



Sui Northern Gas Pipelines Limited

sng

NEWSLETTER

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42"DIA PIPELINE PROJECT REACHES ITS EXECUTION STAGE



Construction activities for 42" dia x 21.92 KM loop line segment, to be laid along existing 24" dia x 131 KM Sawan - Qadirpur natural gas pipeline, from valve assembly SV4 (Rehmat Injection Point) near Subhan Pur to valve assembly SV5 near Lakhu Lanjari, are now at their take off stage.

more inside:

A STEP FORWARD IN QUALITY MANAGEMENT | DEFICIENCIES IN CURRENT TARIFF REGIME
SNGPL ON THE ROAD TO AUTOMATION | SNGPL & WWF PAKISTAN | SAFETY LEADERSHIP

Editorial Board

Patron-in-Chief
M. Arif Hameed

Chief Co-ordinator
Syed Jawad Naseem

E Team
Media Affairs Department

All the matters related to detailed engineering and material procurement have been finalized. Line pipe has already been received from the pipe manufacturer. Three Layer Polyethylene coating on 42" dia pipeline has been completed at our Coating Plant, Uch Sharif. Land acquisition process has already been initiated. At present, pipeline construction activities like preparation of right of way (clearing, grading etc.), line pipe hauling, stringing and welding activities are in progress (to-date 280 joints have been welded). The completion of this project would add another feather in the cap of SNGPL's existing EPC profile.

Asif Akbar Khan

GM (Projects)



Editor's Note

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Dear Readers,

Winters are here while we are again combating low gas pressure in our system, while curtailing certain sectors. Various Government of Pakistan initiatives like import of LNG are now gaining momentum, which is a definite ray of hope for the Company. We have also launched

an aggressive gas conservation campaign this time around through electronic and print media, coupled with ongoing awareness sessions being conducted in large number of schools, in collaboration with WWF-Pakistan. We are hopeful that these campaigns will translate into efficient and optimum utilization of gas by public at large, while

ensuring public safety. Conservation of gas has to go hand in hand with availability of additional gas supplies to bridge the ever widening demand supply gap.

Mr. Ali Raza Awan
Media Affairs Expert

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INTERACTIONS



Mr. Jam Kamal Khan, Minister of State for Petroleum and Natural Resources, with Managing Director and Senior Management of SNGPL, during a presentation at SNGPL Head Office



Mr. Bilal Virk, Chairman Standing Committee on Petroleum and Natural Resources, presiding the committee's meeting at SNGPL Head Office



Mr. Sarmad Ali, Managing Director Jang Group with Mr. M. Arif Hameed, Managing Director SNGPL, during a visit of SNGPL Head Office



Mr. M. Arif Hameed, Managing Director SNGPL, addressing to Senior Executives of SNGPL at Head Office



Mr. M. Arif Hameed, MD SNGPL, answering the questions of reporters of Daily Nation during an interview



MD SNGPL, sharing his views on Gas Load Management with Ms. Henna Saeed, Correspondent, Star Asia News Network



COMMISSIONING OF NEW GAS PIPELINE IN KHAIRPUR DISTRICT AND INJECTION OF ADDITIONAL GAS INTO NATIONAL GRID

Inauguration Ceremony of Latif Gas Field's first flow to Sawan Gas Plant, was held in Sawan Area of Khairpur District on October 3, 2013. In this ceremony, a 47 kilometer long 16" diameter gas pipeline connecting four wells of Latif Field with Sawan gas processing plant was commissioned. The Prime Minister of Pakistan, Mian Muhammad Nawaz Sharif, formally inaugurated the project at the main ceremony in the PM House, Islamabad.

Heads / Senior Management of all Oil and Gas companies operating in Pakistan participated in the ceremony. A group of SNGPL's executives led by Mr. Abdul Haseeb – Sr. General Manager (Projects) also participated in the inauguration ceremony at Sawan.

Latif Gas Field was named after Shah Abdul Latif Bhittai and Sawan came from Sawan Khaskheli, a local land owner on whose land the first gas well in the area was discovered. Latif Gas Field

was discovered in 2007 and production commenced under Extended Well Test arrangements in late 2008. In June 2012, OMV (Pakistan) Exploration GmbH, an Austrian Company, as operator of Latif Joint Venture, received the approval of declaration of commerciality, field development plan, grant of lease for Latif Field and commenced the field development activities for connecting a new pipeline to Sawan gas plant for processing. In this regard, OMV (Pakistan) awarded SNGPL with the job of pipeline construction and laying of Fiber Optic Cable (FOC) in January 2013 after scrutiny of its qualifications and technical credentials in the field of pipeline construction. During the construction period, SNGPL complied strictly with OMV's stringent HSE standards.

This project has been completed on fast track basis and has injected additional 100 MMCFD gas in the SNGPL and SSGC's grid. It will help in reducing the rising burden on country's economy as it is not imported but indigenous energy.



Imran Yousaf Khan
Chief Engineer (CP&D)

SNGPL, a Step Forward in Quality Management

SNGPL is one of the leading gas companies in the EPC business, working in the field of pipeline infrastructure development. The Company is in the pursuit of excellence in quality, HSE and expertise. In today's competitive world, SNGPL has emerged as a company whose name in the market is reckoned to be a major player in the field of Oil & Gas sector. In a bid to adapt itself with the contemporary business needs, SNGPL has recently embraced Quality Management Certification as per EN ISO 9001: 2008 standard under the scope "Planning, Design, Procurement and Construction of Cross Country Pipeline Projects". This certificate has been issued by M/s TUV Austria Hellas formerly M/s Moody International. The Company has also been authorized to use certification logo on all communication media.

Furthermore, SNGPL has already acquired certifications of ISO 9001: 2008 for "Design of Coating and Coating of Steel Pipes", ISO 14001:2004 "Environment Management System" certification, OHSAS 18001:2007 "Occupational Health & Safety Management System" certification and EN ISO 9001:2008 "Certification for Inspection of Meters / EVC's, Flow Proving / Calibration of Meters / EVC's by using Standard Equipment and Repair Maintenance of Meters / EVC's". It is worth mentioning that sustained progress can't be ensured without adherence to evolving business needs and international standards accreditations.

All the above certifications acquired by SNGPL are likely to enhance Company's image across the globe and would make it stand apart from its competitors in EPC business.

Imran Yousaf Khan
Chief Engineer (CP&D)



CERTIFICATE



**Management System as per
EN ISO 9001 : 2008**

In accordance with TUV AUSTRIA HELLAS procedures, it is hereby certified that

**SUI NORTHERN GAS PIPELINES LIMITED
GAS HOUSE, 21 KASHMIR ROAD, LAHORE - PAKISTAN**

Applies a Quality Management System in line with the above Standard for the following Scope

Planning, design, procurement and construction of cross country pipeline projects.

Certificate Registration No: 01013744

Valid until: 2016-07-10
Initial certification: 2013-07-11


Certification Body
at TUV AUSTRIA HELLAS

Athens, 2013-07-11

This certification was conducted in accordance with TUV AUSTRIA HELLAS auditing and certification procedures and is subject to regular surveillance audits.

