



UN Global Compact Communication on Progress 2009



Generating Futures: Providing quality education for disadvantaged communities remains the centrepiece of Pakistan Petroleum Limited's Corporate Social Responsibility Programme. To this end, the company provides monetary and infrastructural support to the Federal Government Public School in Sui, Balochistan



Pakistan Petroleum Limited



Pakistan Petroleum Limited

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Message from the Managing Director

Pakistan Petroleum Limited stands committed to the 10 principles of the Global Compact. The Company gives highest priority to good corporate governance, environmental conservation, maintaining strict health and safety standards while contributing to society as a good corporate citizen. We, at PPL remain cognizant of the immense social, economic and environmental responsibilities that businesses have within the sphere of their operations. In order to pursue a distinct corporate strategy the Company has in place an accountable system that enables us to be compliant with principles of the Global Compact.

As a leading Exploration & Production Company we have taken measurable initiatives in bringing education and health facilities to communities where the Company is operating but are not necessarily limited to that geographical area. In addition to the above, a considerable emphasis has been given to development of infrastructure, provision of civic amenities and setting up of vocational institutes for better livelihood opportunities for the remote communities of the country. PPL has spent approximately Rs. 400 million (US\$ 5m) last year on CSR activities while in the current fiscal year the total spend will be enhanced to Rs. 500 million (US\$ 6.25m).

The efforts that PPL has made as a good corporate citizen have been widely recognized. For the third consecutive year, PPL was recognized as one of the top philanthropic contributors of the country by Pakistan Center for Philanthropy. PPL was awarded Management Association of Pakistan's 25th Corporate Excellence Award in the Fuel and Energy sector in 2008 in recognition of best management and corporate practices. Our efforts were also recognized by the National Forum for Environment & Health which bestowed the "Annual Environmental Excellence Award" for 2008 on the Company. Continuing in the same spirit of excellence the Company has achieved landmark ISO 9001 certifications for all its fields since 2008. On the HSE front two of our installations, namely the Mazarani Gas Field and the Sui Production have been recommended for the OSHAS 18001 & EMS 14001 certifications while it is our endeavour to achieve both the aforementioned HSE certifications for all our fields by the end of 2009.

I am pleased to inform that the level of awareness in our staff of the principles enshrined in the Global Compact has improved as the Company has communicated the same through its website and the Annual Report 2008.

Notwithstanding the above, we believe that the path ahead is challenging yet not unattainable and with this our resolve to make the world a better place to live is strengthened.


KHALID RAHMAN
MANAGING DIRECTOR & CEO

Principle 1



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



Commitment

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





1 Strategic Systems 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 HR benchmarking surveys to assess prevailing and emergent trends. The findings enable the company to align its HR systems with leading companies and consolidate best practices already followed by the company
- ▶ PPL's HR Department plans to conduct an Employee Satisfaction/Organizational Survey. Based on ensuing results, the department will initiate key changes during 2009
- ▶ As a contender for the 2008 Award, PPL participated in MAP's assessment process to evaluate and confirm its adherence to best practices
- ▶ 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 Removal from Service (Special Powers) Ordinance 2000 or Standing (Orders) Ordinance 1968 for official reprimand of staff

Benefits

Performance

The company strives to provide its staff with competitive remuneration as well as an enabling 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
- ▶ The company follows the Employees Old-Age Benefits Act 1976, contributing 5 percent of minimum basic salary to Employee Old Age Benefit (EOBI) institutions, with employees giving 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 @ 35 percent of annual basic pay to non-management staff
- ▶ Annual Leave Fare Assistance is given to non-management staff in addition to monthly remuneration
- ▶ The company provides staff loans for housing 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 facilities to its 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 yearly to employees in recognition of their outstanding achievements for making tangible and intangible contributions to the company. The company recognizes and rewards individual efforts in the areas of 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
- ▶ The company considers human capital its premium asset and acknowledges longevity of service, ranging from 15 to 40 years, through annual long service awards
- ▶ In appreciation of their services, the company arranges farewells for retiring staff

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 Tournament and has company teams for various sports that participate in various matches with other organizations
- ▶ PPL organizes an annual golf tournament for employees and other enthusiasts. The 4th tournament in this series was held in January 2009
- ▶ 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 monthly newsletter *Progress*, now in its 53rd 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 healthy. 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 and tennis courts and a swimming pool for staff use. Besides, the company has proper indoor games/ recreation facilities at all field locations
- ▶ PPL organizes musical and other cultural programmes for its employees
- ▶ Company management and staff celebrate religious and cultural festivals and 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 HSE departments to ensure hazard-free working conditions and has taken 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 according to the nature of their job



- ▶ Safety and fire drills are conducted as per HSE requirements
- ▶ 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

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, personal protective equipment 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 to promote importance of PPE

Basic Health Facilities

Performance

PPL extends a comprehensive health plan and medical policy to employees and their families.

The company has highly qualified doctors for providing medical consultation and treatment in the head office and field locations.

