



PAK-ARAB REFINERY LIMITED
A Pakistan-Abu Dhabi Joint Venture



COMMUNICATION ON PROGRESS 2013





PAK-ARAB REFINERY LIMITED



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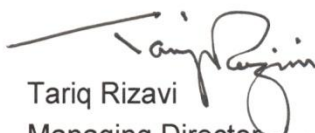
Message from the Managing Director

We are pleased to present the 3rd Communication on Progress Report 2013 of PARCO.

PARCO was recently awarded the FPCCI (The Federation of Pakistan Chambers of Commerce and Industry) Gold Medal in CSR by the President of Pakistan. Reflecting the efforts of its dedicated team, PARCO has not only surpassed its operational and financial targets, it also continues to receive recognition as a leading CSR Company.

PARCO's COP highlights the management systems, our actions and their results in compliance of UNGC's 10 Principles. Above all, our COP is indicative of the strong commitment that the Management and Board of Directors have for CSR in general and for compliance with UNGC's Principles in particular.

In consonance with our reputation as the leading Petroleum Sector Company in Pakistan and a successful Public-Private multinational joint venture between two countries, PARCO strives to meet the highest standards of technical and social excellence. CSR is an essential element of our corporate strategy. We will continue to make efforts to adhere to UNGC's Principles as far as possible and will undertake further initiatives that have an intersect with our business and society.



Tariq Rizavi

Managing Director

Pak-Arab Refinery Limited

March 2013

About Pak-Arab Refinery Limited (PARCO)

PAK- ARAB REFINERY LTD (PARCO) is a Joint Venture between the Government of Pakistan and the Emirate of Abu Dhabi, incorporated as a public limited company in 1974. As an integrated energy company, PARCO is the leading player in Pakistan's petroleum industry with major operations in refining, transportation, storage, marketing, oil supply and logistics. With the largest refinery in Pakistan having a capacity of 100,000 BPD representing 35% of the country's refining capacity, strategic storage of over one million tons, over 2000 kms of cross country pipeline network including its JV subsidiary Pak-Arab Pipeline Company Limited (PAPCO), a rapidly expanding retail outlets network owned by TOTAL PARCO - a joint venture between PARCO and TOTAL of France, distribution of imported OMV lubricants from Austria - PARCO has emerged as the strategic fuel supplier to the country.

PARCO's Core Functions



PARCO Pearl Gas (Pvt) Ltd (PPG), formerly known as the SHV Energy Pakistan (Pvt) Ltd is a 100% subsidiary of PARCO, having largest LPG marketing and distribution network. PPG manages storage, processing, filling and distribution of LPG.

The performance of the company can be judged by the fact that it has maintained its AAA and A1+ long and short term credit rating by Pakistan Credit Rating Agency (PACRA) for fifteen consecutive years. The company set another first in Pakistan when it obtained three simultaneous international certifications: ISO 9001:2008 (Quality Management System), ISO 14001:2004 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management System). PARCO has also received Environment Excellence Awards for the last seven consecutive years and is rated among the top 10 organizations in Pakistan for outstanding achievement in Environment Management.

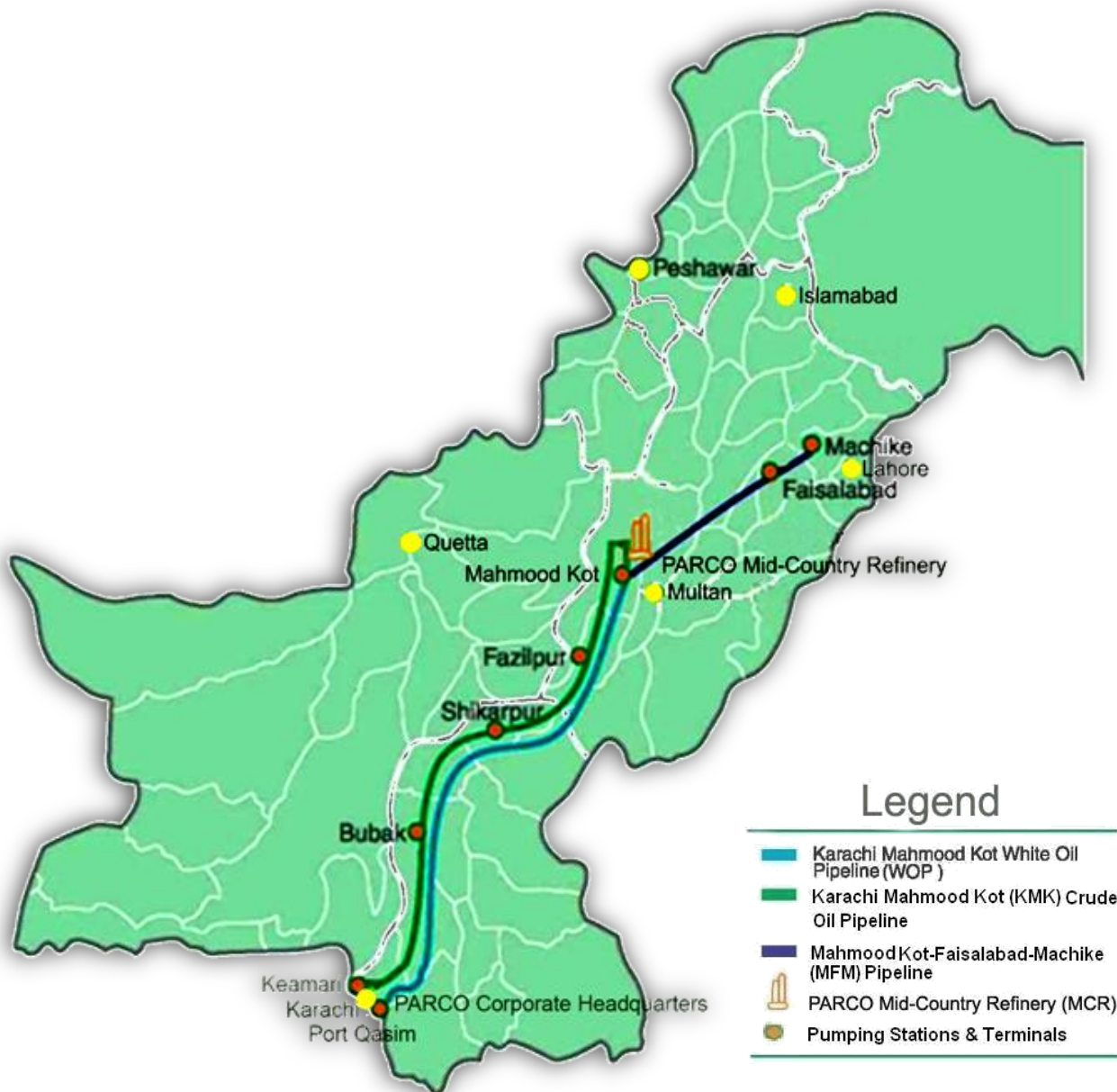
As a good corporate citizen, the company focuses on meeting the expectations of its internal and external stakeholders in a professional and strategic manner. PARCO not only invests in its employees, makes efforts for customer satisfaction and operates ethically, but also undertakes a wide range of projects to benefit society in areas of education, health, environment, sports, culture, community development, road safety, and natural calamities.

Processing and handling hydrocarbons is our business and it comes with its share of hazards. PARCO proactively identifies, minimizes and mitigates situations that have the potential to cause harm to the health and safety of its employees, customers, service providers, communities, public and the environment. The focus and diversity of technical, social and environmental projects of PARCO speak for themselves.

Our cross country pipeline network makes us next-door neighbor to many remote and underprivileged communities. PARCO Schools & Clinics Support Program is aimed at providing basic education and health facilities. The program is an ongoing initiative in which new schools and clinics are identified and existing ones are improved by providing basic infrastructure and other necessities that are beneficial for the surrounding communities. Communities are happy that PARCO is there for help when they need it most.

PARCO has always responded passionately to the nation's distress calls during natural calamities, such as the earthquake or floods. PARCO also supports culture and heritage by patronizing indigenous music, poetry and the arts. As a member of WWF, PARCO helps in conservation of nature, with several initiatives to its credit. In keeping with the Values of the company and our traditions, PARCO makes philanthropic contributions to institutions that are making significant efforts to help the underprivileged.

From producing environment friendly products to efficient, world class engineering facilities and infrastructure, building a competent team, and major social initiatives, PARCO is doing its utmost in *Providing Energy with Responsibility.*



CORPORATE RECOGNITION DURING 2012

PACRA Maintains “AAA” Entity Ratings of Pak-Arab Refinery Limited Consecutively For 15 Years

The Pakistan Credit Rating Agency (PACRA) has maintained long term and short term entity ratings of Pak-Arab Refinery Limited at **"AAA" (Triple A)** and **"A1+" (A One Plus)** respectively for the past 15 years. The ratings denote the lowest expectation of credit risk emanating from an exceptionally strong capacity for timely payment of financial commitments.

PARCO Conferred Gold Medal in CSR Category by FPCCI in the 36TH FPCCI Export Awards 2012

Pak-Arab Refinery Limited has contributed immensely in the realm of Corporate Social Responsibility. Recognizing PARCO's CSR program, the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) have awarded PARCO, a Gold Medal for Overall CSR Contribution at its 36th FPCCI Export Award.

The criteria for evaluating the organizations nominated for this award related to their contributions in nine areas: Charity & Donation, Consumer Rights, Education and Training, Environment, Health Care, Hospitals and Clinics, Human Development & Poverty Alleviation, Human Rights, Research and Development, Sports and Culture. Since PARCO is contributing in all these areas, FPCCI recognized our contributions and presented the award to PARCO. As a good Corporate Citizen, PARCO does its utmost on meeting the expectations of its internal and external stakeholders in a caring, professional and strategic manner and adopts best CSR practices applicable to its business and community.



Mr. Shuja Uddin Ahmed, DMD Operations,
PARCO receiving the Medal from
H.E. President of Pakistan, Mr. Asif Ali Zardari

PARCO Wins Fire and Safety Award 2012

As the leading energy provider in the country, PARCO has always been mindful of its responsibilities towards its customers, employees, the community and the environment it operates in. Due to the nature of our business protecting our employees and installations from fire and safety hazards is inevitable. In this lieu the role of HSE is crucial towards developing procedures and process for eliminating these hazards, along with training the staff for unforeseen events.

Recognizing the efforts of our HSE department, its procedures, safety measures and business processes throughout our installations, the National Forum for Environment and Health (NFEH) and Fire Protection Association of Pakistan (FPAP) bestowed upon PARCO the Fire and Safety Award 2012.

The Award is a testament of PARCO's efforts to provide a safer working environment to all its employees, along with the commitment of our HSE department and the high standards of operational safety, control and audit which made this achievement possible.



Mr. Asghar Shaheed Gardezi, Manager HSE of
PARCO receiving the Award

9th Environment Excellence Award 2012

PARCO has been awarded the 7th consecutive Annual Environment Excellence Award by the National Forum for Environment and Health (NFEH). PARCO for the 3rd consecutive time has been placed amongst the 10 best organizations of Pakistan in Environment Management. A Special Recognition Certificate for outstanding achievement in Environment Management was also awarded to PARCO by NFEH.

The panel of judges voted unanimously to award the excellence certificate to PARCO for the company's vision, environment protection policies and practices, and its Corporate Social Responsibility program.



**Mr. Shuja Uddin Ahmed, DMD Operations,
PARCO receiving the Award**

NFEH is a non-government, non-profit organization which works in collaboration with United Nations Environmental Program (UNEP) and is supported by the Ministry of Environment, Government of Pakistan. This Special Recognition comes as a result of the six consecutive Annual Environment Excellence Awards received by PARCO. These awards reflect our good management practices, the efforts of our team and our concern for the environment.

CSR Leadership Excellence Award 2012

PARCO was awarded the **CSR Leadership Business Excellence Award 2012** at the Annual International CSR Summit and Award Ceremony. The event was organized by the National Forum for Environment and Health (NFEH). The summit was attended by dignitaries and CSR experts from around the globe. The CSR Excellence Awards recognizes and promotes organizations that make outstanding contributions for a sustainable future through CSR (Corporate Social Responsibility) initiatives. 87 national and multinational companies filed their nominations for the awards. The expert jury comprising of international CSR experts and prominent personalities from the corporate and social sector selected 36 companies. PARCO received the award for the most prestigious category of "CSR Leadership Excellence".



**Governor Punjab, Mr. Latif Khosa presenting the
award to Mr Shah M. Saad Husain, GM (CA),**

First Prize for PARCO's Corporate Garden

PARCO has been winning prizes for its Corporate Garden for the last 9 years. The Company was ranked first for 6 consecutive years in the Corporate Garden Category in the competition held by the Horticultural Society of Pakistan. PARCO once again secured first position for its Corporate Garden in 2012 competition held by the Horticulture society of Pakistan.