TUV AUSTRIA HELLAS
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GR-153 43 Athens, Greece
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CAP000018_A34



STORY OF UNRIVALED EXCELLENCE

COMPRESSION HIT SIX MILLION FIRED HOURS



The Way We Work Integrity, HSE & Quality

ONE relentless focus on integrity, quality and execution
ONE commitment to perform and achieve the goal
ONE team putting its best minds to work for organization

“This accomplishment is no accident, but direct result of our commitment to achieving excellence, extensive employee involvement and visionary leadership”

SNGPL's Compression Department has logged 6 Million operating hours – a level of experience unrivaled in the Oil and Gas sector. The department owns the largest fleet of gas turbines in the region, operating 67 packages with total installed horsepower of 216,800 hp at 11 compressor stations company-wide, to power Pakistan's largest interstate Gas Transmission Network sustainably.

The journey to this achievement started in 1974 with small industrial Gas turbine of 1100 hp and progressed through the infrastructure developments over the years to induce the state-of-the-art turbo machinery of 6120 hp in 2003, to meet company's vision of providing clean, abundant and uninterrupted fuel to over 4.4 million consumers in North and Central Pakistan. The compression system grew from 28,600 hp in 1974 to



216,800 hp today, having the capability to compress up to 2.0 Bcf of natural gas per day.

Growth of Compression System

The uninterrupted operation of compressor station is the backbone of natural gas transmission while boosting the pressure after every 75-90 miles, to supply gas to consumers at optimal pressures and flows. A typical compressor station comprises of gas

turbine driven compressor packages, power generation plants, gas filtration system, heat exchangers, cooling towers, metering facilities and control buildings.

Compression department is self-sufficient in all operations, maintenance and engine overhauling activities. SNGPL is privileged to be the only authorized company in Pakistan to overhaul the gas turbines along with technologically advanced testing facility for in-house overhauled gas turbine engines. We have trained professionals for installation and commissioning of gas turbines along with compression infrastructure development matching the pace of company's network expansion and global technological developments. Currently we are in the process of infrastructure development to receive additional gas from TAL block in our existing network. Being the regional leader in compression technology and



turbo-machinery expertise, we also take pride in extending technical and maintenance support for troubleshooting the intricate problems encountered by local and multi-national companies like OMV, PPL, ENGRO and OGDCL, to ensure uninterrupted gas supply in national gas grid. Our expertise in performance evaluation and condition monitoring of turbo-machinery gives us the edge of operating at enhanced efficiency as well as new superior equipment health management.

Compression department took a quantum leap in contributing towards the company's business diversification vision by performing the following contractual projects for OGDCL:

Pirkoh Compression Plant

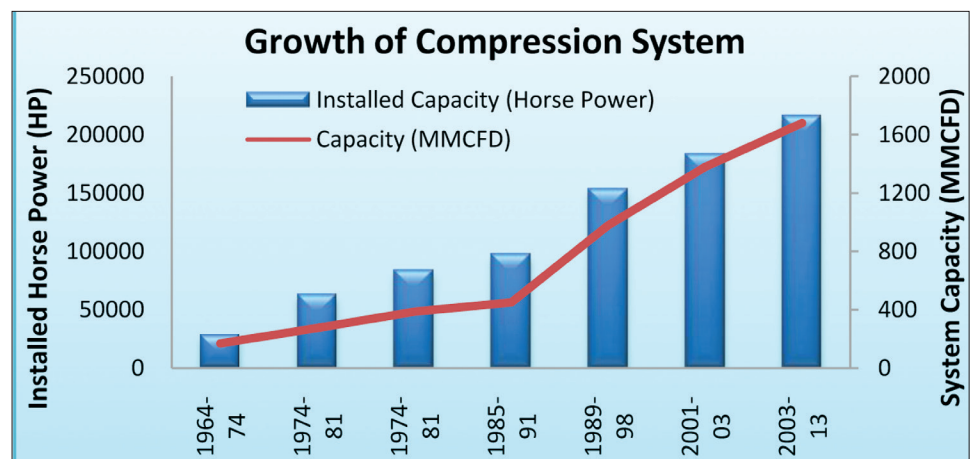
Pirkoh Compression Plant dismantling Project in 2009 for isolation, decommissioning, dismantling and

packaging of 2 Mars Gas Turbines (15,900 Hp) along with Plant Utilities.

Qadirpur Interim Compression Project

Qadirpur Interim Compression Project in 2010-11 for construction, installation, testing and commissioning of 14 Compressor packages, power generation systems and instrument air skids, working as E&C contractors. This project enhanced the overall capacity of the Qadirpur gas field by 100 MMCFD.

systems and simplified activities to accommodate cutting edge trends. We have got the technology and experience, and today we are more committed in increasing our technological benchmark through continual process of measuring and improving. The driving force behind this achievement has been a department wide effort in engaging and empowering our workforce, to express and share ideas and implement them to symmetrically and measurably enhance



SNGPL successfully completed the project well in time, in the face of challenging constraints and stringent schedule.

We continue to boost our capabilities through local recruitment, national and foreign training programs, as well as modifying / replacing obsolete systems. As a result, we have improved workmanship, invested in more robust

our quality of operation and execution. Our philosophy of success evolved from the kind of thinking which is powered by the fusion of organizing principles as well as collective and progressive efforts. It is guided by the powerful visionary management that is bringing together the best and the brightest, human resource.

Javed Ashraf

Executive Engineer (Compression)





Deficiencies in Current Tariff Regime

Sui Northern Gas Pipelines Limited is a fifty years old public limited company. Majority of its equity is held by the Federal Government. Its fully integrated transmission and distribution system is spread over more than 100,000 km in the provinces of Punjab and Khyber Pakhtunkhwa, which makes it one of the largest fully integrated gas transmission and distribution networks in the world with an annual turnover of Rs. 236 Billion in FY 2012-13 having risen from Rs.38 Billion in 2001-02.

The Company caters for more than 4.4 million consumers in Punjab, Khyber Pakhtunkhwa, Northern Areas and AJK. SNGPL is a dynamic company that equally caters to the energy requirements of the industrial and commercial hub of the country and the domestic consumers.

Since 2002, the Company has been regulated by the Oil & Gas Regulatory Authority under the Oil & Gas Regulatory Authority Ordinance 2002. Before the establishment of OGRA, the Director General (Gas) of Ministry of Petroleum & Natural Resources used to approve the tariff for both Sui Companies. Under OGRA Ordinance 2002, the Authority is empowered to determine the revenue requirement of the two natural gas utilities i.e. Sui Northern Gas Pipelines Limited

(SNGPL) and Sui Southern Gas Company Limited (SSGCL) for each financial year.

The criteria for determination of tariff under section 7 of OGRA Ordinance 2002, has been provided in Rule 17 of Natural Gas Tariff Rules 2002. It is important to note that Rule 17 makes it binding on the Authority to strike, as much as possible, a balance amongst the all stakeholders who are likely to be affected by the Authority's determination.

According to the license condition No. 5.2, the Authority shall determine the total revenue requirement of the licensee to ensure it achieves 17.5 % return (before financial charges and tax) on the value of its average net fixed assets in operation



for each financial year. For the purpose of calculating the above return, the prevailing methodology and procedure shall continue to be in force, unless the Authority may otherwise approve.

