy is displayed at prominent locations at the head, regional and field offices and can be accessed through the company's website: www.ppl.com.pk
- ▶ The company has a well-defined HSE Management System developed in line with internationally recognized ISO 14001 Environment Management System (EMS) and Occupational Health and Safety Assessment Series (OHSAS) 18001. The system provides a continuous assessment and monitoring process against standard parameters to ensure the highest level of safety and minimal damage to the surrounding natural environment.
- ▶ The OHSE committee monitors HSE activities in PPL at regular intervals and holds quarterly meetings to review results of internal and external audits, carry out key investigation and reviews progress and performance against set objectives.
- ▶ PPL was awarded Occupational Safety, Health and Environment Award in 2010 by Employers' Federation of Pakistan in recognition of improved OHSE performance during external audits.

Enhancing Environmental Awareness

Performance

- ▶ Awareness raising sessions and trainings with special focus on environment and sustainable development are regularly held to apprise staff on key environmental issues, their causes and solutions at various levels, including individual, organizational and national. In addition, HSE safety talks and bulletin boards are effectively utilized to promote awareness on environmental conservation.
- ▶ PPL offices and fields have been declared 'No Smoking Zones' and separate smoking areas are designated for smokers. The non-smoking policy is displayed in all departments and locations.

- ▶ PPL is an active corporate member of the Pakistan chapter of World Business Council for Sustainable Development. The company works with other corporate partners to bring together organizations in Pakistan to adopt business practices based on sustainable development principles. During 2010, PPL played a lead role in organizing a Dialogue on Energy and Environment: An Industry-Academia Partnership.

Environmental Studies

Performance

- ▶ Initial Environment Examination (IEE) and Environment Impact Assessment (EIA) studies are consistently undertaken for all development projects, including drilling and seismic operations and projects, in compliance with the Pakistan Environmental Protection Act, 1997. IEE/ EIA aim to identify potential environmental impacts at development sites and advise mitigation measures accordingly. These studies are submitted to relevant provincial Environmental Protection Agencies (EPA) for approvals. Once approved, IEE/ EIA provide a benchmark for regular internal and external monitoring against suggested mitigation measures.
- ▶ For seismic operations in Protected Areas (PAs), independent monitoring is organized through specialized consultants to ensure that the methodologies used in carrying out the survey and mitigation measures adequately address the environmental sensitivities of PAs, while meeting legal requirements and company's HSE standards.
- ▶ Monthly environmental monitoring is carried out through an external laboratory for

compliance with local regulatory requirements. Environmental reports are communicated to concerned EPAs through the Self Monitoring and Reporting Tool (SMART) programme with copies to all concerned within the organization for information and necessary action, if needed.

Environmental Aspect Impact Analysis

Performance

- ▶ The company has devised Environmental Aspect Impact Analysis (EAIA) procedure for small to medium operations at its fields/ exploration blocks in line with the international EMS and OHSAS standards. EAIA helps in proactively identifying, evaluating potential environmental hazards and taking appropriate precautionary control measures to mitigate environmental impacts.

- ▶ Noise monitoring and abatement is ensured for safe working environment in high noise areas. For this, enclosures and sound barriers are provided, as appropriate.
- ▶ To control accidental leakage, adequate control arrangements such as bunds and spill control kits are available at all operational areas. Besides, designated teams are trained to handle incidental spills.

Principle 8



Business should undertake initiatives to promote greater environmental responsibility



COMMITMENT

PPL is committed to raising environmental awareness within the company, suppliers and dealers through encouragement of eco-friendly practices.



1 Environmental Responsibility

ACTIONS

Setting up Environment-friendly Models

Performance

PPL ensures proactive acceptance of responsibility and accountability for environmental imperatives. The company recognizes conservation as a key component of operational excellence and actively incorporates industry best practices in its overall operations.

- ▶ The company-operated latest producing asset, Hala Early Production Facility, inaugurated in February 2010, is designed in line with environmental imperatives. Some of the key features include:
 - Chlorofluorocarbon (CFC) - free natural gas refrigeration system in compliance with the Montreal Protocol to address ozone depletion and global warming. Propane is used instead of CFC.
 - Containment of water (produced during the operations) in properly lined evaporation ponds, ensuring zero land discharge and preventing soil and ground water contamination.
 - Procurement of material according to the NEQS such as generator sets and asbestos free material, including fire suits and storage sheds.
 - Minimal flaring and venting of sales gas during commissioning phase.
- ▶ NEQS compliant equipments are also procured at the newly commissioned Kandhkot Field Gas Compressor Station.

Eco-friendly Practices

Performance

PPL is gradually moving towards eco-friendly practices to minimize damage to natural resources through its regular operations to support company's commitment towards sustainability:

- ▶ Tree cutting/ logging is avoided during seismic operations while site restoration is simultaneously carried out, even for a small vegetation patch.
- ▶ Tree plantation campaigns are undertaken at all PPL-operated production and exploration assets to off-set emissions and improve ambience.
- ▶ For drilling operations, water-based mud, which is known for compatibility with natural soil, is preferred over oil-based mud, which requires special treatment for disposal.
- ▶ Use of biodegradable explosives in exploration activities.
- ▶ Promoting electronic communication for official purpose.

together with duplex printing to reduce paper usage.

- ▶ PPL was given the Annual Environment Excellence Award for four years in 2006, 2007, 2009 and 2010 by the National Forum for Environment and Health on account of its effective environment management practices.