**Brig. (R) Raheel Saigol, Manager
Administration of PARCO receiving the award**

The UN Global Compact Excellence Award 2011 in Multinational Category

PARCO, being an active member of the UN Global Compact, was awarded the “Living the Global Compact” Responsible Business Award 2010-11 in the Multinational Companies category. This Excellence Award is the highest award in this category.

The Global Compact Award not only acknowledges PARCO’s commitment towards strategic and sustainable CSR, but also appreciates our efforts in adopting UNGC’s universal Ten Principles in our operations. The Ten principles relate to Human Rights, Labor, Environment and Transparency.



**General Manager Corporate Affairs, PARCO
receiving the Certificate and Award**

Presented by the United Nations Global Compact’s Pakistan Local Network (GCLN) and Responsible Business Initiative (RBI) a Pakistan based internationally recognized enabler for responsible business, the Award acknowledges organizations demonstrating the UNGC Principles in action, not just a specific CSR project or program. More than 100 Pakistani companies/institutions are signatories to the United Nations Global Compact and have committed themselves to adopting its Ten Principles.

The award nominees passed through a rigorous and documented process of successive stages of short-listing by multi-disciplinary local and foreign experts, who assessed performance in each of the four major categories of the GC, namely Human Rights, the Environment, Labor and Transparency.

The international jury appreciated PARCO’s efforts in making important and substantial investments in sustainability for its products, especially the dramatic reduction of sulphur by a factor of 14. The jury also appreciated ***“PARCO’s strong processes for sustainable performance, multi-stakeholder internal CSR team which includes focal persons from the divisions and relevant departments”***

PARCO's Engagement with the UNGC Pakistan Local Network

PARCO Supports United Nations Principles on Responsible Management Education (PRME)

Being a member of the UN Global Compact, PARCO has been collaborating with the UNGC Pakistan Local Network at different forums in Pakistan to promote the Universal Ten Principles. In this context, the Company participates in forums and shares its best practices.

The UN Global Compact Pakistan Local Network, on October 6th, 2012, organized a 'National Conference on Quality of Responsible Education in Pakistan' in collaboration with Pakistan Institute of Quality Control and Employers Federation of Pakistan in Karachi to promote Principles on Responsible Management Education.



Mr. Shah M. Saad Husain
GM Corporate Affairs, PARCO
presenting a paper at the Conference

The National Conference was attended by educationists from leading educational institutions and corporate sector of Pakistan. Mr. Shah M. Saad Husain, General Manager Corporate Affairs, PARCO presented a framework through which PARCO and its responsible management acts in order to successfully manage Pakistan's leading oil conglomerate. The presentation also focused on how PARCO collaborates with the educational institutions and its partnership with the academia in order to support the Company back through trained professionals. The UNGC PLN officials applauded PARCO's efforts and appreciated Mr. Shah M. Saad Husain for sharing the best practices. The conference was also attended by PARCO's Corporate Communications and Human Resource department staff.

Global Compact Pakistan Local Network in collaboration with Employers' Federation of Pakistan Organized "37th Business talk CSR meeting on "SECP Draft Guidelines on CSR for Business"

The 37th Business Talk CSR meeting was organized at Karachi on 24th October, 2012 by Global Compact Pakistan Network in collaboration with Employers Federation of Pakistan and Federation of Pakistan Chambers of Commerce and Industry (FPCCI).

Mr. Shah M. Saad Husain from PARCO was one of the distinguished panelists to discuss the significance of Securities and Exchange Commission of Pakistan's (SECP) draft guidelines on Corporate Social Responsibility for business. He said that since CSR was going to drive the way of conducting business, the SECP guidelines were a timely initiative. He made some suggestions in improving upon the guideline by suggesting that (a) the word compliance may be substituted by the word adoption as the former sound much too strong and legal, (b) policy should be linked with strategic intent of business, (c) framework specific for Pakistan may be develop, (d) CSR Consultative Committee should be headed by Company's CEOs (e) independent assurance should be authoritative and cross-functional and they should be conducted by a forum comprising of representatives from SECP, FPCCI, EFP and UNGCPLN to give the institution more credibility and acceptability by business.

HUMAN RIGHTS



PRINCIPLE 1

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

Our Commitment

At PARCO, we deliver “Energy with Responsibility”. PARCO respects all human beings and considers employees as its greatest asset, striving to support employees, their families, nearby communities and other stakeholders in accordance with Human Rights.

Management Systems

HR Management, Administration

HR Management, HSE, Security

Communities

Actions

Work-Life Balance

Healthy Environment for Employees

Education Facilities

Basic Health Facilities

Protection of Company Assets and Employees

Work Safety

Road Safety

Stakeholder Involvement & Community Investment

Results

- PARCO provides its employees absence from work for rest and relaxation, sickness, recuperation after sickness and for attending personal affairs.
- An employee proceeding on Annual Leave may request for advance salary payment for approved leave period. In addition, employees are also entitled to ‘Leave Fare Assistance’.
- The Company looks upon its employees to socially acquaint themselves with professional colleagues from other organizations and other walks of life. To facilitate this inter-relation, the Company sees that the employees have the facility and use of a reputable club in the city where they are posted. This is called the ‘Club Membership’ policy.
- In the event of an employee or spouse’s death, the Company provides transportation of deceased and ‘Funeral Assistance’ to the family.
- During 2012, PARCO sponsored 5 Non-Management Staff and 2 Management Staff to perform “Hajj” (Holy Pilgrimage). This is done on annual basis.
- PARCO provides membership of professional bodies and fraternities to its employees.

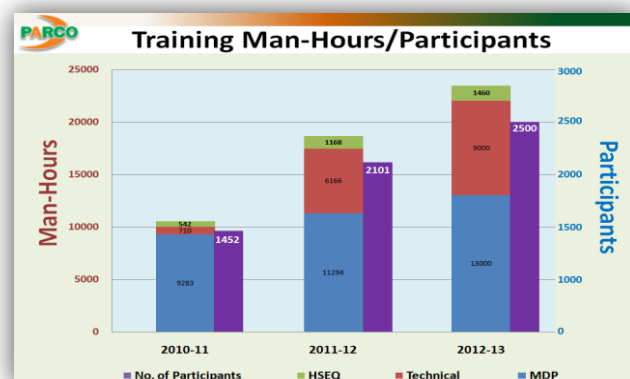
- PARCO continues to provide a healthy and green working environment to its employees. During 2012, the Company was ranked 1ST in the Best Corporate Garden Category in a competition held by the Horticultural Society of Pakistan. PARCO has been winning prizes for its Corporate Garden for the last 9 years.



- PARCO is an OHSAS 18001:2007 (Occupational Health and Safety Management System) certified Company since the year 2005.
- The Company has been receiving National Environment Excellence Awards for the last seven years in a row.



- We have an extensive Management Development Program (MDP) for our employees. All trainings are planned and coordinated in a systematic manner by the Company in terms of the needs and the talents required. The training efforts are not confined to a few formal classroom courses but extend in all directions to remove employees’ weaknesses and making the most of their strengths. Last three years of Training Man-hours data is given below.



- PARCO has been continuously endeavoring to enrich its human capital by adopting new techniques and methods for developing its people. PARCO helps and guides its employees, through appropriate training, to make the best of their talents.
- Training Needs Analysis, Personal Development Plan and Career Planning are formalized processes for all employees.



- To encourage employees of the Company to enhance their professional competence, PARCO provides membership of reputable professional bodies and organizations which impart technical, professional and managerial knowledge to the employees through the ‘Organizational Membership’ policy.

- PARCO provides 100% free medical cover to its employees, their spouses, dependents (up to 21 years) and reimbursement of 60% medical costs of employees’ parents.
- All permanent/contract female employees are eligible for maternity leave of 12 weeks.

Ibn-e-Sina Hospital at Mid-Country Refinery (MCR) ensures timely medical assistance to the employees and their families posted at the Refinery in Qasba Gujrat which is in a remote area.



- Medical policies are revised from time to time to suit employees’ requirements and provide appropriate health care system.
- PARCO helps its employees and their families with economic protection against loss of earnings in the event of employee’s death or disability occurring as a result of illness, accident or otherwise under the ‘Death & Disability Benefit Plan’.
- Employees at the age of 45-50 years and above are required to undergo medical check up after two years and employees above 50 years are required to undergo medical examination annually to determine the quality and level of their health.
- The Company also covers medical/traveling expenses of employees and their dependent if he/she is suffering from such a disease which requires a vital organ transplantation that cannot be done in Pakistan.
- To provide full medical cover to its employees and dependents, PARCO has 39 hospitals, 30 consultants, 6 laboratories, 16 pharmacies across the country.

- In order to maintain a safe and secure working environment, PARCO employs security services for protection of company assets as well as employees at all PARCO locations.



Safety Check being performed by Security Personnel

- A standard operating procedure, with communication and command levels has been established to report security incidents, accidents, natural calamities and other risk situations.
- An electronic Incident Reporting System has been functioning at PARCO over a long period of time. The system has been upgraded in 2012 to make it more users friendly.
- To protect Company assets and employees, a background/reference check and police verification of all new inductees is conducted.

- The PARCO management expects from all employees to strictly follow safety and housekeeping instructions. As better housekeeping, being part of safety not only results in better living conditions but also protects employees from unexpected accidents.
- To this end, PARCO has instituted an annual ‘Safety and Housekeeping Award’ which is awarded to the one station which has maintained immaculate housekeeping and the best safety standards during this year.
- PARCO ensures that Personal Protective Equipment (PPE) is provided to all employees. Service Providers are also required to provide PPE’s to their staff.



- During 2012, PARCO’s Pipeline Division has successfully completed 4 million man-hours without lost time accident (LTA).



Ceremony held at Corporate Headquarters, Karachi

- All PARCO drivers are provided training to comply with Road Safety Rules, Pakistan Traffic Code, etc.



Road Safety Training for PARCO Drivers

- PARCO ensures that all its employees and staff of Service Providers practice Road Safety regulations and precautions as responsible citizens. Our HSE department conducts monthly Road Safety Trainings.
- Proper road markings and road safety signs are installed within all PARCO facilities and locations for strict compliance.
- Violation of Road and Traffic Rules by any employee is misconduct, liable for disciplinary action/punishment.



- PARCO has developed three schools with The Citizens Foundation – a reputable NGO working in the area of imparting quality education – at Karachi and Qasba Gujrat, near PARCO Mid-Country Refinery. During August 2012, PARCO inaugurated the newly extended academic block of PARCO-TCF Primary Campus II to accommodate another 180 students at a cost of Rs 5.7 million. Altogether, 732 children are receiving quality education in all the three PARCO-TCF campuses.
- During 2012, PARCO organized Teachers Training for School Teachers of Government Schools which are supported by PARCO near Corporate Headquarter and Mid-Country Refinery. The training’s key objective was to improve the teaching capability of the teachers by sharing the learning methodologies that children can adopt within and outside the classroom. The training was attended by 50 teachers from approx 10 different schools.
- PARCO partnered with National Commission for Human Development (NCHD) – an NGO working in rural areas for education and health - and has supported 20 Literacy Centers at Qasba Gujrat near its Mid-Country Refinery during the past two years where 500 women have been taught to read, write and learn basics of mathematics in five months.

While pursuing its business, PARCO ensures, as far as possible that its internal and external stakeholders are assured of basic human rights and facilities. Till date, PARCO has implemented several proactive CSR initiatives in Health, Education and Community Development for the underprivileged sections of society.

Access to Education/Basic Health

- Our cross country pipeline network makes us next-door neighbor to many remote and underprivileged communities. Since 2007, PARCO conducts an extensive Schools & Clinics Support Program which aims at improving the education and health infrastructure in adjoining communities by supporting Rural Health Clinics, Primary, Middle and Secondary Schools, being run by Government of Pakistan. Up till 2012, PARCO has provided assistance to 62 institutions along its pipeline and refinery across Pakistan.
- These institutions have been provided assistance in developing infrastructure, civil works, procurement of equipment, etc to help them sustain their operations to providing basic health and education.
- More than 10,000 children are receiving education in PARCO supported schools. PARCO’s assistance to these institutions has raised communities’ interest to enroll their children in these refurbished and well-maintained schools diverting them from child labor to primary education, raising the literacy rate.



HUMAN RIGHTS

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

Our Commitment At PARCO, we deliver "Energy with Responsibility". PARCO respects all human beings and considers employees as its greatest asset, striving to support employees, their families, nearby communities and other stakeholders in accordance with Human Rights.