The existing tariff regime has outlived its useful life and has become redundant. There are major changes in the overall environment of the Company as well as major shift in the underlying base factors. The major factors necessitating revision in tariff regime are as follows:

- Size and age of the network
- Astronomical rise in the cost of gas
- Changes in sales mix / bulk retail ratio

- High UFG in certain areas of Khyber Pakhtunkhwa and interior Punjab
- Deteriorating Law & Order Situation
- Negative impact of extension of network in remote areas

Keeping in view the above factors, both gas utilities have been agitating the need to revise the current tariff regime and devise a new one based on dynamics of natural gas sector in Pakistan. The critical bone of contention between OGRA & the utilities has been the UFG benchmark which though implemented in 2005, hasn't been adjusted for change in base operating conditions, in total violation of regulatory best practices all across the world. OGRA insists to

keep the UFG benchmark at 4.5% even though prevailing UFG losses are around 10%, the differential of which is deducted from gas Company profits.

OGRA, in order to review the existing rate of return regime and to determine a reasonable rate of return for the licensee of natural gas, instituted a study through Economic Consulting Associates (ECA) of UK. The said study was focused on the long term interest of investors in the infrastructure development keeping in view the fact that there was a legitimate need to protect consumers against potential monopolistic market practices of utilities companies.

OGRA on the basis of ECA study had recommended only partial changes in current tariff regime in 2005 (i.e. variable rate of return, treatment of non-operating incomes), which however were not implemented by it, and have lost their utility owing to considerable lapse of time.

It is highlighted that today the Company stands at brink of financial collapse, owing to inaction in respect of development of new tariff regime and failure to adjust existing benchmark in line with local conditions. The major factors contributing to the current disastrous financial situation are purely regulatory in nature and include the following:

- Existing regime is not incentive based, rather is penalty based
- No proper mechanism to set a reasonable Unaccounted for Gas (UFG) benchmark in the light of prevailing law and order situation of the Country, changes in the cost of gas and bulk/ retail ratio being the fundamental base factors that need adjustment in a dynamic world.
- Violation of loan covenants as stipulated in the loan agreement of SNGPL with World Bank while determining the revenue requirement of the Company



- Lack of appropriate HR benchmark to address the legitimate needs of the Company's employees
- Inappropriate provision for doubtful debts
- Treatment of non regulated income (Late Payment Surcharge) as operated income, against OGRA Ordinance, Rules and Law

It may be noted that OGRA conducted comprehensive studies on the issues of Unaccounted for Gas (UFG) and HR benchmark study from independent consultant, but both studies have not been implemented by the Authority,

while their recommendations have been discarded. Independent recommendations made by Planning Division in the matter have also been discarded.

The major beneficiary for any improvement in the SNGPL's profitability due to change in current tariff regime would be the Government of Pakistan, which is the largest shareholder. It is estimated that more than 70 percent of the profit will go to the benefit of the government in the shape of taxes and return. If above said deficiencies are not covered through appropriate amendments in the existing tariff regime, SNGPL as well as its millions of consumers will

be suffering irreparable loss. In near future, the existing tariff regime must be comprehensively reviewed and new one be developed through exhaustive and meaningful consultation with all stake holders i.e. SNGPL, SSGCL and the Federal Government, per the statutory requirements.

Prepared By:

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Officer Regulatory Affairs
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Mr. Ali Zawar Akhtar

Officer Regulatory Affairs
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BALANCE SHEET

SNGPL on the Road to Automation



In an effort to reap the benefits of Information Technology, SNGPL has invested profoundly in IT projects. Following the launch of the CC&B, that has fully been adopted as our primary Billing engine supporting CS, Sales and Distribution, Oracle Inventory and Purchasing modules have now been implemented in SNGPL. Oracle Inventory is live whereas Procurement module will be launched in the current month.

The automation of Oracle Purchasing and Inventory procure-to-pay process will help streamline procurement process, save time, money and rework with electronic integration of receiving and payables using invoice matching. Easy access to supplier information will lessen the procurement cycle time.

Oracle Inventory will help SNGPL to improve inventory visibility, reduce inventory levels and control inventory operations. Better visibility into inventory items will improve management of inventory and reduce our inventory carrying cost.

Purchasing and inventory's reporting tools and workflow will help provide the information precisely and promptly when needed.

IT/MIS team has been actively involved in the complete lifecycle of the project

and worked closely with the consultant and business users. Since go-live of Oracle Inventory, IT/MIS is providing continuous operational support to Stores and Finance departments. Oracle Inventory has now been rolled out to Head Office, Lahore, Multan and Manga Stores. IT/MIS team has conducted training sessions of business users and is providing continuous support at all locations.

With the advent of Procurement and Inventory system, we have achieved a major milestone of automating ten departments under the ERP/CC&B umbrella. These include Accounts, Sales, Billing, CS, Distribution, Finance, Human Resource, Stores and Procurement. This achievement would not have been possible without unwavering support of the management and active participation of respective business departments. Having completed the transaction processing systems above, we plan to automate Project Management and Costing and Enterprise Asset Management modules. In parallel, we plan to introduce advance analytical tools to assist in strategic decision making such as business intelligence and data warehousing with real time dashboards and graphs.

Ms. Aqdas Adnan
Exec. Officer (App Dev)

Employee Turnover

The Other Side of the Picture



The costs may be hidden, but they are still there. That alone should be a motivation for treating the staff well.

One hears people talk about the high cost of turnover, but when pressed for the actual costs, the figure remains unknown. It seems like a mysterious thing that people talk about.

And it's true - the costs are largely hidden. It doesn't hit the profit and loss statement. It's not highlighted in the budget. There are some hard costs, like the cost to post a vacancy on job board or the cost of hiring a headhunter etc. but even in case of recruitment only, there are other costs of losing an employee. Here are the things the company is paying for:

Low productivity

The person who left was doing something, right? So the things to ponder upon include; who is doing that job now that the position is vacant? If no one; then that's lost productivity sitting right there. What if these tasks are delegated out to other people? Chances are, the most important ones will get done, but other things will fall by the wayside.

Overworked remaining staff

As the remaining staff are loaded with the delegated tasks of the employee who left, their quality of work goes down as does their satisfaction and engagement. Their work increases but their paychecks remain the same. This drives the unsatisfied employees to look for other employment opportunities. Those

who stay behind are still brooding about their overworked roles and it becomes harder for the company to regain their goodwill even when the vacancy is filled.

Lost knowledge/information

Though multiple people can do what a former employee did, but they might not have the specific knowledge or know how in the matter. It's not just about putting numbers in a spreadsheet, writing code, or selling a product. It's about knowing the people, the traditions, the location of relevant information, what the boss likes and a million other things that come from working for a company for a long period of time. All that is lost when someone quits. And sometimes it's more than just general company knowledge. The company at this point should question about; how many employees have their jobs documented well enough that someone could figure it out with their documentation? Are employees cross trained? Does one person have control of the passwords?

Training costs

Paid training costs are obvious. A seminar fee to teach employees about complex internal computer systems is noted on a spreadsheet. But, when there are no training classes to attend, there are still costs involved. Someone has to invest time and energy, to teach a new employee what to do. Someone has

to double check work until the new employee achieves a certain milestone. And that all takes the “trainer” away from their regular job. Which means, the company is paying two people to do one job. Costly isn't it?