Evaluation of HSE Performance

Performance

- ▶ The OHSE committee, comprising field management and senior management from head office, regularly evaluates activities at various company locations, provides feedback and monitors compliance.
- ▶ Internal audits of departments/ fields are carried out in line with the annual HSE audit plan to assess implementation of HSE Management System and performance. In addition, external audits are also carried out to verify compliance to ISO 14001 EMS and OHSAS 18001 certifications. HSE inspections, spot checks and suggestion forms are utilized with participation of all staff in accordance with the guidelines provided in the HSE Management System for eliminating hazards.
- ▶ As a result, 12 company fields and facilities are certified for ISO 14001 EMS and OHSAS 18001. These include Adhi, Mazarani and Chachar fields, Sui Field Gas Compressor Station, Sui Production and Sui Field Engineering, Sui Stores and Sui Hospital together with Drilling Operations, Design and Construction, HSE and Projects departments. Certification for remaining facilities is underway for ensuring continual improvement.



Principle 9



Business should encourage the development and diffusion of environmentally friendly technologies.



COMMITMENT

PPL is committed to environment-friendly technology to reduce its carbon footprint.



1 Environment-friendly Technologies

ACTIONS

Waste Management and Emission Control

Performance

The company seeks to minimize adverse environmental impact of its operations through the use of innovative technology.

- ▶ The company has a well-defined waste disposal and management process in place that follows the corporate HSE Standard Operating Procedures, including waste segregation at source, waste minimization strategy, preference to recycling and reuse, safe handling and disposal of hazardous waste as per good practices such as landfill, composting and incineration.
- ▶ All company-operated fields are registered with the Federal EPA under SMART programme for monthly testing through external laboratory and reporting of emission against NEQS parameters.

Besides, PPL encourages use of environmental-friendly equipment, especially for its new facilities. Emissions from company equipment, at fields, is also monitored and controlled through in-house maintenance programme and end of pipeline solutions. A defined system for monitoring, root cause analysis of excursions in emission test results and subsequent remedial actions is in place for NEQS compliance.

- ▶ Optimum measures are undertaken to process waste water to avoid further pollution. Usually, effluent water is contained in ponds lined with pit line for evaporation. Alternatively, waste water evaporator is installed to reduce contamination of underground water through seepage of effluents carrying salt and oil droplets in the shape of emulsion.

Principle 10



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



COMMITMENT

PPL is committed to eliminating corruption through implementation of ethical codes and policies that govern business operations and relationships with external stakeholders.



1 Employees

ACTIONS

Code of Ethics

Performance

The company has zero-tolerance for all forms of corruption, including bribery and extortion.

- ▶ All employees are required to sign the Code of Business Ethics at the time of joining and submit compliance every year.
- ▶ All employees are forbidden to give or receive any bribes or other payments intended to influence business decision or compromise fair judgment.
- ▶ No employee can give money to obtain business for the company or receive money for giving company business to an external agency.
- ▶ All employees are forbidden to accept gifts from suppliers, contractors, dealers or competitors, who have or wish to have a business relationship with the company.
- ▶ Rumour mongering and gossiping is strictly prohibited.
- ▶ All employees are required to declare their assets on a yearly basis.

Corporate Governance

Performance

- ▶ PPL promotes fair business practices and ensures compliance with regulatory and legal requirements.
- ▶ The company uses internationally acceptable accounting standards to maintain transparency.
- ▶ All funds, assets, receipts and disbursements are properly recorded in the books of the company.
- ▶ The company complies with regulations of the Security and Exchange Commission of Pakistan.
- ▶ Signed statement of compliance is included in the company's annual reports.
- ▶ No incident of corruption has been reported in the company.
- ▶ All business units were analyzed for risks related to corruption.
- ▶ Regular checks by Internal Audit Department are carried out for all departments to ensure compliance with company procedures and ensure course correction, if required.
- ▶ In recognition of its management practices and extensive social contributions, PPL was adjudged the winner of the 26th and 27th Corporate Excellence Awards in the Fuel and Energy Sector in 2009 and 2010. This award was conferred by MAP. PPL's exemplary performance was accredited by MAP, following a detailed review not only of the company's management systems and policies and procedures but the efficacy of their implementation.

2 External Interface

ACTIONS

Credible Disclosure of Information to Investors and Stakeholders

Performance

- ▶ PPL ensures transparency in business transactions and rejects any business practice which may be deemed improper.
- ▶ All financial reports are properly audited by external auditors.
- ▶ PPL's Annual Report 2009 was chosen as the best report among all categories under the Best Corporate Report Award, besides securing the top slot among the five selected companies from the Fuel and Energy sector. The annual report also received the Best Presented Accounts Award by the South Asian Federation of Accountants in 2010.
- ▶ Quarterly briefing on financial statements is given to management.
- ▶ Meeting of PPL's Board of Directors is held on a quarterly basis.
- ▶ Media/press briefings and interviews are given on demand.
- ▶ Consultative meetings with CSR partners are held for social development initiatives.
- ▶ The company ensures timely payment of taxes.
- ▶ Checks such as annual declaration of assets, notifying the company in case of receipt of gifts above a certain value, hospitality and potential conflicts of interest are in-built into the system to preempt corruption.
- ▶ Similar checks and balances are built into organizational processes, governing procurement, materials and personnel in accordance with the Manual on Delegation of Authority and Public Procurement Regulatory Authority, a public sector entity to monitor procurement in a transparent manner.





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