



UN Global Compact Communication on Progress 2015



Over 100 aspiring professionals, mostly from disadvantaged communities, are currently benefitting from the Extended Internship Programme, a pioneering industry-academia partnership initiative by Pakistan Petroleum Limited and NED University of Engineering and Technology, Karachi



Pakistan Petroleum Limited



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***United Nations Global Compact
Communication on Progress 2015***

Message from Managing Director & Chief Executive Officer

On behalf of Pakistan Petroleum Limited (PPL), I am pleased to reiterate our commitment and share progress on the 10 principles of the United Nations Global Compact (UNGC) as part of our bid to further improve adherence to good governance, human resource development and best practices.

Acknowledged as the largest corporate giver in volume terms for nine consecutive years by Pakistan Centre for Philanthropy, PPL continued to enlarge the scope and outreach of its Corporate Social Responsibility programme with new initiatives in community healthcare, education, livelihood generation, infrastructural development and post-disaster relief and rehabilitation.

To build on the success of the tripartite academia-industry Memorandum of Understanding signed last year between PPL, NED University of Engineering and Technology, Karachi and Norwegian University of Science and Technology, the company initiated the Extended Internship Programme in partnership with NED, drawing over 100 applicants from across the country, with special consideration for underprivileged communities. The programme, comprising alternate quarterly cycles of academic work and hands-on experience over a one-year period, is slated to not only foster industry-academia linkages but also build capacity of young professionals to serve the local oil and gas industry.

On the Quality, Health, Safety and Environment front, the company achieved zero Loss Time Injury Frequency during 2014 and successfully completed a pilot project for wastewater treatment, using constructed wetland technology – a first in the country – to curtail the ecological footprint of its operations.

I trust the Communication on Progress 2015 that follows this message will validate these and other efforts by PPL as a UNGC signatory.

**SYED WAMIQ BOKHARI
MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER**

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.

- ▶ The company participates in various countrywide Human Resource (HR) benchmarking surveys to assess prevailing and emergent trends. The findings enable PPL to align its HR system with leading companies and consolidate best practices already followed by the company.

Capacity Building

Performance

The company regularly organizes training workshops on technical and soft skills to fill-in the capacity gaps and equip employees with current business trends. Besides, informal learning through staff rotation is also streamlined.

- ▶ Based on identified needs, by employees and supervisors, annual staff capacity building plans are devised and implemented through in-house training programmes.
- ▶ The company sends its head office staff on regular field visits to seek their opinion and suggestions for work-related improvements. Posting of staff between fields and head office, on a rolling-basis, has been streamlined during the last few years. Also, regular lateral staff rotation within head office has assisted employees in diversifying their learning and helping the company to benefit from their experiences.
- ▶ PPL initiated Extended Internship Programme (EIP) in collaboration with NED University of Engineering and Technology, Karachi (NED) for capacity building of young professionals from a cross section of society with special consideration for marginalized communities, including those living around PPL-and partner-operated assets. Over 100 enrolled internees attended the first cycle of professional academic sessions at NED. Currently, they are posted at the head office and fields to get hands-on-experience while working.
- ▶ PPL has a dedicated Exploration Library that subscribes to leading industry journals to keep staff updated with the latest trends and use of technology in the Exploration and Production sector.
- ▶ The company has established Data Management Centre to facilitate technical staff for easy access to information.
- ▶ 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 59th year of publication regularly reports on company activities and industry related news. The Urdu version of *Progress* was initiated in January 2011 to increase reach and update staff and stakeholders who were otherwise not able to get first-hand information due to language barrier.

- ▶ PPL was adjudged 'Employer of the Year Award 2013' in the Human Resource Development category as a large public limited company by Employers' Federation of Pakistan (EFP). The achievement demonstrates the company's commitment for providing a conducive work environment for staff while maintaining the highest professional standards.

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.
- ▶ The company organizes town hall meetings for staff to share concern and issues in an open communication with the management.