Interviewing costs

The paid travel expenses to the applicants are noted and highlighted but in the cases when the candidates are local, the interviewers still have to invest time to go through resumes, talk with numerous people, do formal interviews (which take an inordinate amount of time), talk with colleagues and figure out who is the best candidate for the job. This in most of the cases also has adverse effect on the primary job responsibilities of the interviewer and others involved in the process.

Recruiters

The headhunter fees and the salaries of the Human Resource department are well and justified in larger organizations. But in organizations where such a department does not exist, the recruitment of a new employee falls directly on the shoulders of the hiring manager who just might be extra busy because he's down one person? That costs too.

According to some estimates these costs add up to as high as 150 percent of annual salary. Much less for lower level positions, but still significant enough to make retention a high priority for your business.

This doesn't mean that problems creating employees must not be fired. In fact they should be as they are not productive and adversely influence the behavior of other good employees as well.

But counselling should be incorporated into the corporate culture. Adequate benefits to boost the morale of the employees should also be introduced which in turn will help in retaining them. After all, an apt raise to a good employee is a lot less costly than losing that employee forever.

What Costs need to be Fully Estimated?

A comprehensive program should measure the following costs:

- Exit costs
- Recruiting
- Interviewing
- Hiring
- Orientation
- Training
- Compensation and benefits while on training
- Customer dissatisfaction
- Reduced or lost business
- Administrative costs
- Lost expertise

There needs to be advance agreement among Human Resources, Finance, and Operations/Distribution etc. as to which cost measures will be considered valid. Then, it has to be measured and reported.

Why Don't More Companies See This as a Costly Problem?

There are a variety of reasons this is not seen as a problem, all of which cost companies in expertise and currency:

1. No process is in place to tabulate costs. One survey found that only 44% of its respondents had a process in place to estimate turnover costs; 43% of companies relied on intuition, and 13% had no process at all.



2. It is an inescapable cost of doing business. Except, it's not! While some turnover is unavoidable and desirable, most turnover, especially among better and top performers, is largely avoidable. Thinking that turnover is just a normal cost of doing business is the same quality of thinking which says that accidents are just an inescapable part of being in the construction business.
3. It is an HR problem. While HR needs to be a key partner in reducing turnover cost, this is a strategic issue requiring top management's attention and actions, in addition to HR's efforts, to resolve it.
4. Costs are underestimated, and so they register less concern. If costs are underestimated because the organization doesn't agree on or know what to measure, the statistics generated either register less concern than they should, or are disputed and held in disregard.

Turnover can be avoided? Yes! It can. Here are a few quick tips to avoid or reduce employee turnover.

Quick Tips to Avoid Turnover

- Interview candidates carefully, not just to ensure they have the right skills but also that they fit well with the company culture, managers and co-workers.
- Get creative when necessary with benefits, flexible work schedules and bonus structures.
- Recognition and praise are a cost-effective way to maintain a happy, productive work force.
- Exit Interviews



Turnover at SNGPL

At SNGPL turnover especially amongst the Executives is taken seriously. The Management is pretty much concerned to reduce the turnover percentage for which one of the effective tools for reducing turnover has been made part of the HR Manual i.e. "The Exit Interview"

Each and every Executive who resigns from company service is invited by HR department for an Exit Interview to investigate the reasons for resignation.

The Executive is provided liberty to express feelings regarding the working environment, salary structure and where the Company feel short of expectations that left no expectations with executive but to leave.

The good sign is that after implementation of this tool in its true spirit, many resignations have been withdrawn by the Executives after redressing of their grievances by the top Management thus, reducing the turnover as well as the recruitment cost of these Executives.

Moreover, as far as other turnover factors are concerned, SNGPL being a Public Limited Company has its own Board of Directors with major share holdings with the Government of Pakistan. As such the Management has to comply with the instructions of the Ministry of Petroleum & Natural Resources and OGRA in the matters pertaining to staff compensation, recruitment etc. as well. Yet the Management is quite focused and has a serious concern regarding employee turnover.

Finally, just how valuable are Retention Efforts? One source estimated that a 10% reduction in employee turnover was worth more money than a 10% increase in productivity, or a 10% increase in sales!

Turnover is expensive. Sometimes it cannot be avoided, but when it can, the employers should avoid it by doing the right things for the employees.

Retain and gain.

Research consulted (Suzanne Lucas, Ross Blake & WSJ)

Muhammad Aakash Bin Nasir

Officer HR, Grade-III
Head Office

SAFETY LEADERSHIP

Safety leadership is a vital component of any health, safety and environment process. Improved employee safety behavior helps us face the safety leadership challenges successfully on our safety culture improvement journey.

Leadership is not the power, status or authority; but in fact it is ***“the persuasion or example by which an individual induces other person or group to pursue objectives held by the leader and shared by his followers”***.

Safety leadership is defined as ***“the process of defining the desired state, setting up the team to succeed and engaging in the discretionary efforts that drive the safety value”***.

Common safety leadership strategies appear to be:

- Value alignment
- Systems and monitoring
- Education and awareness
- Exhibiting visible leadership

There are several positions of management, but the front-line supervisor is usually the person responsible to be the “Safety Leader,” teaching employees all about safety, as well as the other aspects of their job tasks. It is their job to ensure that each employee understands the importance of safety in the workplace so they all go home safely at the end of their workday. Although there may be a safety chairman and committee at a place of work, the supervisor is usually the one that has the technical skills to teach workers how to go about their work responsibilities. By combining their human skills and conceptual workplace skills,



supervisors play a vital role in the success of the employees and company. How would a supervisor be assessed or evaluated? If one listed the traits of the best supervisor, what would the description be?

Most of us would judge our past or present supervisors on human skills. Here are several attributes that we look for and appreciate:

- Honesty
- Sincerity
- Motivation
- Innovation
- Good communication skills
- Shows respect
- Ensures workers' safety
- Concern for employees balancing work and home priorities
- Gives credit to those who deserve praise on their job performance
- Gives advice privately to those who need a little help

Conceptual workplace skills that leaders show include:

- Organization
- Job preparation



- Using good logic
- Good decision making
- Fairly evaluating employees
- Recognizing employees' ideas for change that would improve the workplace routine or make things safer

A good leader can couple these abilities with technical expertise to ensure a safer, high-performance workplace and hopefully, fewer near misses and mistakes leading to injury. Supervisors are the ones with the authority to ensure safe work practices by evaluating work conditions, safe behavior and workers' skill levels.

Supervisors should also ensure that unsafe acts are eliminated. If workers know that their company strives to keep them safe and healthy, they are going to be inspired to do a good job by producing quality products and offering good service. All companies want not just a "good safety" program, but a "great safety" program with a goal of 0% injuries.

Many supervisors or co-workers do not serve as good role models, and can be reminders of what we don't want to be like. Bosses that put employees down, take the credit for others' accomplishments, yell at people, and complain all the time, are actually displaying ways we should never behave. The one thing they do teach us is to never treat others the way they treat their co-workers.