- ▶ The company provides medical assistance to all employees and pensioners as per medical policy
- ▶ PPL maintains a city clinic 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 locations i.e., Kandhkot, Adhi and Mazarani 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



5 Corporate Social responsibility

PPL stands committed to community development in the education, health, infrastructure and social welfare sectors and has allocated 1.5 percent of its pre-tax profit for CSR activities. The company has spent Rs. 243 million on social welfare from March 2008 to March 2009.

ACTIONS

Education

Performance

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

- ▶ The company provides quality education to local children at Sui Model School since 1957
- ▶ PPL offers eight scholarships to children of permanent workers, with two scholarships for post-intermediate and professional and six scholarships for post-matric education
- ▶ PPL's management has sanctioned Rs. 78 million for establishing The Citizen Foundation School at Kandhkot
- ▶ PPL has donated Rs. 3.6 million for the construction of a public library & computer centre at Dawood Model School, Kalat
- ▶ PPL has also donated Rs. 3.7 million for renovation and refurbishment of the Government Girls High School in Barkhan
- ▶ To facilitate students of Federal Government Public High School at Sui, the company has not only provided the premises but also donated furniture, water coolers and vehicles for students
- ▶ PPL has provided financial assistance to the tune of Rs. 8.5 million to the Chemical Engineering Department, University of Karachi for the upgradation of its laboratory facilities
- ▶ To promote professional education and research, PPL signed an agreement for the establishment of a Geophysics Chair at Bahria University, Karachi, with financial assistance of Rs. 37.9 million

Similarly, PPL established a Chair at Mehran University, Jamshoro

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

Balochistan Public School, Sui	Rs. 8 million
Higher Secondary Scholarships to female students of District Dera Bugti	Rs. 6 million
Tameer-e-Millat Foundation for PPL-TM Primary School Nushki	Rs. 4 million
Construction of Bhao Dur Mohammed Trust Public Library at Kambar Town near Mazarani Gas Field	Rs. 2 million
Friends of Literacy and Mass Education, Karachi	Rs. 1 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 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.

- ▶ PPL has won the Pakistan Corporate Philanthropy Award instituted by the Pakistan Centre for Philanthropy for four consecutive years
- ▶ PPL had sponsored the construction of 4 hostel blocks of the SOS Village in Quetta and donated Rs. 15 million in 2008. This company has committed to providing additional support of Rs. 5 million this year
- ▶ PPL has provided support of Rs. 10 million to SOS Village, Jamshoro
- ▶ To support organization delivering social and health services to the needy, PPL has given generous donations to the following:

Pakistan Centre for Philanthropy, Islamabad	Rs. 10 million
The Helpline Society, Lahore	Rs. 8 million
Children's Museum for Peace and Human Rights, Karachi	Rs. 8 million
HUNNAR, Balochistan	Rs. 5 million
Relief Goods for affectees of the recent earthquake in Ziarat District	Rs. 3.6 million
Karwan-e-Hayat, Karachi.	Rs. 3.6 million
Construction of Police Complaint & Quick Emergency Centre at Kandhkot	Rs. 3.5 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.

- ▶ A majority of locals residing near the Sui Gas Field are treated free-of-cost at PPL's Sui Field Hospital that is fully-equipped to handle minor and major surgeries. PPL covers the Sui Field Hospital's entire maintenance and operational cost
- ▶ PPL donates medicines and medical equipment regularly to a number of other medical institutions and organizations
- ▶ Free eye camps are organized in remote areas for locals unable to access medical facilities. Patients are referred to free surgeries, if required
- ▶ The company supports awareness raising campaigns and seminars for polio, malaria and other ailments
- ▶ PPL has established a Rehabilitation centre in Bagh for those maimed during the 2005 earthquake in Northern Pakistan. The company also shares 50 percent of operational costs of the Pakistan Institute of Prosthetic and Orthotic Services Rehabilitation Services Project, Balakot
- ▶ To support viable community health projects and services, PPL has given generous donations to the following:

National Institute of Cardiovascular Diseases, Karachi	Rs. 20 million
Multi-drug resistant Outreach Programme for Karachi Tuberculosis, Indus Hospital	Rs. 5 million
Sindh Institute of Urology and Transplantation, Karachi	Rs. 5 million
Patient Welfare Society, Aga Khan University Hospital, Karachi	Rs. 3 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.

- ▶ PPL has been supporting the infrastructural and operational costs of the Ladies 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
- ▶ The company has been supporting the activities of the Technical Training Centre at Daultala since the 1990s. The centre seeks to enable young men in Daultala, especially those who were not able to complete their formal education, to enhance their skills for better livelihoods. The courses offered at the centre include wood work and carving, welding, tailoring, car painting and plumbing.

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 principals.

- ▶ Recognizing that leadership, empowerment and accountability are essential for corporate success
- ▶ Pursuing the highest standards of ethical behavior 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

Code of Business Ethics

Performance

Ethical commitments and values remain the centerpiece 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
- ▶ 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 2008, 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 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 (CBA) 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 Collective Bargaining Agent (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 three 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.

- ▶ At present, minimum wage is Rs. 6000. All workers (both permanent and contract) in the company 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 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, color, sex, 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 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.