Benefits

Performance

PPL 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 five percent of its net profit to the Workers Participation Fund.
- ▶ PPL follows the Employees Old Age Benefits (EOB) Act 1976, contributing five 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.
- ▶ The company offers 13 annual scholarships to children of permanent non-management staff, with four scholarships for post-intermediate and professional and 9 for post-matriculation education.
- ▶ Free bachelor accommodation along with necessary utilities is given to field-stationed staff.
- ▶ Gratis Hajj and Umrah facilities are provided to workers.
- ▶ PPL provides pick-and-drop transport facility to women staff.
- ▶ The company provides a nutritious and balanced lunch facility for management staff and women employees 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, including 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 Annual Inter-location Cricket Tournaments. Besides, the company has teams for various sports such as cricket and table tennis that participate in contests/ matches with other organizations.
- ▶ The company maintains a fully-equipped health and fitness facility to keep its employees mentally and physically fit. Head Office Sports Club remains available for staff recreation during lunch break and after working hours. The club at Sui Gas Field (SGF) 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. PPL also organizes indoor games competition among head office and field employees.
- ▶ PPL organizes musical and other cultural programmes for 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 Quality, Health, Safety and Environment 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 regularly sent 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 Health, Safety and Environment (HSE) requirements at head office and all field locations.
- ▶ HSE awareness and training sessions on firefighting, incident investigation and reporting and permit-to-work system are regularly held. Besides, safety talk, highlighting measures for common and emerging issues, is regularly shared with staff through local portal.
- ▶ Security passes are compulsory for PPL employees at the head office and field locations.
- ▶ 'Hazard Identification, Risk Assessment and Management' processes are shared with staff, particularly on fields, for compliance. Field-based 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 implemented at PPL fields and drilling sites. As a quick and accurate estimation of personnel's location at various field sites, the T-Card boards

are in use at Kandhkot, Mazarani, Adhi and Hala fields as well as regional office in Islamabad.

- ▶ To ensure safe operations at plants together with proactively avoiding incidental environmental releases, 'Process Safety Management' project based on OSHA (Occupational Safety and Health Administration) 3132 principles has been initiated. A regular system is expected to be built up during mid-2015.
- ▶ Dry riser system has been commissioned at the head office in line with National Fire Protection Association to safely combat major fire incidents at the premises.

Employee Travel Safety

Performance

PPL regularly arranges training programmes on defensive and evasive driving and road sense and safety 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.
- ▶ All company vehicles are regularly inspected for fitness/ tuning/ service at designated workshops/ garages.
- ▶ Wearing seat belts is mandatory for company transport drivers and employees using company vehicles. A policy is in place to bind staff to wear seat belts.
- ▶ All PPL employees are insured while travelling locally, domestically or internationally.
- ▶ Use of mobile phones is prohibited while driving company vehicles.
- ▶ First aid boxes and fire extinguishers are placed in all company vehicles.



4 Health

ACTIONS

Healthy Environment for Employees

Performance

PPL supports a safe and healthy workplace by enhancing staff health and well-being.

- ▶ Periodic check-ups at all field locations are carried out for fire extinguishers, fire alarms and sprinklers.
- ▶ Assessment of Occupational Health, Safety and Environment (OHSE) performance against identified Key Performance Indicators, including Loss Time Injury Frequency (LTIF) for the year, PPE compliance by employees 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, the company achieved remarkable milestone of zero LTIF in 2014.
- ▶ The company has developed an Occupational Health Surveillance Programme (OHSP) to ensure healthy environment for employees by keeping a check on work-related illness/ diseases. OHSP was reviewed to bring it par with International Association of Oil & Gas Producers' Guidelines on Health Management and would soon be implemented. Meanwhile, midterm strategic plan is in place for conducting gap analysis across the fields against the revised procedure.

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, providing services in two shifts, to ensure easy access for employees and their families. Besides, PPL has a full-fledged hospital located within SGF. At other company fields and locations, Kandhkot, Adhi, Mazarani, Hala and Gambat South, 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 check-ups.
- ▶ Health awareness sessions are regularly conducted by company doctors and guest consultants for informing and updating staff on preventive measures and treatment of common diseases and outbreaks.
- ▶ 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 through provision of education, healthcare, infrastructure, livelihood generation and post-disaster rehabilitation support and has allocated minimum 1.5 percent of its pre-tax profit for CSR activities.

The company spent around Rs. 1,226 million for CSR initiatives during July 2013 to June 2014 and about Rs. 415 million during July 2014 to March 2015, which is over and above its minimum commitment.

ACTIONS

Education

Performance

As its key CSR priority, PPL promotes educational facilities for rural communities, especially around the company's operational areas, to improve their quality of life.

