

Approach towards Sustainability



Keeping in view our vision of delivering value and our role as an innovative and dynamic energy company PSO is creating value beyond simple financial profits for its stakeholders.

The last few years of turmoil in the energy sector have moved sustainability to the top of the agenda for most organizations. To us, the increasing demand for energy, rising import costs and spiraling receivables have been a chance to reaffirm and strengthen our long-held commitment to stand by the nation and keep driving the economy of Pakistan.

As Pakistan's economy has grown the energy needs of the country have increased as well resulting in the rise in demand of petroleum products. Since Pakistan's indigenous resources of fuel are not sufficient for meeting this demand; therefore, the only alternative has been to import enormous quantities of crude oil leading to a galloping oil import bill and increasing supply concerns. However, while the mounting receivables caused mainly by non-payments of the power companies have plagued the energy sector, PSO has worked hard to overcome this liquidity crunch through judicious use of its resources, cost-cutting, streamlining processes and best management practices to not only meet but overcome this issue.

At PSO sustainability is at the core of our business model. As we see it, sustainability goes beyond philanthropy, beyond the notion of corporate social responsibility and protecting our reputation. Sustainable development helps govern the way we develop new projects and run our facilities, how we manage our supply chains, and how we share benefits where we operate. It also helps us to make better products for our customers.

We believe the energy challenge can only be met through a broad and diverse mix of fuels and technologies. PSO has been working tirelessly over the years to develop a sustainable energy mix for the country, one that will not only alleviate the monetary burden on consumers but also help develop a long term energy plan for the country.

ALTERNATIVE FUELS

The Company continues to fulfill its duty to the nation by making rapid progress in the field of alternate fuels. These fuels include:

LPG Autogas:

Due to a severe shortage of natural gas and the rising cost of petroleum products, Liquefied Petroleum Gas (LPG) is emerging as an alternate fuel for Pakistan. LPG being cheaper and more readily available than the other alternate fuels in the markets has become a major player in the energy mix of the Country.



While, PSO currently holds a very small market share, it has undertaken efforts to utilize the strength of its far-flung distribution network and establish LPG Autogas Stations through its dealers. PSO believes that such arrangements will benefit the country and the consumers by providing an alternative fuel that provides monetary relief to the consumers and ease the burden on the overall energy mix of the country. The Company shall endeavor to bring its operational excellence and commitment to this business in order to increase its market share as well as develop the market by ensuring uninterrupted LPG supplies through existing sources and imports when necessary.

Bio-Diesel:

Under the directives of the Government of Pakistan (GoP) PSO has begun projects designed to reduce our dependence on imported fuel and develop domestic production of fuel supplies along with boosting job growth. In view of this, the Company has established a pilot project at Pipri Marshalling Yard (PMY), Karachi, where Jathropa plants are being grown. This plant can be grown on barren land and requires little or no water for growth. Bio-Diesel can be extracted from the Jathropa fruits once the plant reaches maturity.

Based on the initial success of the project the Company is pursuing an agreement with the government of Balochistan to develop a model farm for Jatropha cultivation on 5,000 acres at Pir Sawaei Uthal, District Lasbella, Balochistan for 30 years. The Company will procure and deploy the necessary infrastructure for cultivation, oil extraction, transesterification and storage at this location. It is expected that this site will be able to display the complete product life cycle from planting to harvest to oil extraction within a short period of time.



This bio-diesel project shall result into various opportunities for the local populace. PSO plans to empower the local farmers through job provision and training programs in modern farming methods.

CAPACITY ENHANCEMENT

In pursuit of its strategic vision the Company has also been working on Capacity Enhancement for the efficient import of large quantities of Furnace Oil (FO) and Motor Gasoline (MG) to meet the energy needs of the country. Currently, product imports are being handled through Port Qasim (PQ) and Karachi Port Trust (KPT), however keeping in view the congestion of vessel traffic at PQ and availability of un-utilized liquid cargo handling capacity at KPT, there is a need for improvement and optimization of the petroleum products handling system(s) of the country.