Management Systems

HR Management, Administration

HR Management, HSE, Security

Communities

Actions

Work-Life Balance

Healthy Environment
for Employees

Education Facilities

Work Safety

Stakeholder Involvement & Community Investment

Results

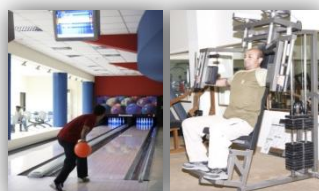
- Employees posted at outstations work on ROTA System, where they work for 20 days and then enjoy 8 days paid leaves with their families.
- PARCO has a cafeteria for employees where nutritious meals are served at more than 70% subsidy. PARCO employs 2 cooks at each Station and Terminal for cooking meals for staff.



- PARCO provides financial assistance to support non-management staff's daughter marriages and education assistance for their children, in times of need.
- During February 2012, PARCO organized the Annual Family Day for all employees and their families where they enjoyed fun rides, puppet show, magic show, games, food, etc. More than 2,600 PARCONIANS and their family members visited the Annual Family Day where they all spent quality time together. The event helps employees to unwind from their busy schedules and enjoy the whole day with their families and socialize with their fellow PARCONIANS.



- PARCO's annual Inter-Station Competition for the Best Housekeeping at PARCO Stations and Terminals continued this year where all the Stations and Terminals were scrutinized. During 2012, Terminal Station-4 at Machike was awarded as the best station in housekeeping.
- HSE Audits are conducted regularly to ensure compliance with best practices.
- PARCO provides international level facilities for Sports like Cricket (Flood Lit Stadium), Hockey, Football, Volleyball, Swimming, Tennis, etc. Indoor sports are also provided in a Club Complex e.g. Bowling Alley, Gymnasium, Badminton, Table Tennis, Snooker, Squash, etc. at its Mid-Country Refinery, Stations and Terminals.



education on the basis of a formal procedure that recognizes academic merit. During 2012, three children of PARCO employees were provided financial educational assistance.

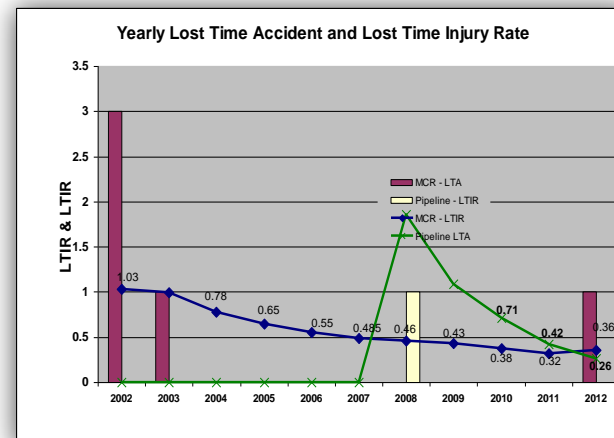
- Educational Awards which includes a certificate and cash rewards are given to school going children of the employees, based on good performance in their Secondary Education. This recognition helps motivate children to further enhance their educational performance.
- PARCO has always encouraged young minds to blossom with bright ideas. The Company holds an Article Competition to encourage employees' children in developing creative writing skills. The winners are rewarded with certificate and monetary prizes. The competition is conducted twice a year. During 2012, 8 children have won in two competitions, and were rewarded with certificates and cash prize.

- The School at PARCO's Mid-Country Refinery (MCR) Housing Complex provides subsidized education to the employees' children till pre-university level. The School also has a board which includes PARCO management and parents of the children.



- PARCO provides its employees with developmental opportunities to acquire knowledge and build up skills through training and self-development, to the mutual advantage of the employees and the Company. The 'Educational Refund Plan' is one such initiative intended to provide financial assistance to eligible employees who wish to undertake studies or training not directly covered by Company initiated programs or plans.

- PARCO has also been supporting the educational endeavors of its employees and their children. 'Scholarship for Children of Employees' is intended to support the employees by providing financial assistance to help defray their children's professional



- PARCO conducts in-house Occupational Health Safety and Environment (OHSE) training programs and achieved 1.5 man days per employee of training during 2012. Contractor trainings are also conducted once a week. A vital part of every contract requires contractors to comply with PARCO's HSE standards.
- Before mobilization, Service Providers' staff undertakes Orientation & Training covering Occupational, Health, Safety & Environment procedures and practices.
- Noise Monitoring is being done on quarterly basis. High noise areas are being identified and sign posting for the compliance has been done.
- Personal noise monitoring is carried out to check the 8 hours noise dosage of employees exposed to high noise areas and their audiometry is done.
- Personal dust dose is also checked for employees potentially exposed to any kind of dust.
- Toxic Gas areas are marked with toxic gas signs and no one is allowed to enter the area without proper gas masks.
- The drinking water is checked on a monthly basis to eliminate any bacterial contamination.
- Monthly audits including Safety and Housekeeping, Personal Protective Equipment, Gas Mask and Work Permits are conducted diligently to ensure active monitoring and compliance. For more information, please see Principle 8.



- Under the umbrella of schools and clinics support program, PARCO has supported several Basic and Rural Health Centers based in small villages nearby PARCO cross-country pipeline and Stations and Terminals. The clinics are providing basic healthcare to the local communities within their villages. As a result, community members are no longer required to travel for long hours to the cities for basic treatment.
- PARCO's Mid-Country Refinery at Qasba Gujrat is surrounded by many underprivileged communities, who are deprived of the basic education and health facilities. PARCO operates a Community Welfare Clinic in order to provide basic health facilities to the domestic workers working at the Mid-Country Refinery, their families and other people from nearby areas. The clinic is being run at a cost of Rs 1.5 million a year and treats approx 2,760 patients annually. In order to ensure sustainability of its operations, the clinic is supervised by the Company doctor and provision for its operation is kept in yearly CSR budget.

Support during Natural Calamities

- Altogether, during the 2010 and 2011 floods, PARCO has spent more than Rs 31 million in terms of medical camps, distribution of dry ration, cooked food, quilts and tented accommodation, reconstruction of houses, schools and clinics in the flood affected areas of Punjab and Sindh.
- During 2012 monsoon rains, the Country again faced massive floods at Shikarpur, Rajanpur and Kandhkot. PARCO again stood by the nation and provided dry food ration packets to 800 families. It is an ongoing program whereby more support will be provided. So far, PARCO has spent approximately Rs 4.8 million in various flood relief and rehabilitation work.



Increasing Self-Reliance through Vocational Training

- PARCO has always believed in inculcating self-reliance capabilities amongst the Pakistani youth. PARCO and its subsidiaries have supported many well-known institutions working in the area of providing vocational trainings.
- PARCO went a step further by searching for deserving vocational training institutes in rural areas, nearby PARCO facilities and identified 13 centers at Machike, Faisalabad, Kot Adu, Mahmood Kot, Qasba Gujrat, Muzaffargarh, DG Khan, Multan, Fazilpur, Shikarpur and Bubak. The institutes are being provided assistance by setting up state-of-the-art computer labs for conducting various professional courses and vocational trainings pertaining to sewing, embroidery, computer and technical education. PARCO provided electrical embroidery sewing machines, furniture and computers. These institutions were also uplifted and repaired by civil works to create a better learning environment for students.
- The basic objective in supporting these vocational training centers is to provide skill creation amongst the youth and especially women of Pakistan. The vocational trainings pertaining to sewing and embroidery will help the rural women in achieving self-sustenance. The overall 13 vocational training centers have been supported at a cost of approximately Rs 11 million.



Supporting Internal Stakeholders

- PARCO cares for its internal and external stakeholders. The Company supports its non-management and service provider's staff in all manners that it can help. PARCO provides funeral assistance, assistance for daughter marriages, medical support on case to case basis, educational awards for non-management and service provider staff children in recognition of their performance in Secondary Education and for further education as well.
- The Company also supports the staff in many ways on case to case basis, whenever they need financial, medical or other support. All in all, PARCO acts as a Socially Responsible Corporate Citizen in all possible ways to help its internal and external stakeholders.

HUMAN RIGHTS

PRINCIPLE 2

BUSINESS SHOULD MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES

Our Commitment

PARCO makes all possible efforts to avoid complicity in Human Rights Abuses and abides by the laws of the country.



Management Systems

HR Management, Operations, Contract Management, Communities etc.

Actions

Ethical Standards and fair dealings with shareholders, staff, customers, suppliers, service providers and other external partners

Equal Opportunity Employer

Women Empowerment

Results

- During recruitment, every employee of PARCO signs a declaration agreeing to PARCO's Guiding Principles which include a complete set of guidelines on fair and ethical dealings with customers, internal and external stakeholders and communities. Violations of these principles are viewed seriously, have resulted in disciplinary action, and in some cases have led to the termination of service. Following are some highlights of PARCO's Guiding Principles:
- We practice a merit-based equal-opportunity policy for recruitment and reject any influence of gender, color, caste, faith, ethnic origin or recommendations by influential persons.
- PARCO believes in tempering its policies with human values that can raise the human capital of the Company and the Nation.
- PARCO believes that valid profits are made by good businesses through efficient services, productivity of operations, value addition, innovative financing and strategic management of PARCO assets, talent and skills, while contributing to the well being of the Society.
- As a professionally managed organization, we at PARCO ensure that all the stakeholders are provided equal opportunities. Be it customers, employees, communities etc. we ensure equal treatment at all levels.
- PARCO believes in the value of transparency, openness and self-examination, and consider them as safeguards against potential faults.
- As a professionally managed organization, we at PARCO ensure that all the stakeholders are provided equal opportunities. Be it customers, employees, communities etc. we ensure equal treatment at all levels.
- We consider our Suppliers and Service Providers as our business partners and deal with them with the same fairness that we reserve for our employees and customers.
- As a Company we are acknowledged as a responsible corporate citizen in the community of business and industry of Pakistan and have received multiple awards from various external stakeholder bodies as mentioned in the COP.
- We strive for minimal impact on the environment and contribute significantly to reducing the damage done to nature by man.
- We do not tolerate unsafe and hazardous-to-health work practices in transit or at the work place.

- All appointments in PARCO are based on merit for filling approved vacant positions. Our recruitment process ensures fair and competitive matching of candidates with job specifications. Non-job factors e.g. gender, origin, religion, and external influence are not considered. Under-age employment is strictly forbidden.
- PARCO Job Advertisements clearly state that use of any extraneous influence will disqualify the candidate.
- PARCO provides equal career growth opportunity to both male and female employees, some of whom are also heading key departments and sections in the Company. The company has females working in Engineering, Finance, Projects, IT, Telecom, Marketing, HR, and Medical functions. Our target is zero discrimination in a male dominated society and industry.
- Management and Engineering Trainees, upon successful completion of their training, are considered on merit against vacant positions, as permanent employees without discrimination, in case if there is vacant position.
- During 2012, 56 Trainee Engineers, 50 Trainee Technologists and 3 Management Trainees were inducted.
- Benefits, facilities and allowances, as specified in the Company's policies are provided to all employees and their dependants without discrimination.



- Being an equal opportunity employer, PARCO makes efforts in taking initiatives to empower women amongst its internal and external stakeholders. Some of these initiatives are given below.
- The Government of Pakistan promulgated "Protection Against Harassment of Women at the Workplace Act, 2010" with an objective to create a safe working environment for women which is free of harassment, abuse and intimidation so that they can work with dignity. PARCO enforces this Act throughout the company and has placed it on its intranet portal to educate women at workplace about their rights. PARCO has a committee to deal with harassment complaints takes suggestions and gives recommendations to Management. Employees, including head of departments, are advised to report any acts of harassment by any gender as such harassment is considered misconduct liable of disciplinary action. Since the last 39 years of existence of PARCO, no case of harassment against women have been registered.
- PARCO has supported three schools with The Citizens Foundation – a reputable NGO working in the area of imparting quality education – at Karachi and Qasba Gujrat, near PARCO Mid-Country Refinery. These schools employ all female staff belonging to the nearby communities. The existences of these campuses have generated employment for these local women to earn a decent living.
- Amongst the above mentioned three campuses, the PARCO–TCF Campus II at Qasba Gujrat offers education till Grade V and is operating at full capacity. In 2011-12 session, 176 students were enrolled (47% girls). During August 2012, PARCO inaugurated the newly extended academic block of PARCO–TCF Primary Campus II to accommodate another 180 students at a cost of Rs 5.7 million. The project not only enhances the enrollment of young boys and girls but will also increase women employment at Qasba Gujrat, as TCF has an all female staff.
- In order to ensure sustainability of the school, PARCO provided additional Rs 2.5 million as operating cost for the fiscal year 2012-13 for Primary Campus II extension and the newly established PARCO–TCF Campus III at Qasba Gujrat. A total of Rs 8.2 million have been spent so far. Altogether, PARCO–TCF campuses have 732 children enrolled, of which 45% are girl students receiving quality education.
- PARCO's Schools and Clinics Support Program supports 62 institutions with 48 schools and 14 clinics. Out of these 48 schools, approximately 80 percent are situated in the rural areas, with maximum female staff.
- The Community Welfare Clinic at the PARCO Mid-Country Refinery caters to approximately 2,760 patients a year of which majority patients treated are women and children.
- At the PARCO Mid-Country Refinery, the female spouses of the Company employees have formed a Ladies Club which is financially supported by PARCO. The club undertakes several social and fun events totally organized by the women residing at the Refinery Housing Complex.
- At PARCO Mid-Country Refinery Housing Complex, the Company has separate housing for women. There are separate sections and timing for facilities and club sports for women.