- ▶ The company has been providing quality education to children of employees and local communities at Sui Model School (SMS) since 1957. SMS was upgraded to girls' college in 2009. Currently, the college offers education to 50 girls and the school caters to nearly 2900 students both boys and girls.
- ▶ The company constructed and later operationalized Computer Training Centre and Library (CTCL) at Sui in 2010 for general public and engaged Kalsoft, an Information Technology company, to operate the centre. So far, 730 locals have been trained through three-month basic computer courses, offered initially, and, later replaced with, six-month Certificate in Information Technology. Besides, over 650 residents are registered as regular library visitors.
- ▶ The company provides free-of-cost transport facility to students of Taaleem Foundation Grammar School (TFGS) and Federal Government Public School (FGPS), Sui. Besides, PPL has extended infrastructure and in-kind support to both schools since inception.
- ▶ PPL regularly provides the following scholarships for local students residing around its operational fields to enable them to acquire quality education at renowned institutions:
 - Higher Professional Education Scholarship (HPES) scheme was initiated in 2005 to support both boys and girls in District Dera Bugti to pursue education at leading universities/colleges across the country. The scheme was extended to include students living around PPL-operated remaining producing assets during 2009. To date, HPES has benefited more than 115 students in Dera Bugti, among these 82 have completed studies, and about 52 in the remaining areas, of

which 18 have completed their degree programmes.

- Four-year scholarship programme offers 30 annual scholarships for grade IX to XII students from Balochistan to study at reputed educational institutions across the country. Starting 2011-2012, 100 students have so far benefitted from the scheme.
- The company regularly supports Balochistan Public School (BPS), Sui which provides quality secondary education to local boys from grade VII to XII through a residential facility. Earlier, PPL contributed nearly Rs. 20 million for renovation of school building and construction of hostel and messing facility. In 2009, PPL's Board of Directors approved 12 annual scholarships for six years for deserving local students to study at BPS. The last tranche of scholarship was provided during 2014-2015, bringing the total number of beneficiaries to 72.
- PPL signed a MoU with Lahore University of Management Sciences (LUMS) to create an endowment fund for its National Outreach Programme to finance two deserving students from PPL's operational areas each year for a period of four years. Two students from Balochistan have so far been inducted at LUMS. The scholarship covers admission and tuition fee, accommodation and messing facility with an annual cost of Rs. 1.85 million per scholar.
- A scholarship scheme under the National Talent Hunt Programme of Institute of Business Administration (IBA), Karachi was initiated in 2012 for students of Balochistan and Khyber Pukhtunkhwa who qualify the entry test and secure admission at IBA. So far, 6 students have benefitted from the scheme.



- ▶ The company covers operational expenses of its two adopted schools in District Kambar Shahdadkot.
- ▶ In 2011, PPL constructed and operationalized three primary schools in Kandhkot near its operational field in partnership with The Citizen's Foundation (TCF). The company created an endowment fund of about Rs. 83 million for establishment and operationalization of these schools over a period of 10 years. To date, nearly 600 students, both girls and boys, are enrolled at these schools. The company also established PPL-TCF Tando Mohammad Khan campus on the same lines in March 2014 which currently enrolls 130 students from kindergarten to grade III. PPL provided Rs. 12 million for construction and furnishing and Rs. 4.5 million for operational expenses for three years.

- ▶ The company provided Rs. 6 million to Institute for Special Children (ISC) Quetta to purchase 100 Frequency Modular (FM) systems. The FM system improves hearing for auditory challenged individuals and facilitates learning. Earlier, PPL had donated 100 FM systems, furniture, computers and bus to ISC.

To further its efforts in promoting education, especially in remote areas, PPL has made contribution/ donations and provided support to the following institutions, including:

