

Chennai Petroleum Corporation Limited
UN GLOBAL COMPACT 2015-16

During the year 1999, UN Secretary-General launched the 'Global Compact' calling upon corporate leaders to align their business practices according to the principles of the Compact. The Global Compact has 10 principles, which encompass the areas of Human Rights, Labour, Environment and Anti-corruption. These 10 principles have been derived from various UN Declarations and conventions, viz. the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment & Development and the United Nations Convention against Corruption.

COMMUNICATION ON PROGRESS (COP) FOR 2015-16

The 10 principles of Global Compact are mentioned below:

- 1. Business should support and respect the protection of internationally proclaimed human rights.**
- 2. Make sure that businesses are not complicit in human rights abuses.**
- 3. Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.**
- 4. Elimination of all forms of forced and compulsory labour.**
- 5. Effective abolition of child labour.**
- 6. Elimination of discrimination in respect of employment and occupation.**
- 7. Business should support a precautionary approach to environmental challenges.**
- 8. Undertake initiatives to promote greater environmental responsibility.**
- 9. Encourage the development and diffusion of environmentally friendly technologies.**
- 10. Businesses should work against all forms of corruption, including extortion and bribery.**

PRINCIPLE 1 : BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS

CPCL conforms to human rights principles and ensures that no violation occurs in its vicinity. CPCL is an equal opportunity employer and believes in fostering an environment of equality at the workplace and ensures recognition of the equal and inalienable rights. In order to ensure the same the following activities were done in CPCL during the year 2015-16:

A) COMMUNICATION MEETING:

During the year, to promote employees participation by way of information sharing, Communication meetings with Functional Directors and Managing Director were conducted covering Employees working in nine departments. Towards developing a culture of care and trust, two Open House meetings with Chairman, Managing Director and Directors were conducted.

B) CORPORATE SOCIAL RESPONSIBILITY:

CPCL firmly believes that Corporate Social Responsibility is one of its important functions to support sustainable development of the society. An amount of ₹ 133.02 lakhs was spent during the year 2015-16 on various CSR&SD Project / initiatives focusing on Health, Education, Infrastructure, Sanitation and Renewal Energy for the benefit of cross section of stake holders around the Refineries at Manali and CBR, Nagapattinam. Some of these services are detailed below:

Health : CPCL operates four Community Health Centres at Manali, Periyasekkadu, Thirunillai and Muttam (CBR). About 80,000 people got benefitted during the reporting year from these Health care activities. Assistance was extended for implementation of Government sponsored National Pulse Polio Programme.

Education : To encourage meritorious students studying in educational institutions located around Manali & Nagapattinam Refineries. CPCL distributed 874 Merit Scholarships to the students of Government / Panchayat / Municipality Educational

Institutions, CPCL and other Polytechnic Colleges/ ITI . CPCL also extended financial assistance to CPCL Education Trust in order to partially meet the running and maintenance expenditure of CPCL Polytechnic College.

Women Development : CPCL also runs a Crèche for children in association with Womens' India Association which offers hygienic and secure environment for the children. This facility is availed by parents especially Women who are mostly daily wage earners who are engaged as labourers for various types of manual works in the nearby Industries.

Sanitation Facilities : With a view to promote hygiene among school students, CPCL constructed 10 Toilet units for the boys and girls students at 3 Government Schools in Thiruvallur and Nagapattinam Districts, under the Swachh Vidyalaya program of Swachh Bharat.

Flood Relief Activities : Chennai experienced unprecedented floods during the month of December'15. To extend assistance to the flood affected people, CPCL contributed a sum of Rs.1,32,72,560/- for Chief Minister's Public Relief Fund and also provided various basic amenities like bed sheets, clothes, medicines, mats and other flood relief material to the affected and distraught people living in and around Manali refinery.

C)HEALTH PROMOTION ACTIVITIES:

CPCL's Occupational Health Service constantly endeavors to promote the health of its workers including contract workers and also prevention of illness by ensuring a safe work environment by a well established schedule of work environment monitoring of the various hazards in the refinery. Persistent efforts were undertaken for promoting the awareness amongst the employees on various health care issues by conducting several health awareness programs.

As part of Health surveillance, 87% of the employees underwent comprehensive medical examination. In addition, the health of the Contract workers doing critical jobs, security personnel and canteen workers were examined as per the statutory requirements. Regular training programs were conducted for improving the awareness

of employees on the hazards in their work place and first aid care. OHS medical laboratory continued its focus on sustaining the high quality standards by participating in the international recognized EQAS conducted by Biorad.

D) OTHER ACTIVITIES CARRIED OUT:

Observance of Anti-Terrorism day: “Anti-Terrorism Day” is being observed on 21st May every year with the objective of weaning away people, particularly the youth, from terrorism and cult of violence by highlighting the suffering of the common people and to highlight how it is prejudicial to the national interest. The employees working in different locations within the Refinery premises had administered the Anti-Terrorism Pledge.