- During 2012, PARCO has continued its support and partnership with National Commission for Human Development (NCHD) – an NGO working in rural areas for education and health - and has supported Ten Literacy Centers in different villages near Mid-Country Refinery. This initiative has earlier helped 250 uneducated women and this year has again helped another 250 women in improving their living standards, hygiene and health. These women are taught to read, write and learn the basics of mathematics within five months. These educated women are able to understand their children's need for education and are motivating them to pursue further education. The women are also able to handle their daily chores with a sane mind. At Qasba Gujrat, a total number of 500 uneducated women have been provided basic education and this number is expected to increase in coming year.



Literacy Centers for Women

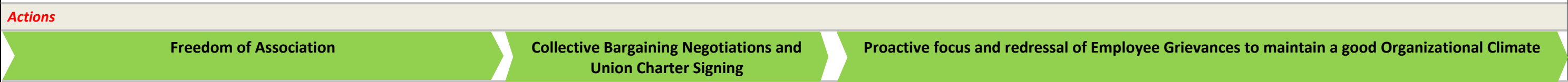
- PARCO has always believed in providing self sustenance capabilities amongst the Pakistani youth. PARCO and its subsidiaries have supported many well-known institutions working in the area of providing vocational trainings. Keeping in view the brief history, PARCO went a step further by searching for deserving Vocational Training Institutes in rural areas, nearby PARCO facilities and identified 13 centers at Machike, Faisalabad, Kot Adu, Mahmood Kot, Qasba Gujrat, Muzaffargarh, DG Khan, Multan, Fazilpur, Shikarpur and Bubak.
- The institutes are being provided help through setting up state of the art computer labs for conducting various professional courses and vocational trainings pertaining to sewing and embroidery by providing electrical embroidery sewing machines and furniture. The physical facilities of these institutions are also being uplifted through conducting much needed civil works to create a better learning environment for students.



Vocational Training Centers Supported by PARCO

LABOR

PRINCIPLE 3	BUSINESS SHOULD UPHOLD FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING
Our Commitment	PARCO believes in addressing Employee issues practically and providing the right of collective bargaining to all its workers by complete compliance to all Industrial Relations Ordinances and Laws.



Results

- PARCO workers are free to form or join a trade union of their choice without fear of intimidation or reprisal.
- The Company complies with Industrial Relations Ordinance 2012. PARCO has one registered trade union comprising of all non-management employees represented by 10 Collective Bargaining Agents (CBA).
- Management and CBA work together on many Employee Development and Welfare Programs.






- PARCO has a history of good management – employee relations. There has never been a labor strike since PARCO’s inception, and all CBA agreements have been negotiated in a friendly atmosphere.
- Free and fair elections of CBA were held during 2012.




- In an effort to encourage employees to voice their suggestions for improving the Company’s performance and efficiency, an ‘Employee Suggestion Program’ has been introduced. The objective of this initiative is to provide employees an opportunity to come up with innovative and creative ideas for process improvement, cost savings, operations effectiveness, safety and efficiency. Under this program, employee suggestions towards improving organizational efficiency are recognized and rewarded. Suggestions made by the employees are reviewed by the Managing Director and the Executive Committee Members which includes Company’s top management. Approximately 164 suggestions were received during 2012.
- In order to obtain feedback from exiting employees on the problem areas in the Company and on the employee’s concerns, complaints and suggestions, an exit interview of all exiting employees are also conducted and remedial actions are taken accordingly.
- For answering queries/suggestion/complaints of employees, the PARCO HR Department has a dedicated Help Desk.
- Our Managing Director holds sessions with each category/level of staff separately on regular basis for example, Trainees/Section Heads/Engineers/Managers. During 2012, such sessions were held at Corporate Headquarters and PARCO Mid-Country Refinery.
- The Human Resource Department at PARCO regularly conducts visits of PARCO installations at remote locations, to gather employee feedback, complaints and suggestions. The HR department also conducts Focus Group sessions amongst the employees where employees are randomly selected from each department at all locations irrespective of their grade or level. The objective of these discussions is to gather information pertaining to issues faced by the employees at all areas. A total number of 6 sessions have been conducted during 2012-13, attended by 92 participants from different departments belonging to various levels.







LABOR

PRINCIPLE 4 BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOR

Our Commitment PARCO completely disallows any form of forced or compulsory labor in all its functions.

Management Systems

Human Resource Management

Business Partners, Operations

Actions

The terms of employment at PARCO provide maximum freedom to employees to voluntarily enter or leave the organization on free will.

Maintaining industry-competitive Compensation and Benefits

Compliance by checking of Vendors/Suppliers/ Service Providers

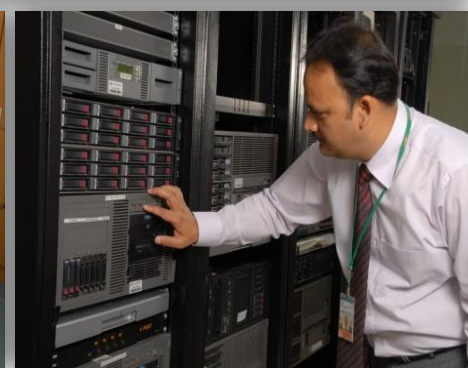
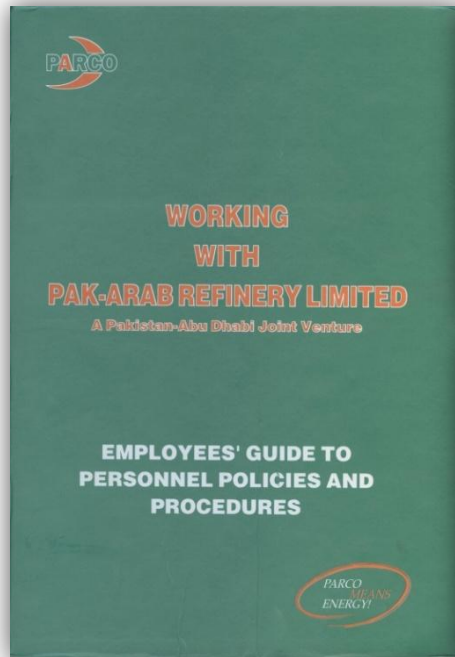
Results

- PARCO's employment contracts do not violate human rights or labor laws. PARCO does not have a practice of service bonds.
- Separation process, payment of outstanding dues, post retirement benefits, etc. are done expeditiously.
- Upon induction, all employees are provided an employee handbook which includes all the Human Resource policies and procedures pertaining to hiring, training and development, compensation, benefits, leaves, medical benefits and much more. Furthermore, an electronic version of the book is also placed on PARCO's Intranet Portal for instant access to the employees. The electronic version is updated as soon as amendments are made in the policies.

- PARCO's policy is to pay employees at all levels with responsibility, salaries and wages which are competitive when compared with prevailing salary scales for similar work in comparable organizations. For this purpose, salary surveys are regularly conducted and salary adjustments, benefits and revisions are accordingly granted targeting 75th percentile of the industry are provided.
- PARCO benefits its employees with economic protection against loss of earnings in the event of separation from service through 'Gratuity Fund'. Besides this, PARCO also benefits its retired employees with 'Pension Funds'. The widow/children of a deceased employee are also entitled to receive pension.
- PARCO also has a 'Transfer of Ownership of Company Assets' policy aimed at increasing employee satisfaction and retention. Under this scheme, employees are allowed to purchase Company vehicles and household appliances at a nominal cost.
- To assist employees in solving their transportation, housing problems and in acquiring hard furnishings for their homes, PARCO grants Car, Housing and Furniture Loans to its employees.
- Employees who are availing the residence facility at the Mid-Country Refinery site benefit from the following:
 - Allotment of Company-owned residential housing
 - Hard and soft furnishings
 - Household appliances
 - World class sports, club facilities
 - Schooling, mosque, shopping centers, etc.
- PARCO places utmost importance to the continuous services of its employees as being a factor to be recognized in terms of granting reward and recognition. The Company recognizes long and dedicated services rendered by employees and in recognition thereof has instituted suitable awards commensurate with the length of service. Following are the number of awards which have been given to employees in January 2013 on completing different periods of service:

Year of Service	No. of Employees
7	52
10	56
15	44
20	17
25	11
30	3
35	6

- Vendors/Suppliers/Contractors are checked by PARCO that no forced labor is utilized for PARCO's jobs. During prequalification, PARCO employees visit suppliers and vendors to visually observe and report if any children are employed or if forced labor is practiced.
- PARCO conducts open competitive bidding for services and materials procurement to provide equal opportunity to all qualified vendors/suppliers.



Housing Complex at PARCO Mid-Country Refinery



Sports Facilities at the PARCO Mid-Country Refinery Housing Complex

LABOR

PRINCIPLE 5

BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOR

Our Commitment

PARCO forbids engagement of any form of child labor in its operations or by any of its business partners.



Management Systems

Human Resource Management, Operations

Business Partners

Corporate Social Responsibility

Actions

Documented procedures prohibit employment of Child Labor

Third party audit of Labor conditions

Inclusion of Labor Laws (that disallows child labor) in contracts with Business Partners

PARCO assists in enhancing primary and secondary schooling to reduce Child Labor in its adjoining communities

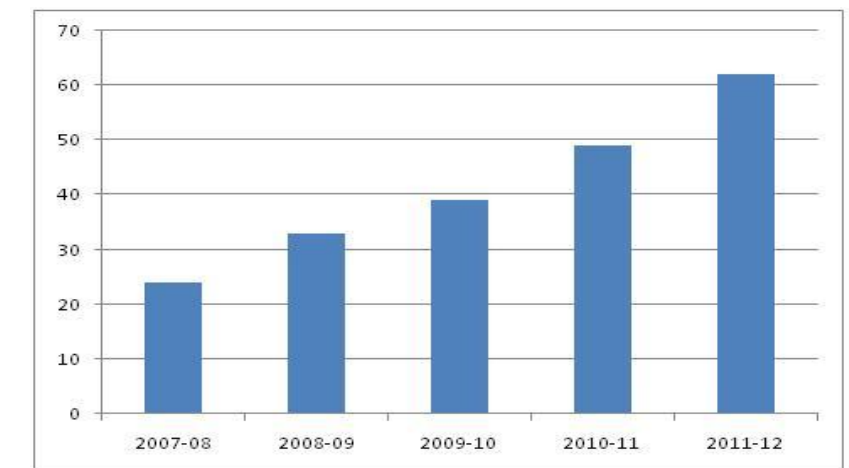
Results

- No child labor has ever been employed by PARCO. Despite the fact that under the labor laws of Pakistan the minimum age of hiring is 14 years, PARCO's minimum age limit for induction is 18 years, which is thoroughly checked by birth certificates, educational transcripts, national identity card by NADRA (National Database and Registration Authority) and other age verification documents, thus ensuring that there is no child labor across the company.

- Regular third party audits are conducted by the Labor Directorate's labor department and health and hygiene department, Employees Old Age Benefit Institution (EOBI), Social Services Department, Workers Children Education Cess, Sindh Employers Social Security Institution and other authorities who ensure elimination of Child Labor and compliance of other requirements of Labor Laws. During 2012, three visits were made at different PARCO facilities.

- By asking Suppliers and Service Providers to adhere to the laws of the country, they are required to comply with all labor laws, meet security and human rights requirements as well as eliminate employment of under-age workers.

- Under PARCO's Schools and Clinics Support Program, the Company supports schools and clinics of rural communities located near PARCO's Mid-Country Refinery and its Stations & Terminals in the Sindh and Punjab provinces of Pakistan.
- Up till 2012 around 62 Government schools and clinics have been provided assistance for developing infrastructure, procurement of equipment, etc., to help them sustain their operations for providing basic facilities to the communities. Out of these 62 institutions, 48 are schools where more than 10,000 children are receiving education. PARCO's assistance to these institutions has raised the communities' interest to enroll their children in these refurbished and well-maintained schools diverting them from child labor to primary education, raising the literacy rate.