Institutions/ Initiatives	Spending during April 2014- March 2015 (Rs. in millions)
Babaza Foundation Trust for purpose-built school in Korangi, Karachi	6
Government Girls High School, Miana Mohra, Adhi for Science Lab	9
Government Degree College Kharan for library and Information Technology room	5
Academic Blocks	
Government Boys Elementary School, Somen, District Barkhan	3.5
Government Boys Primary School Dhok Kayal, District Rawalpindi, Punjab	3
Government Boys High School, Karak, District Khuzdar	2
Government Elementary School, Mashkhel, District Washuk	1.4
Government Elementary School, Palantak, District Washuk	1.4
Government Girls High School, Azizabad, District Kharan	4.5
Government Girls Primary School, Babu Muhallah, District Kharan	1.6
Government Girls Primary School, Sanjer Khan Junejo, District Sanghar	8
Centre for Development and Social Services for academy's endowment fund	0.200
NED University for annual project conference & dinner	0.125
Department of Geology, University of Karachi for a study visit	0.035
NED University for DICE Energy 2014	0.060
The Lyceum School for inter-school business competition	0.250
Shaheen Karachi Grammar School as annual donation	0.025
NED University, Petroleum Engineering Department to cover travel expenses for students' participation in a conference at Muscat	0.108
Tabani School of Accountancy for Gold Medal 2014	0.090
SZABIST for Gold Medal sponsorship	0.040
Designing of Roshan Tara High School building	0.350
IBA for Alumni Homecoming Dinner 2015	0.300
Mehran University of Engineering and Technology for National Petro contest	0.050
Society of Economic Geologists & Mineral Technologists for publishing International Journal of Economic and Environment Geology	0.200



Healthcare Initiatives

Performance

The company has provided extensive medical facilities in some of the remotest regions of Pakistan through building and assisting hospitals, rural health/ mother and childcare centres, mobile dispensaries and medical camps.

- ▶ PPL runs a fully equipped Sui Field Hospital (SFH) at SGF since the early 1960s. The hospital provides free-of-cost medical facilities to a large number of local patients in addition to PPL field staff. SFH is equipped with latest medical facilities and a 24-hour emergency ward to cater to trauma and accident patients.
- ▶ Fully-equipped mobile medical dispensary (MMD) regularly visits more than 15 villages/ locations around SGF, Kandhkot and Mazarani fields on a weekly/ bimonthly basis to provide free healthcare facility to locals residing in the area. Approximately 100 to 150 patients are reached on a daily basis through each MMD. The dispensary refers cases for further investigation and treatment to relevant hospitals.
- ▶ To cater to a large number of unreached local patients, PPL constructed, furnished and equipped a 50-bed PPL Public Welfare Hospital (PPL PWH) in Sui Town with an investment of over Rs. 350 million on land provided by Government of Balochistan, who also runs the facility. The hospital has necessary facilities, including gynaecology and obstetrics, emergency and operation theatres. The out-patient faculty of PPL PWH commenced in December 2013 and caters to over 300 patients on a daily basis.
- ▶ PPL provides free medicines to Rural Health Centre, Sui on a monthly basis.
- ▶ The company holds bi-annual free-of-cost surgical eye camps around its operational fields for treatment of ophthalmic diseases in partnership with Al-Shifa Trust Eye Hospital (ASTEH).
- ▶ PPL adopted Marie Adelaide Leprosy Centre's Triple Merger Centres at Turbat and Panjgur in Balochistan and Kandhkot in Sindh in 2005. Since then, the company has been supporting operations for these centres with an annual cost of Rs. 3 million. The centres extend free-of cost diagnosis and treatment for leprosy, blindness and tuberculosis to local communities.
- ▶ To strengthen research for prevention and early diagnosis of Thalassemia, PPL is supporting the District Government Badin, Sindh to develop Thalassemia Diagnostic, Prevention

and Research Centre at Thalassemia Care Centre with an investment of Rs. 13 million for construction, equipment and development. The construction is nearing completion.

- ▶ The company is supporting Jinnah Postgraduate Medical Centre for treatment of 50 cancer patients annually, belonging to its producing assets in Balochistan and Sindh, through CyberKnife Robotic Radiosurgery technology, up to a period of three years, starting 2013-2014. Rs. 5 million was provided during 2014-2015 as the second tranche of donation.
- ▶ PPL has committed to support treatment of 50 patients annually, for a period of three years, starting 2012-2013, at Model Addiction Treatment and Rehabilitation Centre of Anti Narcotic Force. The third tranche of Rs. 2 million was provided during 2014-2015.
- ▶ Surgical and other related equipment and fixtures were provided to Tehsil Headquarter Hospital, Karor, District Layyah at a cost of Rs 6.5 million.
- ▶ The company constructed a surgical ward for women at District Headquarters Hospital, Khuzdar at a cost of about 5 million and a dispensary at Chutto Khan Waggan, at District Naushahro Feroz with an input of nearly Rs. 3.5 million.