"You do not lead by hitting the people over the head... that's assault, not leadership"

Dwight D. Eisenhower

Syed Moazzam Ali Hamdani

Executive Engineer HSE





SNGPL and WWF-PAKISTAN

Join hands for Gas Conservancy Campaign for Third Consecutive Year



SNGPL and WWF-Pakistan signed a "GAS CONSERVANCY Campaign" agreement for the third consecutive year in October this year. The programme will be implemented in schools encompassing 60,000 students of SNGPL's selected schools of private and

public sector at the cost of 4.63 Million rupees.

This campaign aims to create a sense of responsibility in the children and make them conscious about reasons for conservation of natural gas. The campaign is designed in a way to make

the students aware of the severe energy crisis in the country and seek their assistance to implement such measures which lead to using natural gas wisely.

Umar Saadat
Coordinator Public Relations



10th Surveillance Audit by M/s URS (Certifying Body)

Surveillance Audit (third party audit) is an essential part of Certification, to make sure that planned HSE activities demonstrate the effectiveness of the HSE Management System. The 10th Surveillance Audit was conducted by M/s URS (Certifying Body) on ISO 14001:2004 & OHSAS 18001:2007 Standards, from 24th to 28th June, 2013, and the following sites were audited:

- 1) Abbotabad Distribution
- 2) Peshawar Distribution
- 3) WAH Transmission
- 4) Project Camp Nowshera

During the Surveillance Audit, URS Auditors visited Office Blocks, Store, Store Yards, Workshops, Kitchen, Mess and Parking Area at all sites. Some minor observations were highlighted by the auditor for the betterment of the site, which were addressed on site.

It is pertinent to mention that these sites have been prepared on ISO 14001:2004 & OHSAS 18001:2007 standards by in-house resources and without the engagement of consultant.

The overall management commitment towards HSE was appreciated by the Auditor.



Mr. Shahzad Khalid (URS Auditor) interviewing a fire fighter - WAH Transmission

10th Annual Environment Excellence Award (AEEA) – 2013

SNGPL participated in the 10th Annual Environment Excellence Award 2013 and achieved the honor of being amongst the Top 10 winners. The ceremony was held by M/s National Forum for Environment and Health (NFEH) on 05th July, 2013 in Karachi. This is the first time that SNGPL has been among the Top 10 winners. The team of National Forum for Environment & Health (NFEH) and the Organizing Committee of AEEA-2013 appreciated the jury's remark and offered heartiest felicitations to the Company for emerging as an exemplary leader in promoting and protecting the environment through its activities.

National Forum for Environment & Health is purely a non-governmental, non-profit organization. It is affiliated with the United Nations Environmental Program (UNEP) and supported by the Ministry of Environment, Government of Pakistan and Government of Sindh. It is committed to serve and promote the cause of health care and protection of natural environment by creating awareness among all segments of society.

10th Annual Environment Excellence Award 2013 won by SNGPL



Asma Maqbool
HSE ENGINEER - HO

HSE Week / Medical Camp at Bahawalpur and Multan Distribution Offices



Training regarding PPE's by OH Consultant

SNGPL's Management is committed to promote HSE culture in the Company. Medical camps were set up by HSE Team at Bahawalpur and Multan Distribution offices from 4th to 8th November 2013, for promoting awareness among the employees regarding health care and for health screening.

The basic concept of these camps was to carry out a health survey of the employees involved in critical operational

activities. During housekeeping inspection, grey areas were highlighted for the improvement of working conditions and activities at site. Activities performed by the HSE Team at site are enlisted below:

- Housekeeping Inspection / Routine Safety Audit
- Training session on "Use of Personal Protective Equipments"



Blood Pressure Testing of staff at ML-D



Eye Refraction testing at BWP-D



- c) Training session for Food Handlers regarding Food Safety
- d) Blood Sugar Testing
- e) Height and Weight Monitoring
- f) Blood Pressure Testing
- g) Food Handler Stalls
- h) Eyes Refraction
- i) Pulmonary Function Test for Welders / Drivers / Computer Users
- j) Hepatitis B and C Testing
- k) General Medical Examination
- l) Illumination Survey
- m) Noise Survey
- n) Distribution of Literature / Brochure / PPE's / Posters by HSE Team among the Executives and Staff at site
- o) Display of HSE Flexes and PPE's

At the end of the Medical camp, a souvenir and HSE Literature / brochure were presented to GM (Multan-D) and RM (Bahawalpur-D) on behalf of HSE Department. HSE Focal Points emphasized on the importance of Occupational Health and Safety of the employees, their coworkers and all the stakeholders of the company.

Asma Maqbool
HSE ENGINEER - HO



RETIREMENTS



Mr. M. Shafique, Accountant- Projects (L) and Mr. Shujaat Pervaiz Bajwa, Senior Accountant- Projects (R) with CFO, SGM Projects and colleagues on their farewell bid.

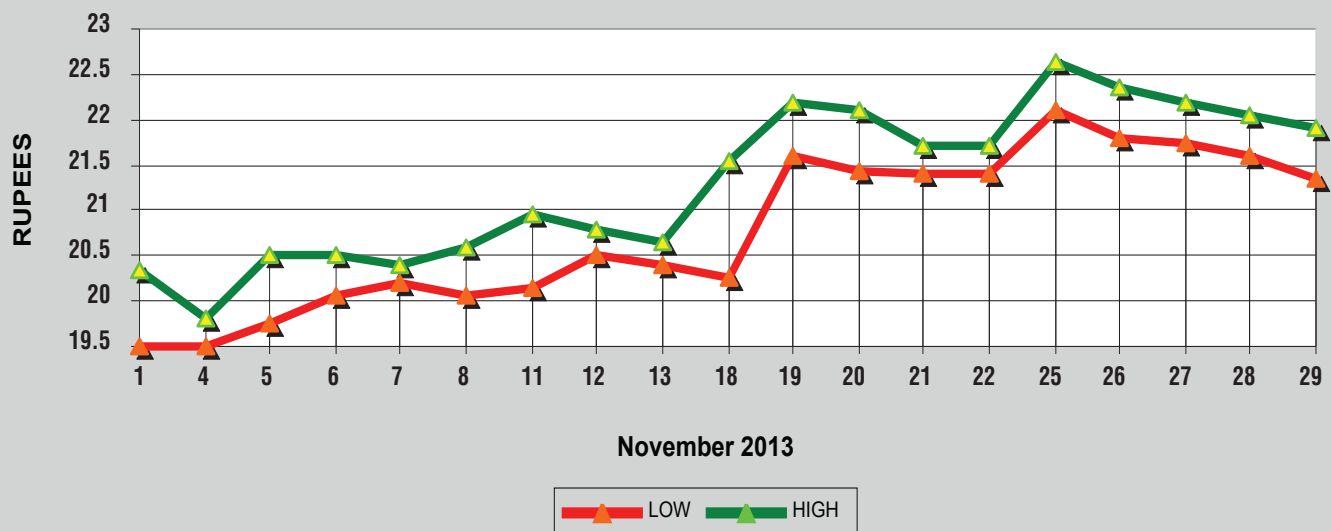
Mr. Naseem Ahmad, Incharge Record Keeper, Media Affairs Department with colleagues on his farewell bid.