Observance of Goodwill Day (Sadbhavana Diwas) : Goodwill Day (Sadbhavana Diwas) is observed on 20th August every year. The purpose of observing Goodwill Day is to eschew violence and to promote Goodwill among the people of all religion, language and region. The employees working in different locations within the Refinery premises had administered the Goodwill Day Pledge collectively.

PRINCIPLE 2 : MAKE SURE THAT BUSINESSES ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES.

CPCL strives to maintain communal harmony inside the company through inculcation of strong internal value system with greater understanding of human nature. Towards this, CPCL observed National Integration week - from 19th to 25th November 2015. A number of activities were carried out for fostering patriotism and national integration despite their religion, language and region.

CPCL gives utmost importance for prevention of sexual harassment of women at workplace and takes immediate action in the event of reporting of such incidents. An Internal Complaints Committee is in place to deal with sexual harassment complaints and conduct enquiries, if any. There were no complaints of sexual harassment during the year. A Sensitization program on Sexual Harassment at Work Place (Prevention, Prohibition & Redressal) Act 2013, was conducted for the benefit of women employees.

PRINCIPLE 3: BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING.

CPCL recognizes Right to freedom of Association and Collective Bargaining. CPCL encourages its employees to be a member in Union / Association and also has checkout system for the collectives. 92.67% of workmen and 94.15% of the Officers are members of the Union or Association. In order to maintain good Industrial Relations, CPCL has a tradition of holding meetings for the Employees and the Collectives. As a measure to have cordial industrial climate, Managing Director / Functional Directors / HR Official had several meetings and Get-togethers with the Office Bearers of Chennai Petroleum Employees' Union and Chennai Petroleum Officers' Association on various occasions during the reporting year. Further, 7 structured communication meetings with Office bearers of Welfare Associations were also conducted.

CPCL ensures participative work culture by including employee representatives (collectives) in Committees like PF Trust, Area Safety, Canteen Management, etc. and Cross Functional Teams (CFTs).

PRINCIPLE 4: ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR.

During the year, no instance of forced, compulsory or bonded labour was reported. There is a separate Contract Labour Management Cell to comply with the provisions of various Contract Labour Legislations. In CPCL, utmost care is being given for the coverage of the contractor's workmen under Provident Fund, Employees State Insurance and payment of Minimum Wages.

PRINCIPLE 5 : EFFECTIVE ABOLITION OF CHILD LABOUR.

CPCL complies with the laws related to child labour in manufacturing industries and ensures that no child labour is engaged by the contractors in all areas of refinery operations and administration. The Contract Labour Management Cell through continuous scrutiny ensures

that all stipulations are adhered to by the contractors. The General Conditions of Contract (GCC) of the company include the clause on prohibition of child labour usage which prevents the contractors to use minors in their works. In addition, CPCL has also stipulated the minimum age limit for direct employment and contract labour as 18 years.

PRINCIPLE 6 : ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION.

CPCL ensures that there is no discrimination on the basis of colour, gender, religion or region while offering employment and providing growth and development. The company strictly adheres to the principle of equal wage for equal work. CPCL also provides equal opportunity to women employees in Career growth and in assigning responsibilities.

PRINCIPLE 7: BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES.

The details of precautionary approach to environmental challenges adopted by CPCL are as under:

a. Liquid effluents

The liquid effluent from the refinery and City sewage purchased from Chennai Metro Water Supply & Sewage Board (CMWSSB) is recycled with use of the following clean technologies :

- Oil (free & emulsified) removal by American Petroleum Institute (API), Tilted Plate Interceptor (TPI) separators, Dissolved Air Floatation (DAF) unit.
- Bio-Chemical Oxygen Demand (BOD) removal by Activated sludge process and attached film process.
- Removal of bacteria by Chlorination.
- Removal of suspended solids by Multi media Filter.

- Removal of Colloidal particles by use of ultra filtration Technology.
- Removal of Dissolved solids by use of Reverse Osmosis Technology.

b. Solid waste management

Oily sludge :CPCL utilizes the following clean technologies for solid waste management:

- In-situ chemical treatment in crude oil storage tanks to reduce sludge volume from crude oil tanks
- Use of Hydrogen peroxide in Effluent Treatment Plant (ETP) to reduce chemical sludge generation from ETPs

Other solid wastes : Common Treatment, Storage and Disposal Facility (TSDF) was created by Industrial Waste Management Association (IWMA) with the approval of Tamilnadu Pollution Control Board (TNPCB) at Gummidipoondi. CPCL has taken membership and obtained approval from TNPCB for disposal in TSDF. During the year 2015-16 apart from disposal of solid waste to authorized recyclers, solid waste has also been disposed in Tamilnadu Waste Management Limited (TNWML) site Gummidipoondi.

c. Air pollution

The following steps have been taken by CPCL to combat air pollution:

- Use of low sulfur Fuel for reduction of Sulfur-di-Oxide (SO₂) emission
- Use of Low-Nox burners and De-Nox facilities to reduce Nox emissions. (Oxides of Nitrogen)
- Provision of double seal in floating roof tanks to reduce Volatile Organic Compound (VOC) emissions.
- Continuous Stack emission monitoring in Heaters and Boilers
- Operation of seven numbers of Ambient Air quality monitoring stations and one Mobile Continuous Air Monitoring station.
- Continuous operation of VOC adsorption system in ETP -2
- Green House Gas (GHG) Emission survey completed for 2015-16

PRINCIPLE 8 : UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY.