To support viable community healthcare projects and services, PPL has provided donations/ sponsorships to various institutions/ initiatives, including the following:

Institutions/ Initiatives	Spending during April 2014- March 2015 (Rs. in millions)
Make-A-Wish Foundation for fundraising dinner 2014	0.010
Dar-ul-Sukun for conference on Disability Sensitization	0.050
Farmers Development Organization for purchase of tri-cycles for disabled persons	0.300
Karawan-e-Hayat, Karachi for annual fundraising event	0.200
ASTEH for purchase of portable phacoemulsification machines	7.50
Sheikh Zayed Hospital for liver transplant facility	4
Basic Health Unit, Budhapur, District Jamshoro for an ambulance	0.200



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 set-up a Women Welfare Centre (WWC) in Sui since 2006 in FGPS's premises to provide skill learning opportunities for local women. So far, over 400 women have benefitted from the centre, which is currently run by Pakistan Army. Later, PPL constructed and furnished a purpose-built facility for WWC at a cost of over Rs. 32 million within the TFGS premises and provided equipment and material. The new facility will be run by Taaleem Foundation, a renowned civil society organization working in Balochistan.
- ▶ PPL is extending infrastructure and maintenance support for Technical Training Centre, Sui since the 1990s. Starting 2009, the company also provides annual scholarships to top 15 graduating students to pursue diploma level studies in recognized polytechnics across the country. To date, 46 students have benefitted from the scheme.
- ▶ The company established Women Vocational Training Centre (WVTC) in Mastala near its Adhi Field in 2011 to facilitate local women in increasing their income potential. The centre is run by Behbud Association of Pakistan, a non-governmental organization. PPL constructed and furnished the facility and provides resource material and operational expenses at a cost of Rs. 7 million. WVTC trains women in embroidery, tailoring and basic literacy skills. To date, over 400 women from surrounding communities have benefitted.
- ▶ Women Vocational and Skills Development Center, Kotri, District Jamshoro is being constructed by PPL at a cost of Rs. 9 million to enable local women from Kotri town to increase their livelihood generation options.

Institutions/ Initiatives	Spending during April 2014- March 2015 (Rs. in millions)
EFP for organizing Employer of the Year Award 2013	0.050
Pakistan Society of Training and Development (PSTD) for Annual Learning Conference 2014	0.100
Pakistan Association of Petroleum Geoscientists for Annual Technical Conference 2014	1.250

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. The company has focused on developing infrastructure and civic amenities not only for its own use but also for local communities.

- ▶ PPL has initiated construction and renovation of 8.5 km long road from Indus Highway to Punhal Khan Golo village, District Kashmore, expected to be completed by mid-2015, at a cost of Rs. 60 million.
- ▶ Two water supply schemes are being built in District Jamshoro surrounding company-operated Kotri North Block for Budhapur and Manjhand towns at a cost of Rs. 6 million.
- ▶ Five water supply schemes have been initiated in remote villages of District Washuk, Balochistan at a cost of over Rs. 6 million.
- ▶ To address power outages affecting public water supply scheme at District Jherai, District Lasbela, Balochistan, PPL installed a 15 kilowatts solar energy system at a cost of Rs. 3 million to ensure uninterrupted water supply to local residents.
- ▶ PPL provides free-of-cost gas and water supplies to over 40000 residents of Sui town and villages around SGF. An average of 4 to 5 MMscfd free gas and more than two million gallons of drinking water is pumped daily to Sui town at an annual cost of about Rs. 500 million and Rs. 200 million, respectively.
- ▶ PPL in partnership with GoB has undertaken a new water supply system for Sui town to address line losses and pilferages on the existing PPL water supply line. With a contribution of Rs. 135 million, the company has

constructed trunk lines, overhead and storage tanks and pump houses and provided pumping machinery with independent electrification system.

- ▶ To provide free-of-cost potable water to over 3000 resident of Ghaibi Dero (GD) town and its surrounding villages near Mazarani Gas Field, PPL runs a water supply scheme using a bowzer facility since 2010 at an annual cost of about Rs. 4 million. Potable water is brought from a safe source and stored in two storage tanks at GD from where it is collected by communities.

Post-disaster Relief

Performance

In times of national emergencies, PPL has always provided support to victims of disaster-hit areas through substantial donations in cash and kind. Moreover, the company also invests in long-term rehabilitation of affected communities.