SNGPL's Share Price Watch

November 2013

Period	Rate / Rs			
	Opening	Closing	High	Low
1st Week	20.62	21.31	21.67	20.28
2nd & 3rd Week	21.31	20.73	21.80	20.45
4th Week	20.73	20.76	21.48	20.65
5th Week	20.76	20.06	20.85	19.85



BLUE OCEAN Strategy

The idea for Blue Ocean Strategy was enunciated by W. Chan Kim, a Korean Business theorist and professor at INSEAD, France, and was published in a book named Blue Ocean Strategy in 2005. According to Kim, the term Blue Oceans is NEW but it has always been with us.

Which of the industries were unknown 100 years ago?

Automobiles

- Music recording
- Aviation
- Petrochemicals
- Pharmaceuticals
- Management Consulting
- Computers / IT
- Telecommunication

By seeing the above list, all the above industries were non-existent then, but

today, they have shaped our civilization. The idea suggests that the organizations should create new demands in uncontested market or Blue Oceans instead competing in the existing markets against other competitors called Red Oceans. Blue oceans are unexplored markets that need to be tapped with high quality and low cost products and services (Low cost - Differentiation Strategy). It is like "Columbus in the uncharted waters for exploring the new world." Though the venture is risky, fraught with dangers, but the results are worthwhile. In Blue Ocean strategy the investments are actually creating new markets and aligning innovations with utility, price and cost positions called "Value Innovations."

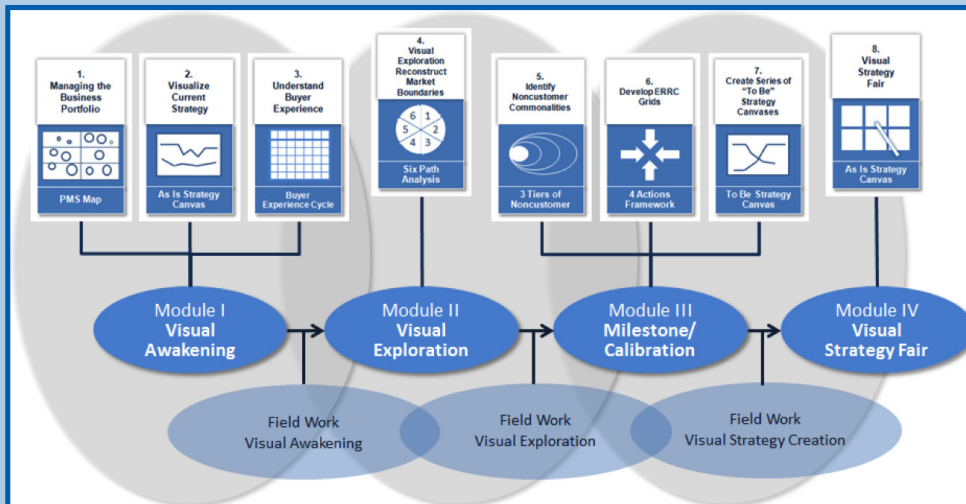
Business world is like a vast ocean where companies sail to explore new wealth.

Blue Ocean strategy means going into unexplored markets in order to achieve high profits. The explored markets called Red Oceans are saturated by competition where considerable commitment of resources is required in terms of cost and effort to harness wealth. The profits are minimal keeping in view the cut throat competition and resources offered by Red Oceans become scarce. Successful companies try to find new markets or Blue Oceans instead getting trapped in old Red Ocean. Red Ocean also carry the threats of unethical consumers who like sea pirates capture the sailing ships, rob the vessels, plunder the resources, and run away. These unethical consumers are threat bigger than the real competitors.

SNGPL started as an Energy company in 1963, which successfully employed Blue Ocean strategy then. The Natural Gas

You cannot
predict the future,
but you can invent it
(Peter Drucker)





market was unexplored and untapped. Initially, the consumer demand was low and they were apprehensive to adjust to the transformation of the energy resource because of its highly flammable nature. SNGPL pioneers focused on the big picture and with persistence and hard work were able to create the demand by offering a low cost but differentiated Product / Service in the consumer market. The natural gas Blue Ocean in the energy market enabled SNGPL to create employment, skillfully develop one of the largest integrated natural gas structure in the region, generated national wealth and gave quality of life to its stakeholders by providing gas at their doorsteps. Today after 50 years, the natural gas Blue Ocean has now turned red because of **“Accelerated Commoditization”** of Sui Gas.

The Red Ocean has now become a warfare zone because of increasing consumer energy demands, UFG losses, gas theft, lack of gas supply and many other political, economic and social constraints. Our performance of past fifty years can give us the vision for the next fifty years. Now we have choice either to keep fighting in Red Oceans of natural gas or find new Blue Oceans in the form of alternatives like LPG, LNG, Solar, Wind, etc. The vision statement of SNGPL carries a dynamic connotation in its phrase:

“Providing an uninterrupted and environment friendly energy resource.”

The direction of our vision is much focused on investing in new environment friendly energy resources for our future growth. This does not mean that we should not compete in our current business, rather, we must excel in it by countering UFG challenges and meeting the consumer demands but at the same time if we will not invest in new energy resources or explore new Blue Oceans, we will be trapped in the red zones. This will deviate us not only from our vision but our work will become more technically exacting with passage of time.

Being a logistic company we are very much dependent on our suppliers and related exploration of natural gas. As the resource is becoming scarce and with the supply shock involved, it is virtually impossible for us to meet the soaring demands. The growing consumer base will always be there to challenge us with scarcity of natural gas available. The energy companies like Exxon, Mobil, Gazprom (Russia) and many others controlled UFG theft by providing surplus energy generated through aggressive investments in alternative fuels. To address the technical nature of UFG, superior workmanship was applied based on extensive training of the workforce.

It is axiomatic that best way to counter the sea pirate is to change the existing route. With investments in alternative energy resources, we will be able to effectively meet the consumer demands and at the same time attack the gas theft problem pro-actively. Further, operating in Red Oceans make organization one-dimensional and much prone to industrial and market risks because of economic downturns. The new Blue Oceans in different markets of energy will make us a business conglomerate where we can achieve cost savings by enhancing and integrating our operational and functional activities in different businesses such as Solar and then reinvest in our business for increased growth. Investments in LNG, LPG and other related Blue zones will not only pump more gas in our existing network but also enhance it. With more enhancement in network through more investments, we will increase our bottom line in the long run. This will enable us to create more employment and scatter our human resource in different areas for job enrichment.

There are many companies in Pakistan that have benefitted from Blue Ocean strategy companies i.e, Nishat, Shan Food, Crescent, Toyo Nasic. Although Blue Ocean like any other strategy is not without risks, but in strategy management, risk is balanced against opportunity to increase the return. With more opportunities involved the more risk will provide more return. Blue and Red Oceans both involve risks but in the former, more opportunities will counter the risk and augment the return. Blue Oceans have surplus wealth while Reds have scarcity of resources. The choice is either to ration the scarcity through load management or to distribute the surplus through new investments.

“It is better to be First than to be Better.”- 22 immutable Laws of Marketing by Jack Trout



By going first in the new market the organizations are always able to reap more benefits because of no competition involved. They can become market leaders and trend setters as the later competitors can only emulate as followers. Being the first entrant, it is easy to create the demand and charge optimum price to achieve quick break even. Further, to make strategy effective, the product / service with all its differentiation can be provided at low cost easily to obviate the competitors. Thus, the essence of Blue Ocean strategy called low cost – differentiation can easily be employed.