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 all other personnel involved in its operations. Similarly, PPL strives to conserve the natural environment by minimizing its ecological footprint.

- ▶ Environmental management activities are given high priority in overall management of the business
- ▶ The Occupational Health, Safety and Environment committee monitors OHSE activities in PPL at regular intervals and holds quarterly meetings to review results of HSE internal and external audits, carry out key HSE investigation and review progress and performance against HSE objectives

PPL was given the Annual Environment Excellence Award (AEEA) for 2008 by the National Forum for Environment and Health (NFEH) on account of its environment management practices

Enhancing Environmental Awareness

Performance

- ▶ The corporate HSE Policy is clearly stated and displayed at prominent locations across PPL offices and fields and can be accessed through the company website: www.ppl.com.pk
- ▶ HSE awareness sessions on Hazard Identification and Risk Management are conducted regularly to apprise staff
- ▶ All PPL field locations develop additional HSE Training Plans for field-specific trainings for management and non-management staff
- ▶ 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

Environmental Impact Assessments

Performance

- ▶ A comprehensive HSE Management System is in place and implemented to identify, assess and control adverse HSE impacts associated at PPL fields and offices and implementation of ISO / OHSAS standards in progress
- ▶ 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

- ▶ Employees participate in the annual review of the HSE Management System, Incident Investigation, Hazard Identification, Risk Assessment and Environmental Impact Assessment to get their feedback and suggestion for necessary improvements
- ▶ Monthly environmental monitoring is carried out through an external laboratory for compliance with local regulatory requirements. Environmental reports are communicated to concerned Environmental Protection agencies through the SMART reporting system with copies to all concerned within the organization for information and necessary action, if needed

Mitigating Workplace Risks

Performance

- ▶ The following measures have been taken to mitigate or avoid the occupational health workplace risks:
 - Use of water-based instead of oil-based mud in drilling operations
 - Self Proving Ground Continuity device on condensate loading gantry to safeguard static electricity hazard during bowser filling operation
 - Robotic arm installation at condensate loading gantry for safe dispensing of condensate into bowser
 - Foam Top Pourer System commissioned on hydrocarbon storage tanks
 - Use of mutually degradable explosives in exploration activities

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

Introduction and Improvement of Environmental Management Systems

Performance

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

- ▶ Mazarani Gas Field and Sui Production have been certified for ISO 14001 Environmental Management Systems and OHSAS 18001 Occupational Health and Safety certification. Certification of remaining facilities is in progress
- ▶ The company actively participates with government and other responsible institutions in meeting applicable national and international HSE regulations
- ▶ To ensure continual improvement in OHSE, the company has developed an HSE Management System and undergoes regular HSE internal and external audits to assess performance against HSE standards. These include: Process Safety Risk Management Evaluation, Environmental Monitoring and Reporting of Effluent and Gaseous Emission, together with emissions from mobile equipment, Environmental Impact Assessments and Initial Environmental Examinations for all development projects, including seismic and drilling activities

Evaluation of HSE Performance

Performance

- ▶ PPL's HSE Department is responsible for HSE Audits of locations in line with the Annual HSE Audit Plan to assess implementation of HSE Management System and performance. Further, the Field HSE representatives regularly carry out HSE inspections in accordance with the guidelines provided in the HSE Management System for 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 Pollution Control

Performance

The company seeks to minimize adverse environmental impact of its operations.

- ▶ The company develops and implements procedures for proper storage, transportation and disposal of waste materials and minimizes toxic emissions to ensure compliance with environment-friendly practices
 - ▶ PPL-operated fields are registered with the Federal Environmental Protection Agency under its Self Monitoring and Reporting Programme for monthly testing through external laboratory and reporting of emission parameters against local National Environmental Quality Standards
- ▶ Corporate HSE Standard Operating Procedures on Waste Management are applicable at all field locations, including waste segregation at source, waste minimization strategy, preference to waste recycling and reuse, safe handling and disposal of hazardous waste as per good environmental practices
 - ▶ Continuous effort is made to minimize the impact of our operations on HSE, including incineration of bio-hazardous waste at PPL fields, plantation of trees at all fields and residential areas, installation of waste water evaporator to reduce contamination of underground water through seepage of effluents carrying salt and oil droplets in the shape of emulsion, promotion of a paperless environment within the company

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 in order to obtain business for the company nor 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 25th Corporate Excellence Award in the Fuel and Energy Sector in 2008. This award was conferred by the Management Association of Pakistan (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
- ▶ PPL's Annual Report-2007 was chosen for the Best Corporate Report Award in the fuel and energy sector in 2008 for sound and transparent corporate reporting to stakeholders
- ▶ All financial reports are properly audited by external auditors
- ▶ Quarterly briefing of financial statements is given to management
- ▶ Meeting of PPL's Board of Directors are 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
- ▶ PPL won the Large Taxpayers Unit Excellence Award for the second time in 2008. The conferring of this prestigious award highlights our company's progress-oriented vision, ethical business practices and value-adding measures which have in turn elevated market and shareholder confidence



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