PARCO supported Schools and Clinics since 2007 till date



PARCO-TCF Primary Campus I (Karachi)



PARCO-TCF Primary Campus II (Qasba Gujrat)



The Newly Established PARCO-TCF Secondary Campus III (Qasba Gujrat)

- PARCO has partnered with TCF (The Citizens Foundation) – a reputed NGO in Pakistan - and has developed three campuses i.e. two primary and one secondary school at Qasba Gujrat and Karachi. These campuses are built in under-privileged communities and impart quality education to around 732 children.
- Amongst the above mentioned three campuses, the PARCO–TCF Campus II at Qasba Gujrat offers education till Grade V and is operating at full capacity. During August 2012, PARCO inaugurated the newly extended academic block of PARCO-TCF Primary Campus II to accommodate 180 additional students at a cost of Rs 5.7 million. The project enhances the enrollment of young boys and girls. PARCO provided additional Rs 2.5 million as operating cost for FY 2012-13 for Primary Campus II extension and the newly established PARCO-TCF Campus III at Qasba Gujrat.

Educating Women for a Better Tomorrow

- During 2012, PARCO has supported ten Literacy Centers in Partnership with National Commission for Human Development (NCHD) in different villages near Mid-Country Refinery. National Commission for Human Development is an NGO operating in 134 districts in Pakistan, with the mission to transform lives by improving access to basic education and healthcare in the country's poorest communities. This initiative has earlier helped 250 uneducated women in a similar program during 2011. This year the program has again helped additional 250 women in improving their living standards, hygiene and health. These women were taught to read, write and learn the basics of mathematics within five months. These educated women are now able to understand their children's need for education and motivates them to pursue further education.



Management Systems

Human Resource Management

Corporate Social Responsibility

Actions

Ensuring Equal Employment Opportunities for all

Enforcing Code of Ethics

Workforce Diversity

Merit-driven Appointments and Promotions

Expand PARCO's interaction with Educational Institutions

Organizing Plant Visits for University Students

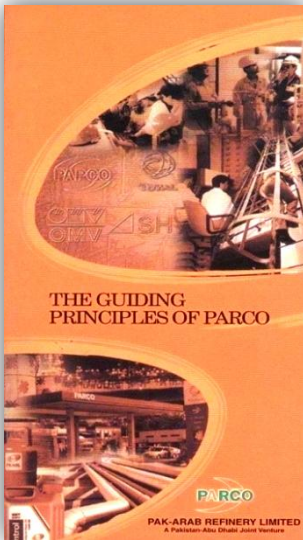
Technology Transfer

Results

- PARCO offers equal opportunities to all qualified applicants, men and women, belonging to all faiths and religion, origin, ethnicity, color, caste or creed.
- PARCO ensures that no discrimination is made amongst employees and till date, all male and female employees belonging to different religion are employed at all levels including senior management positions.
- Employees are given holidays in accordance with their religious customs.
- PARCO gives special employment preference to handicapped applicants and has till date employed 5 such people.
- See Women Empowerment in Principle 2.



- PARCO ensures that employees abide with the Company's Code of Ethics. Every employee has to sign, at the time of induction, a declaration agreeing to PARCO's Principles which include a complete guideline on avoiding discrimination, ensuring fair and ethical dealings with all internal and external stakeholders including communities, customers, suppliers and vendors.



- PARCO employs 1,356 direct employees, including 21 people from minorities. These employees come from all over the country, irrespective of domicile/origin, ethnicity, religion, gender, or any other non-job dimension. Thus there are workers of all ages, from all provinces i.e. from the northern most cities to the southern most area of Karachi.
- PARCO is a national employer, employing people without discrimination and strictly on merit, from all parts of the Country:

Province	No. of Employees
Azad Kashmir	12
Balouchistan	10
FATA	1
Khyber Pakhtoonkuwa	72
Punjab	577
Sindh	475
Total	1,147

- Despite being a petroleum engineering organization, PARCO encourages women for employment at the Mid-Country Refinery, which is located in a remote area, by providing separate accommodation for single women.
- As a multinational Joint Venture, PARCO also employs dual national staff which further adds to our diversity and talent pool.



- PARCO discourages nepotism and every form of favoritism. The way up the PARCO ladder is open to everybody. The policy of the Company is to develop and promote employees from within the organization through career and succession planning. As an example, our Managing Director joined the Company 37 years ago as a Trainee, immediately after graduating as an engineer.
- Hiring and promotions are done on merit, performance and ultimate potential of each employee through professional and transparent HR processes. If any employee exerts external pressure of any sort s/he is automatically disqualified and faces disciplinary action.



- PARCO undertakes regular summer and winter internships for students belonging to business and engineering disciplines where the selection of internees is done on merit. During 2012, PARCO inducted 46 interns and provided on the job training with challenging projects.
- PARCO also participates actively in Career Fairs at the leading Engineering and Management educational institutions where counseling and job opportunities at PARCO, etc. are discussed with students. In 2012, more than 1,000 students were provided career counseling. Over 900 applications were received by PARCO through Career Fairs.
- PARCO also supports research, conferences, trade fairs, workshops and other events of educational institutions. We also provide technical equipment for labs of engineering institutions. PARCO has donated 4 Gas Turbines to the Mechanical Engineering Departments of four engineering universities of Pakistan i.e. NED University-Karachi, University of Engineering and Technology-Lahore, Mehran University-Jamshoro, Bahauddin Zakariya University-Multan. These turbines are now being utilized by the universities to provide hands-on training to the engineering students.

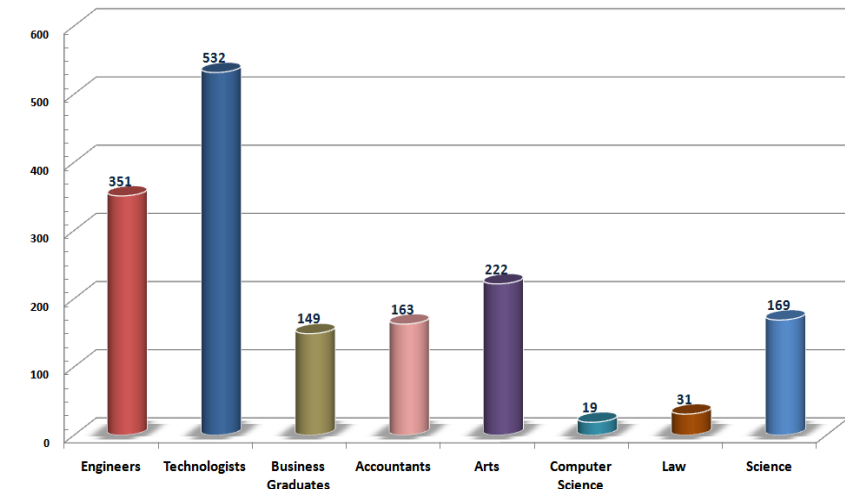


- Universities show keen interest in visiting PARCO's facilities and the company organizes plant visits for petroleum, chemical, civil, electrical, electronics, telecommunication, and other engineering and business students belonging to different universities.



- Since 1975, PARCO has trained 931 Engineering and Management trainees. Since January 2012 alone, 108 trainees have been inducted in PARCO. This number is increasing and shows that PARCO has not stopped inducting fresh talent even at a time when Pakistan is facing an economic downturn, natural calamities, etc.
- To address the issue of scarcity of trained manpower in the country, an 'Apprenticeship Program' has also been introduced. The objective of this six-month program is to provide technical training to fresh graduates and upgrade their skills.
- PARCO has a huge reservoir of highly skilled and experienced human capital. Please refer to the below graph showing our Talent Inventory in different areas.

TALENT INVENTORY



- Many of our experts are teaching at different universities transferring knowledge and skills to the younger generation. Joint research projects are also undertaken with educational institutions.

ENVIRONMENT

Principle 7

BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES



Our Commitment

PARCO is committed to comply with the National Environment Quality Standards (NEQS) and ensures minimal impact on the environment.

Management Systems

HSE, Operations and Administration

Actions

Environment Friendly Supply-Chain

Efficient Effluent Management

Environmental Auditing, Certification and Awards

Environment Friendly Products

Solid Waste Management

Results

- Crude Oil is the basic raw material in any oil refining firm. Environmental stewardship is a prime motivation as we manage transportation of crude from Keamari Port in Karachi to our refinery in Mahmood-Kot, MCR through 864 km pipeline which is approx 400 ft above sea level. The pipeline ensures that each drop of crude oil is transported to MCR without effecting the environment.
- We have leak detection system, emergency shut down system, intelligent pigging, corrosion protection, and microwave towers for communication, SCADA (supervisory control and data acquisition) system to avoid leakages, thefts and intermediate storage tanks at 5 different pumping stations.
- During the year 2012, approx 3.4 Million Metric Tons of crude oil was transported from Karachi to PARCO's Mid-Country Refinery (MCR) at Mahmood Kot through an 870 km pipeline network, ensuring safe and secure transportation. This efficient supply chain eliminates the movement of oil tankers significantly contributing in reduction of air pollution.
- Similarly, during 2012, the 817 km WOP (White Oil Pipeline) transported approx 3.7 Million Metric Tons of HSD (High Speed Diesel) from Karachi to Mahmood-Kot.



Efficient Pipeline System

- Effluent monitoring is carried out at all Stations and Terminals and the Mid-Country Refinery (MCR). Reports are sent to EPA against SMART Program.
- Impact on the environment from the refining process is controlled by treating and managing emissions. Low NOx (Nitrous Oxide) burners and Sulfur removal from fuel gases are examples.
- Effluents are treated in a state of the art effluent treatment plant having capacity of 340m³/hr involving extensive chemical and biological treatment. The waste water from all over the refinery is collected and through skimming, neutralization, dissolved air floatation, aeration, clarification, filtration and drying operations the effluent water is brought with in NEQS limits before being discharged. The treated water is reused for plants after compliance with NEQS (National Environmental Quality Standards) is ensured. All effluents are checked and verified regularly before discharging by third party EPA (Environment Protection Agency) approved Labs to comply with NEQS.
- All contractors' equipment is checked for compliance to NEQS.
- Various chemicals in use are stored in a well ventilated warehouse and it is ensured that a minimum level of inventory is kept to minimize the hazard. The chemical warehouse is equipped with deluge valve system to suppress any kind of contamination. Plastic trays and HDPE sheets have been placed under the chemical drums to meet the required level of protection.
- In compliance of Integrated Management System (IMS) at Corporate Headquarters, environmental sampling and testing of liquid effluent (sewerage and car wash area) and gaseous emissions (generators of CHQ and Commercial buildings) are being carried out against NEQS on yearly basis through an EPA certified laboratory. Liquid effluent parameters include temperature, pH, chemical oxygen demand, biological oxygen demand, total dissolved solids, total suspended solids, oil & grease, phenolic compounds and chlorides while gaseous emissions are being tested for Co, Nox, Sox, H₂S, smoke and noise. Five years' (2007 - 2011) results remained within permissible limits specified in NEQS. Samples for 2012 have been extracted for testing and results are awaited.
- EMS (Environment Management System) Impact Assessment registers have been prepared at every Station, and EMS impact is assessed on regular basis to ensure IMS conformance with ISO and EMS requirements.



Effluent Treatment Plant at PARCO Mid-Country Refinery

- PARCO is a fully IMS CERTIFIED ENERGY Company and amongst the first in Pakistan to simultaneously achieve three international certifications, that is, ISO 9001:2008 (Quality Management System), ISO 14001:2004 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management System).
- During September 2012, PARCO Pipeline Division was re-certified on its three standards by a third party certification body.
- In September 2012, surveillance audit was conducted by a certified body for re-validation of the IMS certificates at CHQ.
- For the year 2012, IMS certificates of Mid-Country Refinery were re-certified by a third party certification body during December 2011.
- During 2012, 9 risk assessments were carried out and 7 in 2011 for various activities at PARCO Corporate Headquarters. The purpose of risk assessment is to define mechanism and responsibilities to identify OHS hazards and assess their risks in respect of normal and ascertained activities performed in the premises of PARCO. It also aims to provide mechanism and responsibilities to identify EMS aspects and assess its impacts.
- Striving for professional excellence has been a hallmark of PARCO. As the leading energy provider in the country, PARCO has always been mindful of its responsibilities towards its customers, employees, the community and the environment it operates in. Due to the nature of our business protecting our employees and installations from fire and safety hazards is inevitable. In this lieu, the role of HSE is crucial towards developing procedures and process for eliminating these hazards, along with training the staff for unforeseen events.
- Recognizing the efforts of PARCO's HSE department, its procedures, safety measures and business processes throughout our installations, the National Forum for Environment and Health (NFEH) and Fire Protection Association of Pakistan (FPAP) bestowed upon PARCO the Fire and Safety Award 2012 in a prestigious ceremony held in Karachi.
- The Award is a testament to PARCO's efforts to provide a safer working environment to all its employees, along with the commitment of our HSE department and the high standards of operational safety, control and audit which made this achievement possible.



