

**Chennai Petroleum Corporation Limited
(A group Company of IndianOil)**

**SUB: STATEMENT OF DIRECTOR (FINANCE & HR) OF CHENNAI PETROLEUM
CORPORATION LIMITED PLEDGING CONTINUED SUPPORT TO GLOBAL
COMPACT PROGRAM OF UNITED NATIONS**

November 15, 2018

Chennai Petroleum Corporation Limited (CPCL), manufactures the much needed petroleum products that support the economic growth of the country, while taking care environmental and social aspects along with continuous improvement in energy efficiency. Sustainability development is an integral part of CPCL's operations and developmental activities.

I am pleased to confirm that CPCL reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we highlight CPCL's actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

We also commit to share this information with our stakeholders using our primary channels of communication.



**(RAJEEV AILAWADI)
Director (Finance & HR)**

Chennai Petroleum Corporation Limited
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UN GLOBAL COMPACT 2017-18

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 2017-18

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 2017-18:

i) Communication Meetings:

The Management conducts regular communication meetings with employees to appraise them regarding the recent developments in the market and the likely impact on the organisation and the corrective measures undertaken to address the challenges. During the year 2017-18, two Communication meetings were held with the collectives. In addition, 4 Quarterly meetings were conducted with Office bearers of Welfare Associations.

ii) Corporate Social Responsibility:

CPCL firmly believes that Corporate Social Responsibility is one of its important functions to support sustainable development of the society. During the year 2017-18, CPCL has undertaken a number of CSR initiatives and the CSR expenditure of the company was Rs. 9.18 crore which is the highest ever CSR contribution for community development activities with focus on Health improvement, strengthening of Education Infrastructure, Sanitation and access to clean fuel for the benefit of cross section of stake holders around the Refineries at Manali and CBR, Nagapattinam. Some of these services are detailed below:

- CPCL supports operation of four Community Health Centres at Manali, Periyasekkadu, Thirunillai and Muttam (CBR) through reputed NGOs wherein free medical consultation and general medicines are provided to the patients.
- Extended support for implementation of Government sponsored National Pulse Polio Programme.
- Conducted Medical and Blood donation camps for the Contract workmen.
- Provided two ventilators at a cost of Rs.20.38 lakhs and a fully automated biochemistry analyzer at a cost of Rs.12.64 lakhs to the Rajiv Gandhi Government General Hospital, Chennai.

- Contributed for the construction of two community toilets at Manali and also Individual household Latrines (IHHL) in Tiruvottiyur & Manali in collaboration with the Chennai Corporation.
- Under Swachh Vidyalaya program, CPCL partnered in the maintenance of school premises and Toilets of 57 schools in Chennai and Nagapattinam areas.
- Conducted awareness programs and various competitions and also installed dustbins, etc at Schools, Hospital and Museum, to spread the message of Swachh (cleanliness) Bharat.
- As part of the “**Clean India Movement**” initiated by the Government of India, CPCL has conducted a programme on “**Clean School Activities**” at Thakkar Bapa Vidyalaya Samiti, Chennai.
- Distributed Library books to the various Government Schools in Chennai at a cost of Rs.10.0 lakhs.
- CPCL tied-up with Indian Oil to provide LPG Connections to 3000 families of below poverty line, in Manali and Thiruvotriyur areas near Manali refinery under the Swachh bharat initiatives.
- CPCL assisted to repair / renovate the Park of the heritage building, Vivekananda House, opposite to the Marina Beach in Chennai.
- Appliances were provided to 200 disabled people at a cost of around Rs 22.3 lakhs.

ii) Health promotion activities:

CPCL's Occupational Health Service constantly endeavours to promote the health of its employees and contractor 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 among employees on various health care issues by conducting several health awareness programs.

As part of Health surveillance, 94% 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 awareness programs were conducted for improving the awareness of employees on the hazards in their work place and first aid care. Health talks were given by medical experts to employees on various health subjects.

iii) Other Activities carried out:

a) 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 on 21.05.2017.

b) Meritorious Awards to Employees Children :

Scheme for grant of special award for meritorious children of the employees is in place. The objective of the scheme for grant of special award for meritorious children of employees is to provide encouragement and induce the children to further improve level of their excellence in academic pursuits.

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

Prohibition of Sexual Harassment of Women:

CPCL strives to maintain communal harmony inside the company through inculcation of strong internal value system with greater understanding of human nature.

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. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 is in effect at CPCL. 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 2017-18.