SNGPL is facing the same challenge which PTCL faced in early 1990's. The commercialization of internet and mobile telephone triggered the information revolution then. The computer and telecommunication were the Blue Oceans. PTCL failed to explore the areas even with rising consumer demands and government pressures for new connections to the general population of Pakistan. PTCL explored the Blue Ocean but with underperformance. They introduced high cost PAKTELS mobile

telephones with premiums charged to be afforded only by rich class existing competitors in the Red Ocean. They never created demand for the new consumers. They preferred to remain in their old Red ocean. Then came a foreign competitor named Mobilink, with PTCL thinking that with their country wide network Mobilink cannot meet their cost and will not be able to compete against them. Mobilink entered the Blue Ocean and created the demand in the emerging middle class by offering low cost differentiated products. Within a decade, Mobilink conquered the Blue Ocean and PTCL is still in the Red zone.

Similarly, the preceding decade has triggered the energy revolution in the world. New energy companies are emerging to meet the energy challenge of the future. SNGPL has golden opportunity to invest in alternative energy fuels (LNG, LPG etc.) to address and tap the rising consumer demand of Pakistan. If we invest today then within a decade we will reap unprecedented benefits and counter any competitor even a foreign resourceful entity, to lead in the industry.

Our pioneers carried the Blue Ocean strategy fifty years ago. We must carry the legacy and transfer the benefits for the posterity lest some competitor from abroad comes to explore and capture the market. Blue Ocean of alternative energy fuels is awaiting for the sail of SNGPL.

Mohammad Asim
Dy. Chief -SNGTI



GO GREEN

A frequently overlooked feature of the global energy crisis is the opportunity to save enormous amount of energy by deploying energy-efficient technologies. Grasping the prevailed energy crisis and the increasing energy demands around the nation, it was the broad vision of the Honorable Speaker of The National Assembly Mr. Ayyaz Sadiq, to carry out the Energy Efficiency Audit of the Parliament House Islamabad. His principal intention was to transform the Parliament House into Greenhouse by reducing all the energy losses (Thermal and Electrical) of the building.

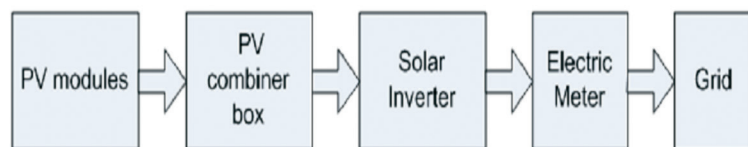
Green building (also known as green construction or sustainable building) refers to a structure using processes that are environmentally responsible and resource-efficient throughout a building's life-cycle: from sitting to design, construction, operation, maintenance, renovation and demolition. This requires close cooperation of the design team, the architects, the engineers and the client at all project stages. The Green Building practice expands and complements the classical building design concerns of economy, utility, durability and comfort. Due to essential use of electricity in Parliament Building, Islamabad, the sanctioned load of the building is more than 2.3 MW. Over a period, actual observed load remains less than 2 MW. Keeping in view the expenditures of the electricity bills, the Honorable Speaker of National Assembly of Pakistan deliberated with the Federal Minister of Science and Technology to work on alternate solution in terms of Photo Voltaic Power generation for Parliament building. Consequently, Pakistan Council of Renewable Energy Technologies (PCRET), Ministry of Science and Technology collected information for design inputs from the office of the



Honorable Speaker of National Assembly, IESCO and CDA. PCRET has studied the requirements, in detail and proposed for a National Grid Tied 2 MW Photo Voltaic Solar Power System for the Parliament Building.

With the implementation of the Grid-Tied PV system the following objectives can be accomplished:

- i. Solar Electrification of Parliament Building as substitute of IESCO Electric Supply.
- ii. Sizing, Designing, Installation and Operation of On-Grid Photo Voltaic System capable of generating 2 MW Electric Power and connecting to National Grid at 11 kVA.
- iii. Installation of Reverse Metering System for this 2 MW grid-tied system to claim rebate in electricity bill of the Parliament.



Grid-connected PV system

SAVE THE FUTURE



The concept of sustainable development can be traced to the energy crisis (especially fossil oil) and the environment pollution concern. The green building movement originated from the need and desire for more energy efficient and environment friendly construction practices. There are a number of motives for building greener, including environmental, economic and social benefits. However, modern sustainability initiatives call for an integrated and synergistic design to both new construction and in the retrofiting of existing structures. Also known as sustainable design, this approach integrates the building life-cycle with each green practice employed with a design-purpose to create a synergy among the practices used.

Green building brings together a vast array of practices, techniques and skills to reduce and ultimately eliminate the impacts of buildings on the environment

and human health. It often emphasizes taking advantage of renewable resources, e.g. using sunlight through passive /active solar, photovoltaic equipment, using plants and trees through green roofs, rain gardens and reduction of rainwater run-off. Many other techniques are used, such as using low-impact building materials or using packed gravel or permeable concrete instead of conventional concrete or asphalt to enhance replenishment of ground water.

While the practices or technologies employed in green building are constantly evolving and may differ from region to region, fundamental principles persist from which the method is derived: Sitting and Structure Design Efficiency, Energy Efficiency, Water Efficiency, Materials Efficiency, Indoor Environmental Quality Enhancement, Operations and Maintenance Optimization, and Waste and Toxics Reduction. The essence of green building is an optimization of one

or more of these principles. Also, with the proper synergistic design, individual green building technologies may work together to produce a greater cumulative effect.

On the aesthetic side of green architecture or sustainable design, the philosophy of designing a building that is in harmony with the natural features and resources surrounding the site is vital. There are several key steps in designing sustainable buildings: specify 'green' building materials from local sources, reduce loads, optimize systems and generate on-site renewable energy

The impact of implementing the above is as follows:

Financial saving in electricity bill of the parliament building up to Rs. 8.0 to Rs.10.0 million per year.

IESCO will be paying back this saving to Parliament Building through proper metering mechanism.

Social benefits are directly linked to greater availability of energy generated by 2 MW PV Solar Power Project of Parliament Building and electricity which is freed up by the project and provided to the general economy. Once the project is completed it will definitely set a trend for other private and public sector building where huge amount of electric power is being used to opt the PV Solar Power.

This will also increase the capacity and quality of local industries in the field of wires, cables and steel structures. A time will come when other parts like inverters and isolation transformers will be produced locally and these industries will also flourish and consequently more manpower will be required to work in these sectors. This means more employment opportunities resulting in improved social life of people in the society.