In the picture: PARCO representative (extreme left) receiving the "Fire and Safety Award 2012"



"Fire and Safety Award 2012"

- Solid waste generated at the Mid-Country Refinery is disposed in a manner that protects human health and the environment. It takes an inclusive approach that endeavors to protect surface and ground-water, air, flora and fauna.
- PARCO's Mid Country Refinery and Stations and Terminals have designated procedures and areas for effective system of waste collection and segregation. Drums marked in yellow and green are placed in each area e.g. plant, maintenance, truck loading, laboratory, office area, etc. Hazardous, non hazardous waste and recyclable materials are segregated at the source.
- The Solid Waste Management yard is the storage point for waste at MCR. It is a well organized area catering for everything from spent catalyst and chemical drums to used batteries. An internationally operating third party has been contracted for disposing the waste. All types of solid wastes are collected in the waste yard and separated according to their nature. There are five separate yards according to the nature of waste.
- Scrap Yard is situated near the south side boundary wall of the refinery in front of Solid Waste Management Yard. All the waste generated at the Mid-Country Refinery is stored in the Solid Waste Management & Scrap yard. Environment section keeps the record of Solid Waste Management Yard. Hazardous waste yard gate is kept locked and the keys are available with Environmental Engineer. The non hazardous waste is stored in green drums and shifted to the non-hazardous waste yard. Administration Department keeps the record of all the municipal waste and submits the record to the Environment Engineer on monthly basis for proper monitoring, treatment and/or disposal.
- Around 186 tons of hazardous waste was disposed off in 2012 by a certified and EPA approved third party. During hazardous waste management, around 2000 Empty metal and plastic drums were sold with safe recycling/ disposal guarantees. The payback of recycled drums contributed significantly in disposal of hazardous waste.
- At the Corporate Quarters in Karachi, around 312 kgs of hazardous waste was disposed which included tube lights, toners, cartridges stored in a designated area. The disposal was successfully carried out in 2010 in an environmentally friendly manner thru an EPA certified body. The next disposal of hazardous waste would become due when the same has been accumulated up to 300 kgs.



Our Commitment

PARCO is committed to comply with the National Environment Quality Standards (NEQS) and ensures minimal impact on the environment.

Management Systems

HSE, Operations and Administration

Actions

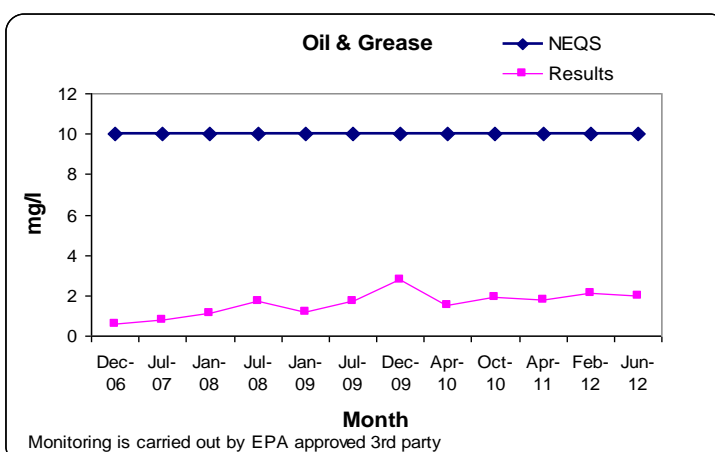
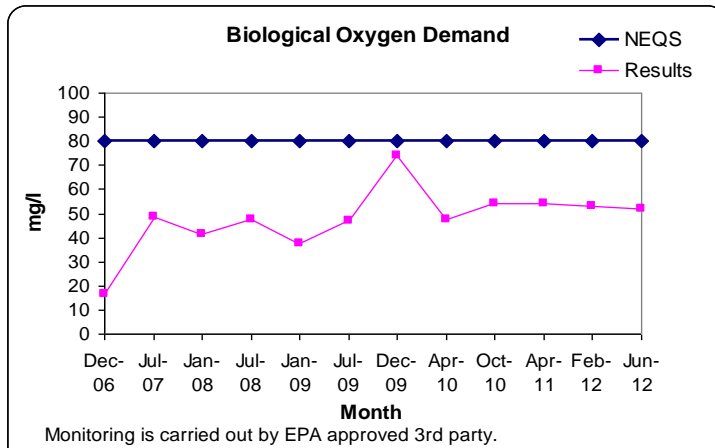
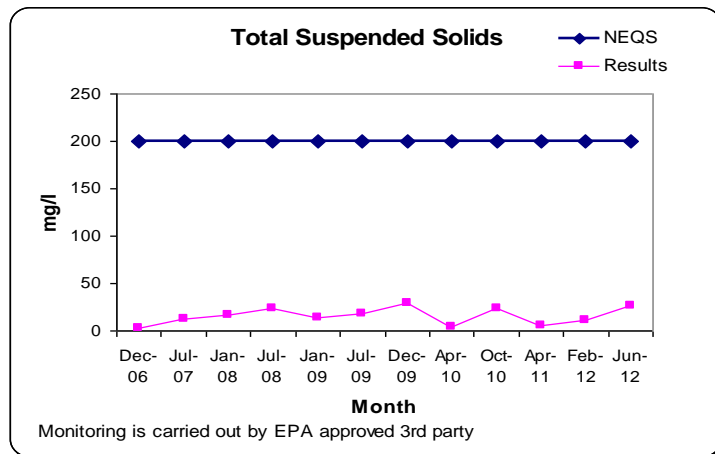
Efficient Effluent Management

Environmental Auditing, Certification and Awards

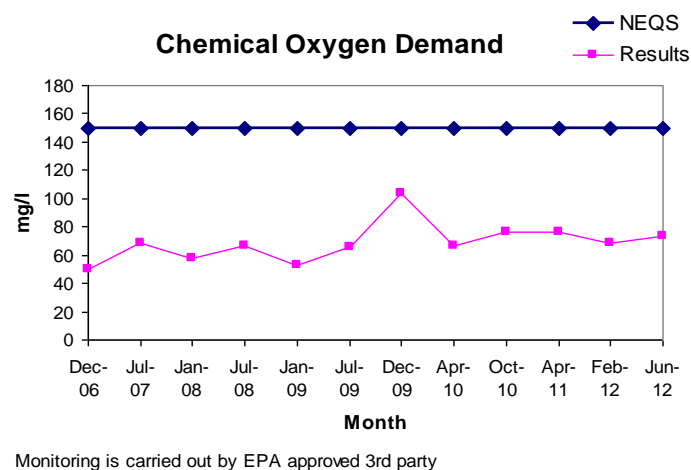
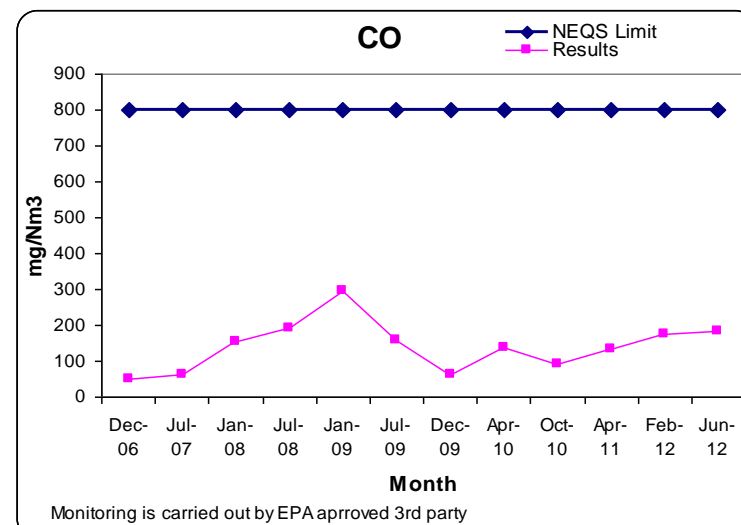
Air Emissions Monitoring

Results

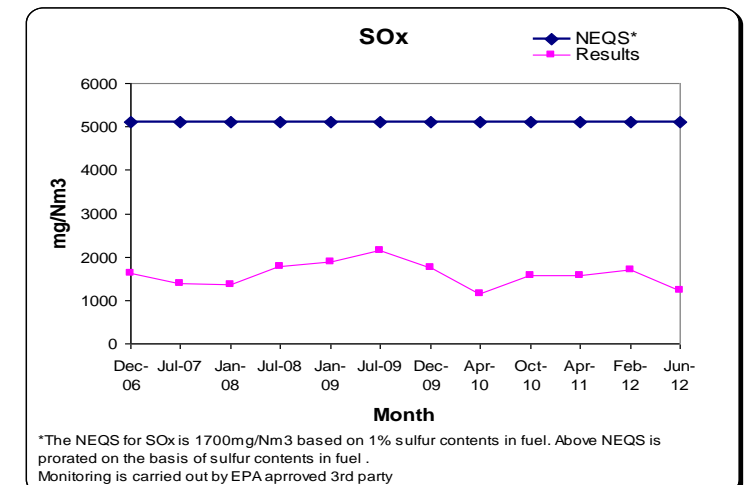
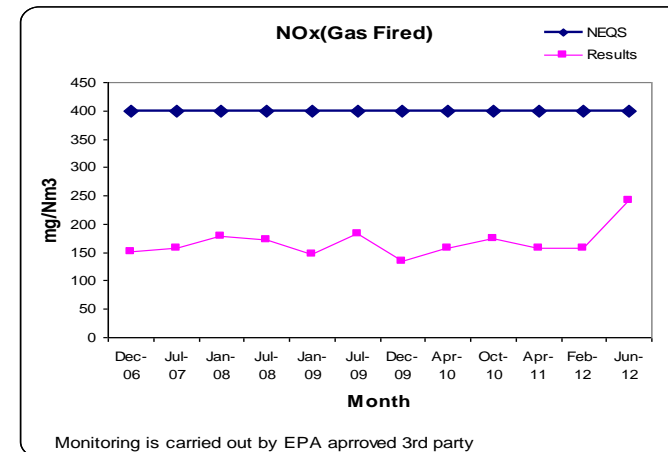
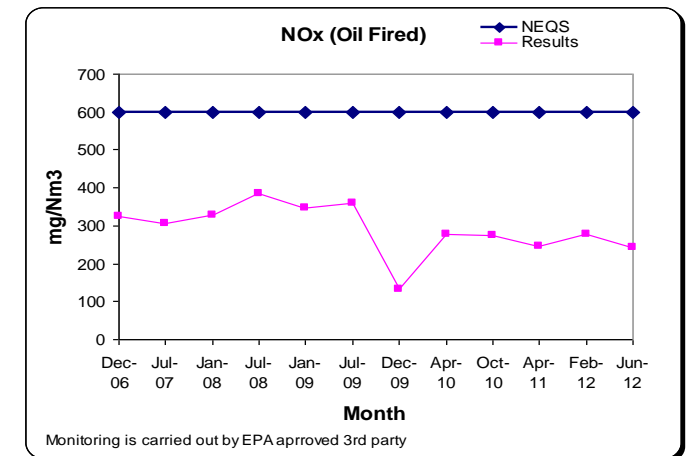
- Regular third party monitoring is done diligently, and the results are well below permissible NEQS limits. Results of some key parameters are shown below.



- Audits of housekeeping, gas masks, noise, work permits, closed sampling box etc, Yearly third party vehicle emissions monitoring, bi-annually third party stack emissions and liquid effluent monitoring, bi-annually third party ground water monitoring within the refinery and neighboring areas. Bi-annually third party ambient air monitoring around the PARCO installation within 2 kms of radius, are all ongoing and routine environmental projects.
- Regular HSE Audits of operational areas and office buildings are carried out to ensure safe environment in the office areas. Any discrepancies found during the audit are analyzed for their risks on safety and appropriate recommendations are provided as key performance indicator. Since 2007 at CHQ, 10 HSEQ Internal Audits have been carried out, eleventh internal audit was carried out in November 2012.



- PARCO takes into account the air emissions monitoring on a regular basis by a third party and the results are well below permissible NEQS limits. Results of some key parameters are shown below.



ENVIRONMENT

Principle 8

COMPANIES SHOULD TAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

Our Commitment

PARCO and its employees show responsibility in operations and in adjoining communities.

Management Systems

HSE, IMS, Operations, CSR

Actions

Environmental Stewardship

Increasing Health and Safety Awareness and Performance

Environment Certificates and Excellence Awards

Reduction in Pollution

Ground Water Sampling

Initiatives Promoting Greater Environmental Responsibility

Results

- PARCO infuses the core value of preserving the environment, this is not only limited to emissions far below NEQS limits or products on Euro II standards but also to preserve natural habitat by diverting its oil pipeline.
- The 2,000 km of oil pipelines traversing the country, save thousands of gallons of fuel and reduce pollution that would otherwise have been caused by tank lorries traffic.
- The refining complex at PARCO's Mid-Country Refinery is equipped with a state-of-the-art effluent treatment plant, low NOx (Nitrous Oxide) and SOx (Sulphur Oxide) burners and a Sulfur Recovery Unit. Approximately, 16% of the refinery's cost has been utilized in this project.
- Ambient air monitoring at 1 and 2 Km distance around our refinery is done twice a year by EPA certified third party. The parameters being monitored are NOx, SOx, CO and particulate matter.