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

CPCL firmly believes in Right to freedom of Association and Collective Bargaining and supports a participative culture in Management through a consultative approach with the Collectives. This positive approach is aimed at establishing harmonious relationship for

industrial peace and better productivity. The company supports its employees to become members in Union / Association. At CPCL, 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 Collectives. To promote cordial industrial climate, Managing Director and Functional Directors 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 year 2017-18, 6 structured meetings were held with the collectives. In addition, two communication meetings with Office Bearers of Union and Officers Association were held.

CPCL ensures participative work culture by including employee representatives (collectives) in Committees like PF (Provident Fund) 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 2017-18, no incident of forced, compulsory or bonded labour for CPCL's operations was reported. The Contract Labour Management Cell continuously monitors the human rights of contractor labour and coordinates with contractors for ensuring payment of minimum wages and other benefits like Provident Fund and ESI.

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 / Diffused aeration process, attached film process and Sequencing Batch Reactor.
- Removal of bacteria by Chlorination.
- Removal of suspended solids by Multimedia 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

CPCL has adopted sound waste management practices to handle the waste arising out of refinery operations with utmost safety with environmental consciousness. These hazardous wastes are predominantly disposed by one or more of the following methods:-

CPCL utilizes the following clean technologies for solid waste management:

- Mechanical treatment of oil sludge to recover oil from the sludge followed by bio-remediation to make it suitable for landfill and disposed through landfill.
- Spent catalysts with noble metals are disposed by sending to authorized recyclers for recovery of valuable metals from them.

- CPCL is a member of the Industrial Waste Management Association (IWMA) which has set up a facility for safe disposal of hazardous wastes in a secure landfill in SIPCOT Industrial Estate at Gummidipoondi. Hence, other hazardous wastes are sent to Common Hazardous waste treatment, storage disposal facility at Gummidipoondi.
- Efforts are being taken to control single use of plastics in the company.

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-NO_x burners to reduce NO_x emissions. (Oxides of Nitrogen).
- Provision of double seal in floating roof tanks to reduce Volatile Organic Compound (VOC) emissions.
- Continuous Stack emission monitoring in all the Process 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 2017-18.
- The temperature of ACs are kept at 25 Deg C for optimum energy saving.

PRINCIPLE 8: UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

The following initiatives were undertaken to promote greater environmental responsibility:

- Linking of Continuous Air Quality Monitoring Stations with Tamilnadu Pollution Control Board (TNPCB) for data transfer, on-line in real time mode for better transparency.
- Linking of parameters of all the stacks attached to Process Heaters and Boilers with TNPCB & Central Pollution Control Board (CPCB).
- The energy saving to the extent of 11000 SRFT was achieved, through implementation of Energy conservation measures.

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	Water Environment
1.1	A New ETP-4 with the latest available Technology including Sequencing Batch Reactor (SBR) has been commissioned to treat the Effluents generated from newly commissioned Delayed Coker Unit as well as to treat the ETP-1 Effluents.
1.2	Desalination Plant CPCL operates the 5.8 Million Gallons per Day (MGD) (26.367 Million Liters per Day (MLD) Reverse Osmosis (RO) based Desalination Plant at Kattupalli Village, Ponneri Taluk, Tiruvallur District. This plant produces significant quantity of water to meet the water requirement of CPCL.

2	Air Environment
2.1	Linking of all the 44 CSM (Continuous Stack Monitoring) stations with CPCB & TNPCB and ensuring Real Time Data Transfer.
2.2	Leak Detection and Repair (LOAR) Program was carried out as per the Environment rules during the year.
2.3	Volatile Organic Compounds(VOC) Adsorption System is in continuous operation
2.4	Implementation of Re-Gasified Liquefied Natural Gas (RLNG) project which will contribute to reduction in emissions is in progress
3.0	Land Environment
3.1	Provision of Rain water Harvesting for buildings

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. "Compendium of CVC Guidelines on Tenders & Contracts was compiled for the reference of Management by Vigilance department and the same was circulated.

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 initiated through "e-tendering" mode.

Integrity pact is implemented in CPCL as per the guidelines of the Government of India. The threshold limit has been reduced to Rs.1 Crore, so as to enhance coverage of contracts covered under IP. Periodical review meetings are being held with Independent External Monitors (IEM's) by the Management to review the performance. Interactive sessions with major contractors/vendors and IEM's was organised on 1st Nov, 2017.

By way of system improvement suggested by Vigilance department, several measures have been taken-up for implementation to streamline functioning of various departments, compliance to extant procedures and guidelines of CVC and Ministry of Petroleum & Natural Gas (MoP&NG).