- ▶ 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 services for physical and psychological management of the disability besides provision of limbs to affectees. PPL has created an endowment fund worth Rs. 24 million since 2010 to support the centre's operational cost.
- ▶ During 2010 floods, PPL not only provided relief to affectees but also allocated Rs. 50 million for rehabilitation of affected

communities on a long term basis. The rehabilitation programme is being implemented at three union councils in District Kashmore near PPL's producing field in partnership with a local civil society organization, focusing on infrastructure development/ repair of educational, healthcare, agricultural and water supply facilities together with training of locals. So far, over 30 schemes have been completed in 25 villages at a cost of nearly Rs. 15 million.

- ▶ The company's Board of Directors approved Rs. 40 million for donation to the Prime Minister's Relief Fund for Internally Displaced Persons (IDPs) of North Waziristan Agency as a result of Zarb-i-Azb operation by the Pakistan Army.
- ▶ A special mobile medical service was run by PPL during September 2014 to provide free-of-cost consultation and treatment to approximately 1800 patients from flood affected areas and IDPs at District Kashmore.



Social Welfare

Performance

The company has a diverse, need-based social welfare policy. With a minimum pre-tax profit of 1.5 percent, PPL's CSR initiatives go well beyond obligatory requirements to support the disadvantage communities. To ensure optimum on-ground implementation and impact, PPL works through government, local civil society organizations and local communities.

- ▶ The company won the Pakistan Corporate Philanthropy Award instituted by the Pakistan Centre for Philanthropy for nine consecutive years from 2004 to 2012.
- ▶ To support organizations providing welfare services, enabling neglected societal segments to prosper and promoting environmental and cultural values, PPL has given generous donations to the following:

Institutions/ Initiatives	Spending during April 2014- March 2015 (Rs. in millions)
World Wide Fund for Nature (WWF), Pakistan for Earth Hour (EH) 2015	0.150
WWF Pakistan for tree plantation campaign	0.100
TCF for Golf Tournament 2014	0.125
National Academy of Performing Arts for fundraising dinner and performance	0.150
Distinguished Secretaries Society of Pakistan for 22 nd Association of Secretaries and Administrative Professionals' Congress	0.030
Islamabad Cricket Club of the Blind for 2 nd Prime Minister National T20 Tournament	0.100
Karachi Boat Club for Inter-school Regatta	0.125
Petroleum Institute of Pakistan for exhibition at 21 st World Petroleum Congress	0.200
New World Concepts for Women Leaders Conference	0.200
PSTD for Women Business and Leadership Conference 2015	0.150
The Institute of Chartered Accountants of Pakistan for CFO Conferences 2015	0.350
District Football Association Kashmore for All Pakistan Football Tournament 2014	0.300
Project Management Institute Karachi, Pakistan Chapter for a seminar	0.010
Karachi Cricket Association of the Deaf for cricket festival	0.025
Khurram Printing Press for printing of Javed Saba's book on poetry	0.040
EFP for organizing 9 th OSHE Awards	0.100
Ali Hasan Mangi Memorial Trust as donation	0.300
Tarz Group for a musical event	0.200
PSTD for 2 nd National HSE and Sustainable Development Summit	0.100
Sindh Rural Support Organization for Sartyoon Sang Craft Festival	0.100
National Forum for Environment & Health for 7 th International CSR Summit	0.150
Karwan-e-Hayat for a fund raising play	0.200
Inner Wheel Club, Karachi Metropolitan for fund raising event	0.030
All Pakistan Music Conference for Annual Musical Festival 2015	0.150
St. Patrick's College for fund raising event	0.150
Pakistan Foundation for Fighting Blindness for fund raising event	0.100

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, the company expects its employees to adhere to the following core values:

- ▶ Promote leadership, empowerment and accountability
- ▶ Pursue highest standards of integrity
- ▶ Value people as the most important resource
- ▶ Promote innovation and value creation
- ▶ Ensure excellence in all spheres of performance
- ▶ Advocate teamwork aligned with business objectives
- ▶ Conserve environment by minimizing carbon footprint

Code of Conduct

Performance

Ethical commitments and values remain the centre piece of PPL's Code of Conduct, compliance to which is mandatory for all employees.

- ▶ The Code of Conduct for directors and employees were revisited by the Board of Directors in line with the changes in the Code of Corporate Governance of Securities and Exchange Commission of Pakistan. The revised Code of Conduct, which was disseminated across PPL for compliance, further stresses on professionalism from directors and employees.
- ▶ All incoming employees and trainees sign and submit an undertaking to ensure clear understanding and acceptance and uphold the company's Code of Conduct.
- ▶ 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 women staff, was constituted to address staff grievances.
 - Awareness sessions for staff were 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 Conduct are viewed seriously and have often resulted in disciplinary actions 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 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 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 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 without any discrimination on the basis of race, gender, religion, language, social origin, birth or other status.