- Environmental training is conducted twice a month in which PARCO employees and Service Provider's staff participate. All contractors are responsible for complying with our Environmental Policy and legal requirements as part of their contractual obligations. EMS training is also conducted at all stations in which PARCO's and Service Provider's staff attend the training sessions.
- Fire, rescue and emergency drills are conducted regularly at all PARCO locations to ensure preparedness for emergencies. Four batches of Emergency Response Team are being trained every year to ensure availability of trained manpower at all times. First Aid staff is trained by professional Fire and Rescue personnel, refresher courses are ensured periodically.
- To create a general awareness amongst the employees regarding the importance of maintaining a good health; health and safety brochures were launched on subjects like the importance of good posture, quitting smoking, dengue fever, bird/swine flu viruses, office ergonomics, healthy balanced diet, importance of sanitation, how to avoid hepatitis A, B & C, AIDs, etc.
- Regular lectures on various health topics (e.g., obesity, etc) are conducted by Company Doctors. Similarly Medical Bulletins are also issued on the Company's intranet portal as well as emailed to all employees to increase health awareness on various topics among the employees.
- To enhance health and safety awareness among employees, trainings like Road Safety, Fire Fighting, Emergency Response Planning, Anti-Terrorist Attack, Risk Assessment and Procedures of Waste Management, Occupational Health & Industrial Hygiene Management, First Aid, etc are organized from time to time.

- The National Forum for Environment and Health (NFEH) has awarded PARCO with the Annual Environmental Excellence Award for the seventh consecutive year in 2012. The NFEH is a non-government, non-profit organization which works in collaboration with the United Nations Environmental Program (UNEP) and is supported by the Ministry of Environment, Government of Pakistan.



Mr. Shuja Uddin Ahmed, DMD Operations, PARCO receiving the Environment Excellence Award

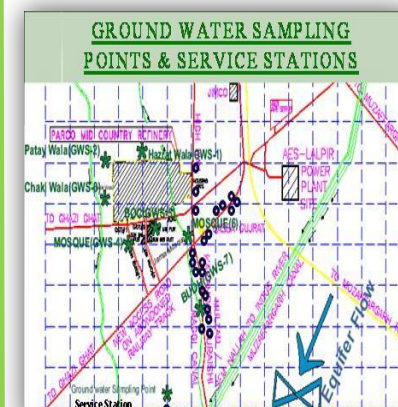
- PARCO's Mid-Country Refinery (MCR) has developed a comprehensive ground and soil monitoring plan to ensure that there is no contamination in soil and water and has developed base line data for continuous monitoring. We perform 3rd party (EPA certified) ground water monitoring of the surrounding areas of PARCO Refinery and Corporate Headquarters twice a year, to ensure that the community nearby is using safe underground water. There are 16 different parameters that are tested: pH, Color, TDS, Taste and Odor, Total Hardness, Faecal Coliform, Coliform Organisms, Arsenic, Chloride, Sulphate, Iron, Cyanide, Lead, Selenium and Manganese.

- To avoid noise pollution, a comprehensive noise survey is also carried out regularly at the boundary walls of the MCR in order to make sure that the community surrounded by Mid-Country Refinery is not affected by the noise generated due to its operations.

- Ambient air monitoring at 1 and 2 Km distance around PARCO's Mid-Country Refinery is also done twice a year by EPA certified third party monitoring NOx, SOx, CO and particulate matter.

- Tank lorries that are received for filling are "Top loading" and of a variety of sizes and dimensions. This leads to Hydrocarbon vapor emissions that create a very hazardous environment in the truck loading area, in the explosive limit range. Apart from constant danger of fire incident due to high volatile vapors, the situation is also very serious for the environment as these vapors contribute to Global Warming. According to Environmental Impact Assessment Report, 85% of the annual hydrocarbon emissions from the refinery take place during the filling of the Truck Lorries. In order to control this hazard, a fire proof cloak was fabricated for covering the truck lorry manhole. The fugitive emissions are then collected in an overhead tank.

- The surrounding area of Mid Country Refinery (MCR) has many fuel service stations and auto workshops which are potential contaminants for ground water. Realizing this environmental aspect, MCR has developed a comprehensive ground and soil monitoring plan, whereby 8 soil samples are collected twice a year to ensure that there is no contamination in soil and water.
- The ground water monitoring of the surroundings of Mid-Country Refinery and Corporate Headquarters is performed against 16 parameters through a third party (EPA certified) consultant, twice a year, to ensure that the community nearby is using safe underground water.



- During 2012, PARCO observed the World Environment Day throughout its facilities to show the strong commitment towards the cause of environment conservation. At the Stations and Terminals, safety walks were organized and the HSE representatives posted on the Stations gave elaborate presentations on various environment related topics like green economy, awareness for environmental aspects and their impact like global warming, ozone depletion and degradation of natural resources, etc.
- PARCO's staff at the Pumping Station-4 at Fazilpur observed the World Environment Day with great zeal and enthusiasm. The staff engaged the local community to observe the World Environment Day by educating them on the dangers posing towards the environment, especially the excessive use of plastic materials such as polythene bags. After the lecture, a walk for cause was also conducted for the awareness of green economy. The PARCO staff at the Station also distributed Cloth Bags amongst the children to convey the PARCO's message in the vicinity. The objective of the initiative was to discourage the use of plastic bags.



- PARCO is conducting a study on calculating the overall electricity consumption at the Mid-Country Refinery and reducing its carbon footprint. Similar calculations on Fuel Oil and Gas Consumption are being conducted simultaneously. Upon analyzing the data, the company will then take initiatives to reduce overall energy consumption at the PARCO Mid-Country refinery. Please refer to the graphs shown in Principle 7.
- Oil is removed from the oily water at the Effluent Treatment Plant and recycled with crude in the process. This process minimizes the spoilage of crude as well as its exposure to the environment.
- The Company conducts HSEQ Internal Audits twice a year, to ensure that defined mechanism and responsibilities for planning, conducting and reporting internal health, safety, environment and quality management systems are being followed.



ENVIRONMENT

Principle 8 (Contd.)

COMPANIES SHOULD TAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

Our Commitment

PARCO and its employees show responsibility in operations and in adjoining communities.



Management Systems

HSE, Operations, CSR

Actions

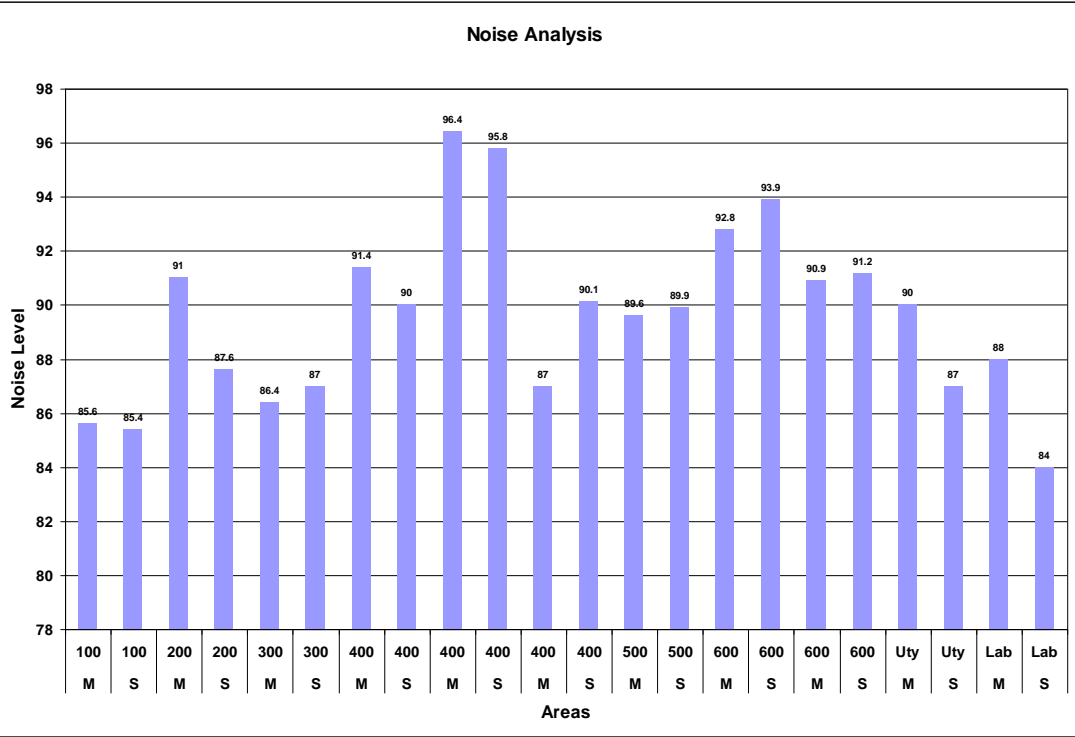
Environmental Stewardship

HSE Training Programs

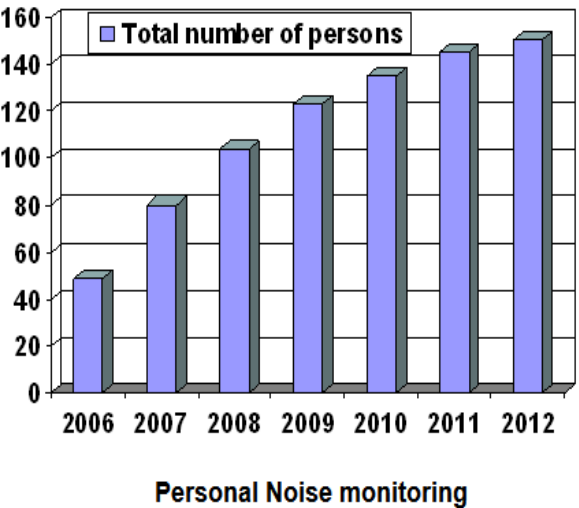
Initiatives Promoting Greater Environmental Responsibility

Results

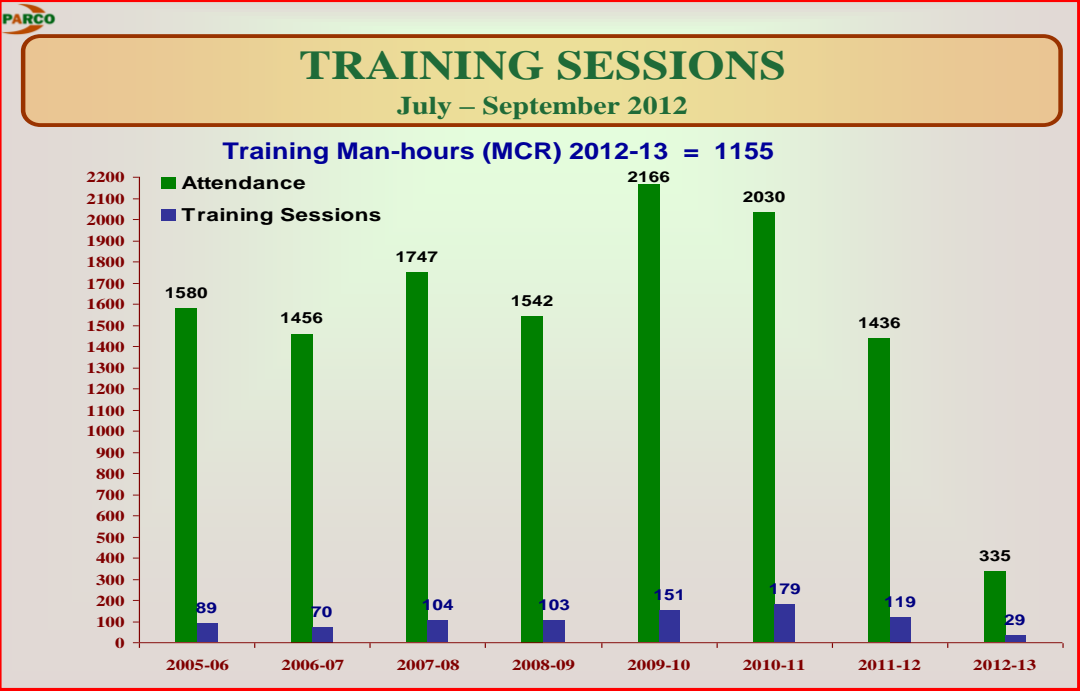
- Comprehensive noise surveys are conducted within all operational areas, Stations & Terminals and the Mid-Country Refinery. Equipment and locations are identified where a detrimental noise level may be present. Ear muffs and ear plugs are made mandatory accordingly. Generator/ turbine housings, fired heaters, compressors and similar potentially high noise equipment are monitored periodically. Even at the boundaries, a noise survey is carried out in order to make sure that communities surrounding our facilities are not affected by any noise generated due to operations.