The following initiatives were undertaken to promote greater environmental responsibility:

- Linking of Continuous Air Monitoring station with TNPCB for data transfer.
- Implementation of Energy conservation measures, which resulted in energy saving to the extent of 12012 SRFT.
- Windmill of CPCL generates around 25 Million units of clean electricity every year, which is utilized to meet power requirement of Desalination Plant at Chennai through wheeling of power.
- Continuous monitoring of air pollutants like NO_x, SO_x and other significant emissions as per the National Ambient Air Quality Standards and MINAS standards.
- Emergency Response & Disaster Management Planning (ERDMP) re-certification was obtained from Disaster Management Institute, Bhopal in line with the guidelines of MoP&NG.
- Strengthening of Insulation of High heat loss steam / process lines
- Improvement of PSA II Hydrogen Recovery by replacing switching valves and adsorbent
- Refinery Steam Trap management.

PRINCIPLE 9 : ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES.

The following action plan has been drawn for development of environmentally friendly technologies:

S.No.	Action Point
1.0	Water Environment
1.1	The new ETP which is envisaged as a part of Resid Upgradation Project is under construction and expected to yield quality water as output proposed to be directly used in the Power Plant after its commissioning.

1.2	Desalination Plant: CPCL operates the 5.8 Million Gallons per Day (MGD) (26.367 Million Litres per Day (MLD) Reverse Osmosis (RO) based Desalination Plant at Kattupalli Village, Ponneri Taluk, Tiruvallur District. During the year 2015-16, this plant produced significant quantity of water to meet the water requirement of CPCL.
2.0	Air Environment
2.1	Linking 10 CSM (Continuous Stack Monitoring) with Tamilnadu Pollution Control Board (TNPCB)
2.2	Volatile Organic Compounds (VOC) Adsorption System was operated in ETP-2
2.3	Leak Detection and Repair (LDAR) Program was carried out as per the Environment rules on regular basis.
2.4	In CBR, Online ETP analysers in discharge line have been installed and commissioned during 2015-16 in line with the requirements of TNPCB / CCB.
3.0	Land Environment
3.1	Provision of Rain water Harvesting for 10 buildings
3.2	In CBR, the first ever Bio-remediation process of Crude Tank sludge after mechanical treatment was completed.

PRINCIPLE 10 : BUSINESSES SHOULD WORK AGAINST ALL FORMS OF CORRUPTION, INCLUDING EXTORTION AND BRIBERY.

To improve Vigilance Management in the company, periodic / surprise inspections, major inspections and systems studies were conducted during the year. These studies focus on compliance with Statutory provisions, Rules and Regulations, provisions in various manuals of CPCL such as Tender Procedure Manual, Work Procedure Manual, Finance manual, General Conditions of Contract, etc. With an objective to create awareness among employees about vigilance aspects of business operations, a number of Training programs and Lectures on vigilance functions including the procedures to be followed in procurement, contracts and execution of works were conducted.

CPCL continues to focus on leveraging of technologies as a result of which the Payment of Bills to vendors / contractors is effected through ECS / EFT with current percentage of the payment to contractors / vendors through ECS / EFT mode is at 99%. All open tenders are published in CPCL website in order to ensure competition and transparency. In line with CVC's guidelines, Notice Inviting Tenders, tender documents and details of Purchase Orders/Contracts awarded are hosted in the CPCL website. Procurement and contracts are being initiated through "e-tendering" mode.

Implementation of Integrity Pact

To ensure complete transparency in contracts and procurements, CPCL has implemented Integrity Pact, which binds the Company and its Suppliers / Contractors to ethical conduct in contracts and implementation of projects. Mr. M. Raman, I.A.S., (Retd) former Secretary to Govt of India and Dr. N. Sundaradevan, I.A.S. (Retd.), Ex-Additional Chief Secretary, Govt of Tamilnadu, are the Independent External Monitors (IEMs), approved by the Central Vigilance Commission, for the implementation of the Integrity Pact in CPCL. IEMs review IP contracts during the periodical meetings.

CPCL signed an Integrity Pact (IP) with Transparency India International in order to improve transparency in purchase of high value items and issue of contracts, In this regard, an Interactive Session with major contractors/vendors and Independent External Monitors (IEMs) was organised on 28th October, 2015 at CPCL's Corporate Office on implementation of Integrity Pact (IP). Due to the efforts taken by CPCL by way of system improvement, several measures have been taken up for implementation to streamline function of departments, compliance to extant procedures and guidelines of CVC and MOPNG, transparency. During the reporting year, 24 major contracts were covered under the Integrity Pact, when the threshold limit for entering into Integrity Pact had been revised from Rs 10 Crore to Rs 1 Crore in a phased manner.