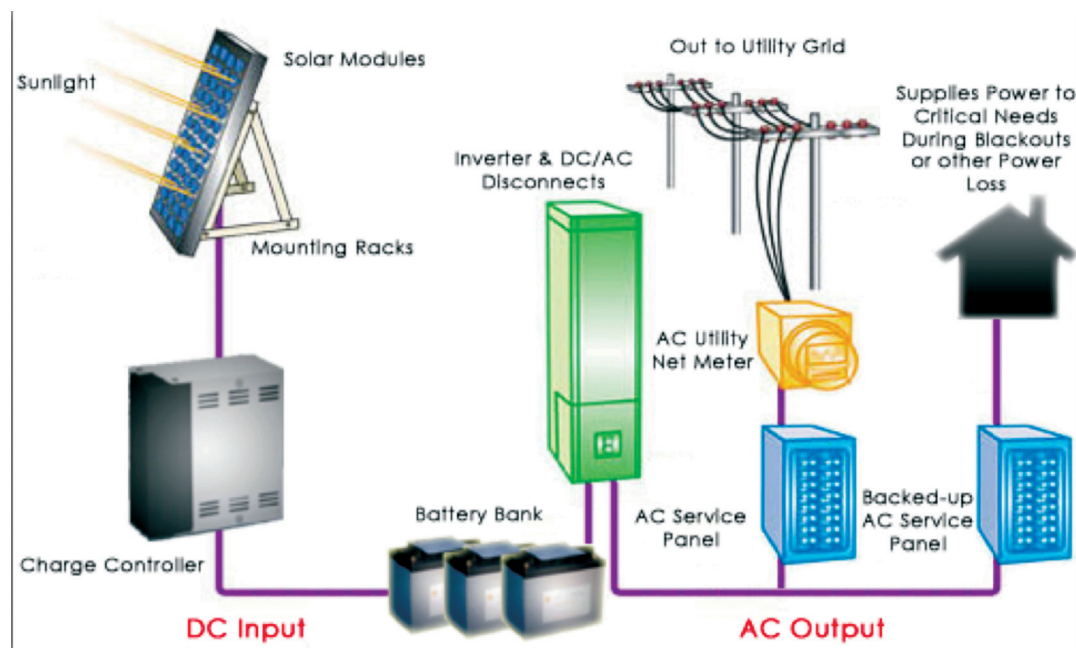
Solar power facilities reduce the environmental impacts of combustion used in fossil fuel based power generation, such as impacts from green house gases and other air pollution emissions. Unlike fossil fuel based power generating facilities, solar facilities have no emission of air pollutants such as sulfur dioxide, nitrogen oxides, carbon monoxide, volatile organic compounds and the greenhouse gas carbon dioxide



during operations. In addition to these benefits of solar development, construction and operation of solar facilities creates both direct and indirect employment and additional income in the regions where the PV Systems are installed and other solar energy related development occurs. The solar electrification of the parliament building will save approximately 2500 tons of carbon dioxide per annum with a carbon credit of Rs. 3.445 million per annum if the project gets registered under DM mechanism. (1US\$ = Rs. 106 and 1 ton carbon abatement earn US\$13/ annum approximately).

Shahid Shoukat

Executive Engineer (Dist. South)
Head Office





Safety Theme

محفوظ لفٹنگ
"بہادری نہ دیکھائیں احتیاط کریں۔"



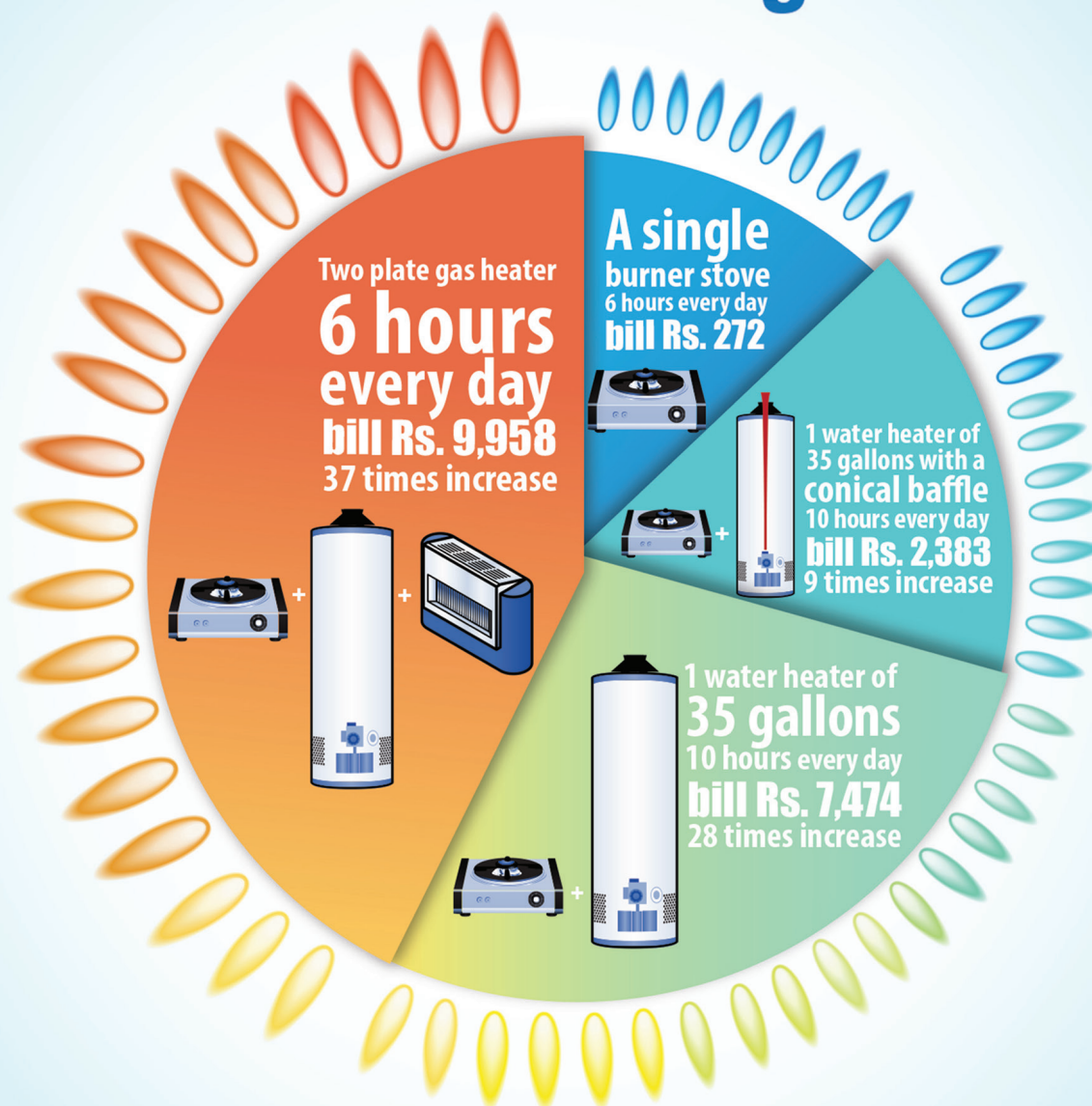
محفوظ طریقے سے وزن اٹھانے کی تجاویز



- ۱۔ وزن کو آسانی سے اٹھانے کیلئے مناسب شکل میں لے آئیں۔
- ۲۔ اگر مناسب ہو تو وزن کو دو یا تین حصوں میں بانٹ لیں۔
- ۳۔ گزرنے کے راستے کی مناسب منصوبہ بندی کریں تاکہ ٹھوکر کھانے، گرنے، موج آنے والے خطرات سے محفوظ رہیں۔
- ۴۔ بھاری وزن اٹھانے کیلئے دوسروں کی مدد حاصل کریں۔



Why GAS BILLS INCREASE during winters?



Manage your bill. Save Gas Save Cash



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