- PARCO works proactively to prevent occupational health illnesses at all its sites. Noise, eudiometry, dust monitoring and illumination surveys are carried out on a regular basis.
- Noise exposure is measured through a personal noise monitoring program. Noise surveys are conducted three times a year and noise levels are compared. PPEs are prescribed, areas are signposted for mandatory PPE use and Engineering controls are utilized to reduce noise levels.



- At PARCO, we have an in-house Health Safety and Environment (HSE) training programs. PARCO is EMS 14001 certified company and all relevant employees including Top, Middle and Lower Management are fully aware of Environmental Management Systems (EMS) and National Environmental Quality Standards (NEQS). This is ensured by our routine EMS and HSE in house trainings pertaining to Air Emissions Management, Effluent Discharge Management and Solid Waste Management supported by Standard Operating Procedures.
- PARCO achieved a target of 1.5 man-days i.e. 12 hours per employee of HSE training in 2011-12 and is currently en-route to its target of 1.75 man-days per employee of HSE training in 2012-13.



- All employees including Top, Middle and Lower Management are fully aware of Environmental Management Systems and National Environmental Quality Standards. This is ensured by our routine EMS and HSE in-house trainings including air emissions management; effluent discharge management and solid waste management are conducted. These are also supported by our Standard Operating Procedures.



- In offices we have a culture of using the other side of paper in printers. This recycle paper not only saves cost but also reduces the consumption of paper and ultimately trees that are to be cut to prepare pulp. Since 2009, there has been a considerable reduction in paper usage.
- PARCO has a comprehensive system of contractor management that ensures compliance with PARCO procedures for Health, Safety & Environment. Training and awareness including emergency response is given to all contractor workforces weekly and before the commencement of work. PARCO ensures every contractor has first aid and medical facilities for its workers. Medical fitness certificates are necessary for highly hazardous work.
- Contractor staff is given emergency response trainings and on the use of emergency equipment. PARCO HSE personal supervision is ensured full time throughout the contract. Safety talks are considered KPIs and followed diligently, frequency of which is given below:

S. no	KPI	Frequency
1	Safety & Toolbox talks	Daily
2	Safety Training sessions	Weekly
3	Contractor Safety Meetings	Monthly
4	Contractor Safety Audits	Quarterly

- Emissions of all vehicles in transport fleet, diesel generating sets and fire water engines at Stations and Terminals are being tested during fiscal year 2012-13.



COMPANIES SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

Our Commitment PARCO makes all efforts to minimize the impact of its operations on environment by utilizing technologies that are environment friendly.

HSE, Operations

Diesel Hydro-Desulphurization Plant (DHDS) producing Euro II Spec.

Automated Incident Reporting System

Air Dispersion Modeling

- With commissioning of the DHDS plant at the Mid-Country Refinery, PARCO has the capability of producing High Speed Diesel conforming EURO II standards and is the only refinery in Pakistan to have achieved this capability. This product is helping EURO II compliant automobiles to perform better by being fuel efficient and giving low emissions. All impacts on the community, flora and fauna identified in the Environmental Impact Assessment study for the DHDS project had mitigation strategies which were implemented with meticulous care.
- During 2012, the DHDS plant at PARCO has processed more than 1.2 million metric tons of High Speed Diesel on EURO II specifications.



Diesel Hydro-Desulphurization Pant at PARCO Mid-Country Refinery for producing EURO II Spec. Diesel.

- PARCO's Effluent Treatment Plant has a capacity of 340m³/hr. Waste water from the refinery is collected and through skimming, neutralization, dissolved air floatation, aeration, clarification, filtration and drying operations, the effluent water is brought within NEQs limits before discharge into local drainage or reuse for plants.



Effluent Treatment Plant at PARCO Mid-Country Refinery

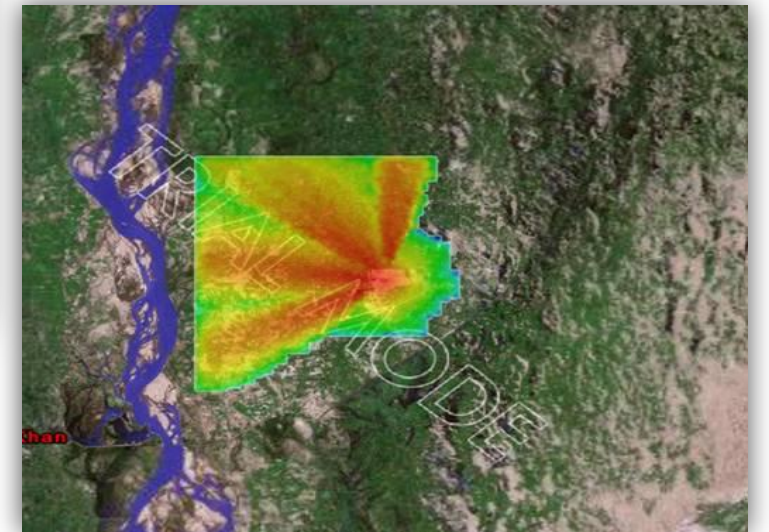
- An electronic Incident Reporting System has since been functioning in PARCO. The system has undergone company-wide improvements this year. The objective of the upgrade is to encourage incident reporting and provide a more transparent and user friendly system, where all employees can benefit from the lessons learned. Employees will now be able to track incident reporting and investigation down to meticulous detail and this will be a valuable learning experience.

Origination Details					
ID Number					
Detection Details	Select	Employee affected	Select		
Date of Incident	<input type="text" value="09"/>	Date of Incident	<input type="text" value="09"/>		
Current Date & Time	<input type="text" value="01/08/2012 02:22:20 PM"/>		Location of Incident	Select	
Sub-location	<input type="text"/>				
Type of Incident	Select	Category of Incident	Select		
Title of Incident	<input type="text"/>				
Brief Description	<input type="text"/>				
Immediate Action	<input type="text"/>				
Consequences - Potential Consequences	<input type="text"/>				
Attachments	<input type="button" value="Browse..."/>				
Originator Name	<input type="text" value="HR Administrator"/>		Originator ID#	<input type="text" value="1000"/>	
Raised on behalf of	Select	Originator Department	<input type="text"/>		
Incident Reported by	<input type="text"/>		ID#	<input type="text"/>	
Witness 1	<input type="text"/>				
Witness 2	<input type="text"/>				
MSD Entry	<input type="text"/>				
<div style="background-color: #f4a460; padding: 2px;">Doctor's Area</div> <div> <div> Name & ID# of Injured Persons <input type="text"/> </div> <div> Description of Injury <input type="text"/> </div> <div> Treatment <input type="text"/> </div> <div> Referred To <input type="text"/> </div> <div> Recommendation <input type="text"/> </div> <div> Attachments <input type="text"/> <input type="button" value="Browse..."/> </div> <div> <input type="button" value="Save"/> <input type="button" value="Cancel"/> </div> </div>					

The Automated Incident Reporting System (IRS)

- Updated reports of IRS showing outstanding/unclosed incidents are reported to the Managing Director and Senior Management so that there is increased focus to close out such incidents and for taking suitable countermeasures to avoid recurrence.
- During 2012, 163 Incidents Reports were raised from the Mid-Country Refinery of which 32 have been closed-out successfully with recommendations for improvements, while investigation for 87 IRS raised have been completed and are currently being scrutinized.

- **PARCO Mid-Country Refinery** uses an Environmental Monitoring software for Atmospheric Dispersion Modeling. The software helps identify the theoretical concentration of certain environmental pollutants like Sulfur Oxides and Nitrogen Oxides released from the heater stacks in the refinery. MCR has developed an integrated solution using the MAESTRO System developed by ATM-PRO in order to perform realistic impact assessment of industrial pollution. The solution consists of software called “MAESTRO W/D/P” that generates local meteorology taking into account the topography and land use in the surroundings of the industry and a sample set of pre-calculated data basis, providing one year of meteorological (3D) data fields and dispersion calculation of the sources within the company.



ANTI - CORRUPTION

Principle 10

BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY.

Our Commitment

PARCO does not allow any form of corruption and monitors its business transactions with internal and external stakeholders to eliminate this malpractice.



Management Systems

All Corporate Functions

Actions

Corporate Governance

Transactions with Suppliers, Contractors, Service Providers

Elimination of Discrimination

Results

- PARCO adopts international standards of accounting.
- Compliance with Statement of Ethics and Business Practices is pursued at all levels and locations.
- All funds, assets, receipts and disbursements are properly recorded in the Books of the Company.
- Compliance with regulations of the Security & Exchange Commission of Pakistan.
- Purchase orders exceeding Rs 10 million issued include a clause which states that the supplier with the acceptance of purchase order shall submit a statement, duly signed by an authorized executive of the supplier on Rs 100 stamp paper that the supplier has not given or agreed to any individual, company or official of PARCO or Government of Pakistan within or outside Pakistan, directly or indirectly any commission, gratification, bribe, finder's fee, or kick back with the objective of obtaining the contract/purchase order or any other benefit from PARCO.
- PARCO employees, if found involved in corruption in any form or contravening with any Company Policy on Ethics, Finance, Procurement, HR, Operations or any other function, face disciplinary action. Such deviations can lead to termination of service and are reflected in the employee's performance appraisal.
- PARCO has IMS, HSE, Environment, CSR, Financial, HR and other audits done to ensure compliance with best practices and ethical standards.
- PARCO has NEVER been involved in any court case related to corporate malpractices or corruption or bribery, etc.
- We adhere strictly to the Internationally Accepted Accounting Principles, SECP (Securities and Exchange Commission of Pakistan), the Country's Financial/Tax/Labor/Environment and other national and provincial legislations.
- During the year 2012, PARCO developed and implemented a comprehensive Business Continuity Management Plan (BCP). The scope of the document is to have risk assessment of core business areas, identification of contingencies that can lead to loss of business reputation, credibility, a company wide or a national crisis and resources that need to be mobilized for business continuity while establishing the structure, responsibilities and communication necessary for crisis management. Business Continuity Management is a holistic process that a framework for building organizational resilience with the capability for an effective response. It safeguards the interests of key stakeholders, reputation, brand and value-creating activities.
- BCP is a documented collection of procedures and information that is developed, compiled and maintained in readiness for use in an incident and enables PARCO to continue to deliver its critical products and services.
- At PARCO, transparency in all our operations and management systems is considered top priority and ensured at all levels.

- In PARCO's 39 years of operations there has been no instance of extortion or bribery.
- Suppliers/Service providers are required to sign integrity pact with PARCO to declare that the supplier/service provider has not used any external or internal influence, commission or fee in getting the contract from PARCO.
- Compliance with the Company's Financial Authority Manual specifying fiscal limits for transactions at various levels and positions.
- Constitution of Company Procurement Policy is approved by Board of Directors.
- Any form of extortion and bribery, given or taken, is a very serious misconduct according to the HR Policy of the company and the concerned employee is liable to be terminated for such misconduct.
- PARCO has an Internal Audit Department which conducts periodical audits for procedural compliance and reports directly to the Audit Committee of the Board of Directors.
- Constitution of separate committees for transparent and merit-based prequalification, quotations opening, tender opening, etc.
- Development of Annual Procurement Plan and plans for contractual work and services by external Service Providers which are pre-approved by the Company and subsequently monitored in monthly and quarterly management review meetings.
- All contracts, business activities, operations, procurements, etc., are subject to Internal and External Audit.
- Purchase Orders are issued to technically compliant commercially lowest bidders for procurement under Rs 1 million. An Internal Evaluation Committee (IEC) has been formed to evaluate proposals for orders of Rs 1 million and above.
- Centralized Procurement with due diligence and more than one step evaluation process for selection of Supplier/Service Provider.
- PARCO Materials Department is not allowed to commit any terms and conditions with any Supplier/Service Provider against any law of Pakistan.
- Payment to any Supplier/Service Provider/Contractor is made after proper inspection by the concerned Department and confirmation of acceptance by End User through signing of inspection report.
- The IMS department at PARCO takes periodical feedbacks from different vendors on PARCO's performance and their treatment. Vendor's grievances are heard and dealt with due care.

- Elimination of discrimination during selection of Vendors/Contractors/Service Providers by check and balances against introduction of discriminatory conditions.
- Pre-qualified Vendors/Contractors list is periodically updated through advertisements placed in newspapers and evaluations based on predetermined criteria.
- Contracts/Supplies in excess of Rs 50 million are approved by a Bid Evaluation Committee of Board of Directors while contracts in excess of Rs 100 million are approved by the Board of Directors.
- No discrimination is made on basis of gender, religion, caste, origin, etc., while hiring an employee. HR policies are transparent and merit based where there are no influences or pressures as mentioned in Principle 6.