In view of the oil import scenario and strategic requirement for the connectivity of the two ports, PSO and KPT have signed an MOU to undertake a Techno-Financial Feasibility Study to develop pipeline linkage between

Keamari (Oil Jetties) and PAPCO (White Oil Terminal Station-1). The purpose of the study is to develop an integrated pipeline link between the ports so that product can be handled efficiently and effectively by utilizing the redundant port capacity at Keamari.

The proposal outlines the laying of a 24 inch diameter line with an approximate length of 40 kilometers from Keamari to PAPCO (WOTS-1), Port Qasim. The project is estimated to be completed within a period of 2 years.

ENVIRONMENTAL RESPONSIBILITY

Keeping in view the impact of rising carbon emissions on the environment, we at PSO are working to better manage our environmental impact, through promulgation of environmental preservation rules. We are continually working to improve the environmental profile of our operations by focusing on a reduction in energy usage, streamlined business processes and disposal and reuse of generated waste.



In the pursuit of these goals the Company has implemented internal measures such as limiting the usage of lighting and electrical equipment at locations and offices during off peak hours. The Company has also introduced solar panels at some Retail Outlets to help further reduce the energy costs of the Company and lessen the drain on the national power grid.

For business sustainability purposes, the Company regularly conducts technical evaluations of its vendors and contractors in order to rationalize its operations in a more efficient and effective manner. PSO has also concluded agreements with contractors for the hygienic collection and disposal of waste generated from our locations in Karachi. We are also working to identify any potential issues through HSE Audits at all depots and installations for the early detection and resolution of any such issue. PSO has also been acknowledged on an international level for minimal carbon emissions at its locations under the Clean Development Mechanism (CDM) one of the mechanisms defined in the United Nations Kyoto Protocol.

PRODUCT STEWARDSHIP

At PSO, we recognize that as product manufacturers and marketers we must take on responsibilities to reduce the environmental footprint of our products. Environmental product stewardship at PSO has fostered product and market innovation, and provided customers with more value with less environmental impact. These initiatives have included the launch of Green-XL diesel in the past. Green-XL reduces black smoke dramatically due to special green additives, enables quick start ups and minimizes exhaust emissions that results in less pollution & greener environment. The reduction in black smoke translates into improved power & efficiency for the consumer.

Apart from this, PSO is the first and till date the only OMC to have introduced ethanol - blended environment friendly fuel in Pakistan. This fuel is named E-10 and offers a more cost-effective and efficient option to the consumers.

Moreover, PSO is constantly working on improving the quality of our lubricants. This shall have a significant impact in reducing harmful emissions. PSO also has fuel agreements with local refineries and international suppliers for supply of lead free motor gasoline and diesel. As a policy, PSO discourages its suppliers from using substances that cause or are suspected to cause harm to human health or the environment.

SOCIAL CONTRIBUTIONS

We believe in giving back to the society. Our projects and facilities have helped bring jobs and other benefits to the people in the areas where they are located.



In 2011 the Company has invested substantially in health, education and community development programmes throughout the country especially in rural areas by working with charitable organizations to benefit society in tangible ways and help those organizations become more sustainable. In pursuit of these goals PSO has provided funds for the treatment of multiple diseases including leprosy and tuberculosis in Balochistan and Sindh. The Company has also facilitated the purchase of various medical equipment and vehicles for charity based hospitals across the country. PSO has provided education to disabled children, those who have lost their homes and schools in the floods of late 2010 and has provided scholarships for deserving students at leading universities. The Company has always been at the forefront during relief efforts. During the recent floods PSO established tent villages for the displaced and provided them with food and medicines.

The Company has also taken several other initiatives designed to provide benefits for the community at large. These have included Public Service Campaigns on Road Safety and Fuel Conservation through electronic and print media. PSO has also conducted Road Safety events for children and CNG Safety days for customers across the country. These events and activities were recognized on a national scale and were highly appreciated by the population at large.



PSO is determined to stand by the nation at all times. The largest national company is unwavering to its objective of fuelling the energy needs of the country in a responsible manner. We shall continue to work to improve the lives of our future generations, and be a part of the solution for emerging energy challenges.