1 Recruitment

ACTION

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 opportunities for women employees.
- ▶ To further emphasize equitable participation of working women and address their issues at workplace, the company celebrates International Women's Day and Working Women's Day. Dedicated sessions are organized for women employees to increase awareness about their role and responsibilities and address their issues.

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 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 Environmental Quality Standards (NEQS).



1 Environmental Management

ACTIONS

Health, Safety and Environment

Performance

- ▶ PPL's HSE Policy recognizes management's commitment to the health and safety of its employees, contractors and visitors and ensuring environmental conservation in company operations. The policy was revised in 2014 as QHSE policy to ensure quality in operations with further emphasis on 'embedding green practices, proactive risk management, complying with relevant laws and maintaining communication with stakeholders to promote sustainability. The policy is displayed prominently at all locations and can be accessed through the company's website: <http://www.ppl.com.pk/content/policies>
- ▶ Environmental management has been given a top priority in running business operations. PPL has a well-defined HSE Management System developed in line with internationally recognized ISO 14001 Environmental Management System (EMS) and Occupational Health and Safety Assessment Series (OHSAS) 18001. The system provides continuous assessment and monitoring against standard parameters to ensure the highest level of safety and minimal damage to surrounding natural environment.
- ▶ PPL is an active member of Pakistan Petroleum Exploration and Production Companies Association and participates in its HSE committee meetings. These meetings provide a forum to discuss latest industry practices, use of technology and benchmarking in HSE management system.

Environmental Studies

Performance

- ▶ Initial Environment Examination (IEE) and Environment Impact Assessment (EIA) studies are consistently undertaken for all development initiatives, including drilling, seismic operations and projects, in compliance with Pakistan Environmental Protection Act, 1997. IEE/ EIA aim to identify potential environmental impacts at development sites and advise mitigation measures accordingly. The studies are submitted to relevant provincial Environmental Protection Agencies (EPA) for approval. Once approved, IEE/ EIA provide a benchmark for regular internal and external monitoring against suggested mitigation measures.
- ▶ Independent Environmental Monitoring is carried out for seismic and drilling operations in environmentally sensitive areas through reputed specialized consultants to ensure compliance with recommended methodologies, legal requirements and company's HSE standards to address

environmental issues while meeting stakeholders' expectations.

- ▶ All PPL-operated fields are registered with Federal EPA under Self Monitoring and Reporting Programme for monthly testing through external laboratory and reporting against emission parameters prescribed by NEQS.

Environmental Aspect Impact Analysis

Performance

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

Precautionary Measures

Performance

- ▶ Noise monitoring and abatement is ensured for safe working environment in high noise areas. For this, enclosures, sound barriers and PPE are provided, as appropriate.
- ▶ To control accidental leakage, adequate control arrangements such as barriers 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 ensures proactive acceptance of its responsibility and accountability for environmental imperatives.

The company recognizes that operational excellence cannot be achieved without embedding HSE considerations in business decision making processes. PPL remains committed to raising environmental awareness among staff, suppliers and dealers for encouraging eco-friendly practices.



1 Awareness Raising

ACTION

Enhancing Environmental Awareness

Performance

- ▶ Awareness raising sessions and training, focusing on environment and sustainability, are regularly held to apprise staff on emerging issues. HSE safety talk, alerts and bulletin boards are effectively utilized to promote conservation. Besides, HSE weeks and international days such as World Environment Day are regularly celebrated through special sessions and activities to foster conservation efforts, green practices and safe working culture.
- ▶ 'Sustainable Energy Management' was introduced in 2011 to promote energy conservation at all fields. Initially, baseline data for consumption pattern at each field was collected. Since then, significant improvement has been achieved against each year's bench mark in conserving electricity, gas, fuel and water as well as waste generation.
- ▶ PPL offices and fields have been declared 'No Smoking Zone' and separate smoking areas are designated for smokers. The non-smoking policy is displayed in all departments and locations.
- ▶ PPL is a corporate member of the Pakistan Chapter of World Business Council for Sustainable Development. The company works with partners to encourage local organizations to adopt business practices based on sustainable development principles.
- ▶ PPL is a corporate member of leading environmental organizations, including WWF, and participates in relevant events and campaigns. The company observes as well as sponsors EH since its inception in Pakistan in 2010. PPL is an associate of Karachi Water Partnership and supports similar initiatives led by key civil society organizations, including Hissar Foundation.
- ▶ The company is currently sponsoring an afforestation drive over 400-acre forest area in District Kashmore with 300000 sapling to be planted during two years, starting 2014.

2 Environmental Responsibility

ACTIONS

Eco-friendly practices

Performance

PPL is adopting eco-friendly practices to minimize damage to natural resources through its operations in line with its commitment towards sustainability. The following green practices are adopted by PPL:

- ▶ Light-Emitting Diode (LED) technology is used in several existing projects and promoted for all new projects and expansion activities. LEDs has many advantages over traditional incandescent light sources, including lower energy consumption, longer lifetime, improved physical robustness, smaller size and faster switching.
- ▶ Tree cutting is avoided during seismic activities and site restoration is simultaneously carried out for even minor removal of flora/ vegetation through green teams.
- ▶ Tree plantation campaigns are undertaken at company-operated fields and exploration assets to off-set emissions and improve ambience.
- ▶ Water-based mud, which is known for compatibility with natural soil, is preferred over oil-based mud that requires special treatment for disposal for all drilling operations.
- ▶ Biodegradable explosives are used during seismic surveys.
- ▶ Electronic communication together with duplex printing is promoted to reduce paper usage.





Evaluation of HSE Performance

Performance

- ▶ The HSE Executive committees at field and head office, comprising senior management and field staff, regularly evaluates activities at various company locations, provides feedback and monitors compliance.
- ▶ Internal audits of departments/ fields are carried out in line with annual audit plans to assess implementation of HSE Management System and performance. Inspections, spot checks and suggestion forms are used during the process with participation of all staff. In addition, external audits are also carried out to verify compliance to ISO 14001 EMS and OHSAS 18001 certifications.
- ▶ 14 fields and facilities, including Kandhkot, Adhi, Mazarani and Chachar fields, Sui Field Gas Compressor Station, Sui Production, Sui Field Engineering, Sui Stores, Sui Hospital together with Drilling and Well Engineering, Design and Construction, HSE, Exploration and Projects departments have been certified for ISO 14001 EMS and OHSAS 18001. While Sui Purification is also certified for OHSAS18001.
- ▶ PPL received the Occupational Safety, Health and Environment Best Practices Awards 2014 conferred by EFP.

Principle 9



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



COMMITMENT

PPL believes in the use of emerging environment-friendly technologies, especially for new projects, to reduce its carbon footprint.



1 Environment-friendly Technologies

ACTION

Waste management and emission control

Performance

The company seeks to minimize adverse environmental impact of its operations through the use of innovative technology. Besides, PPL is focussing on adopting/ embedding environment-friendly technology in all new project designs.

- ▶ PPL has a well-defined waste disposal and management procedure, which is effectively implemented across the company. This includes minimization, segregation at source, recycling and reuse, safe handling and disposal of hazardous waste as per standard environment-friendly procedures.
- ▶ Effective arrangements such as landfill and incinerators are employed for safe disposal of waste, besides acquiring services of specialized contractors for disposal of hazardous waste and oily sludge recovered from operations. Moreover,

composting of food waste is also carried out.

- ▶ Emissions from all equipment at company facilities are controlled through in-house maintenance programmes and end of pipeline solutions.
- ▶ Process water is contained in ponds lined with pit line for evaporation. Alternatively, wastewater evaporator and forced draft evaporation systems are also utilized for treating effluent water in order to eliminate soil and ground-water contamination.
- ▶ A pilot project for waste water treatment using an unconventional method 'Constructed Wetland Technology' for the first time in Pakistan was successfully run at Mazarani Gas Field. The project was closely monitored for possible implementation on a larger scale.

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 Conduct

Performance

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

- ▶ All employees are required to sign the Code of Conduct at the time of joining.
- ▶ 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 are 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.

2 External Interface

ACTION

Credible Disclosure of Information to Investors and Stakeholders

Performance

- ▶ PPL ensures transparency in business transactions and rejects any business practice, which may deem improper.
- ▶ All financial reports are properly audited by external auditors.
- ▶ 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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