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

COMMUNICATION ON PROGRESS 2014

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PAK-ARAB REFINERY LIMITED

THE GLOBAL COMPACT
WE SUPPORT

COMMUNICATION ON PROGRESS 2014

Message from the Managing Director

It gives me great pleasure to present the 4th Communication on Progress Report 2014 of PARCO.

We joined UN Global Compact in the year 2010 and since then we have taken significant strides in CSR and sustainable corporate performance. Not only does PARCO continue to exceed its operational, revenue and profit targets, we have also received national recognition for our achievements as a Responsible Corporate Citizen. PARCO was honored by the following awards:

- **CSR Gold Medal** presented by the Prime Minister of Pakistan
- **CSR Business Excellence Award** from National Forum for Environment and Health
- **Best CEO Award** from the Employers Federation of Pakistan
- **First Prize in Human Resource** from the Employers Federation of Pakistan
- **Environment Excellence Award**
- **Achievement Award in Energy Sector** from Federation of Pakistan Chambers of Commerce and Industry
- **AAA and A1+ Ratings for 16 consecutive years** by Pakistan Credit Rating Agency Limited

As part of our corporate strategy, PARCO is creating Shared Value in the areas of Education, Vocational Training, Health, Sports, Road Safety and Community Development. We also participated in the UN Global Compact Leaders Summit 2013: Architects of a Better World. The areas highlighted in the post 2015 Business Development Architecture are being included in our Corporate and CSR strategies.

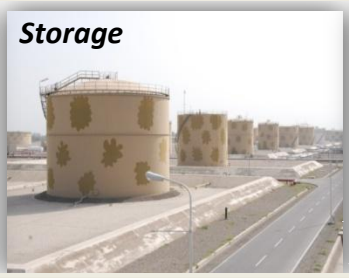
Tariq Rizavi
Managing Director
Pak-Arab Refinery Limited

March 2014

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 eight 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 2013

PACRA Maintains "AAA" Entity Ratings of Pak-Arab Refinery Limited Consecutively For 16 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 16 years. The ratings denote the lowest expectation of credit risk emanating from an exceptionally strong capacity for timely payment of financial commitments.

PARCO Wins Trio of Awards from Employers' Federation of Pakistan

PARCO achieved another first and continued its run of recognitions when it claimed a hat-trick of awards at the first ever "Employer of the Year Award 2012" introduced by the Employers' Federation of Pakistan (EFP).

EFP promotes employers' interests by guiding companies in creating Industrial peace and harmony and assisting members in Human Resource Development through training programs. The EFP is a constituent of ILO and is a member of the Organization of Employers – Geneva and the Confederation of Asia Pacific Employers.

Triumphing over many Pakistani and multinational companies, including those from the Oil & Gas industry, PARCO bagged the following awards in the category of large organizations:

- Best CEO Award
- First Prize in Human Resource
- Third Prize in Workplace Safety

The awards acknowledge PARCO's leadership which has taken PARCO to new heights of success and recognizes its Human Resource strategy and practices which are continuously enhancing the human capital of the Company.

The awards were conferred in a prestigious ceremony held on September 26, 2013 at Pearl Continental Hotel, Karachi. DMD (Operations), Mr. Shuja Uddin Ahmed who was representing the Managing Director PARCO received the Best CEO Award. The awards in Human Resource and Workplace Safety were received by Ms. Sharon Dias, Manager HR and Mr. Syed Zakir Hussain, GM Pipeline, respectively.

First Prize for PARCO's Corporate Garden

PARCO has been winning prizes for its Corporate Garden for the last several years. The Company was ranked first for 7 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 2013 competition held by the Horticulture society of Pakistan.

PARCO Conferred Gold Medal in CSR Category by FPCCI in the 37TH FPCCI Export Awards

Pak-Arab Refinery Limited (PARCO) contributed immensely in the realm of Corporate Social Responsibility during FY 2012-13 by supporting activities in the areas of education, vocational training, health, sports, road safety and community development.

PARCO's schools and clinics support program is helping 68 institutions nearby PARCO facilities in various rural and urban areas. During the floods and torrential rains, PARCO stood by the nation and helped the IDPs in rebuilding their lives. In recognition to the overall CSR contribution, a gold medal has been awarded to PARCO by the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) during the 37th FPCCI Export Awards Ceremony. This is the second in line award that PARCO has received from FPCCI in recognition of its CSR program that is not only strategic in nature but is creating shared value amongst its CSR stakeholders.

Mr Shah M. Saad Husain, General Manager Corporate Affairs-PARCO, received the Gold Medal from the Honorable Prime Minister of Pakistan, Mr Nawaz Sharif, in an auspicious ceremony held at the Pearl Continental Hotel, Lahore, on 8th February 2014.

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 it 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.

Being a member of the UN Global Compact, the areas highlighted in the Post 2015 Business Development Architecture are now part of our Corporate and CSR Strategy.

CSR Leadership Excellence Award 2014

PARCO was awarded the CSR Leadership Business Excellence Award 2014 at the Sixth International CSR Summit and Award Ceremony. PARCO was ranked amongst the Top Ten organizations in Best CSR Practices. The event was organized by the National Forum for Environment and Health (NFEH). The Awards recognizes and promotes organizations that make outstanding contributions for a sustainable future through CSR (Corporate Social Responsibility) initiatives. The expert jury comprising of international CSR experts and prominent personalities from the corporate and social sector selected companies that stood in their contributions. PARCO received the award for its contributions and the positive impact in the lives of the communities. PARCO had earlier won the award in the similar category.

Mr. Shah M. Saad Husain, General Manager-Corporate Affairs, PARCO receiving the award

PARCO Wins Fire and Safety Award 2013

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.

Mr. Amjad Hafeez, Deputy General Manager-Pipeline Maintenance, PARCO receiving the award

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 2013.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.

10th Environment Excellence Award 2013

PARCO has been awarded the 8th consecutive Annual Environment Excellence Award by the National Forum for Environment and Health (NFEH). It is a matter of immense pride for every PARCONIAN that PARCO for the 4th 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.

Mr. Zakir Hussain, General Manager-Pipeline, PARCO receiving the award

The Annual Environment Excellence Awards are designed to recognize and promote organizations which adopt and follow stringent environment-friendly policies, and make outstanding contribution for keeping the environment clean and healthy. These awards reflect our good management practices, the efforts of our team and our concern for the environment.

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.

HUMAN RIGHTS

PRINCIPLE 1 **Businesses should support and respect the protection of internationally proclaimed human rights; and**

PRINCIPLE 2 **make sure that they are not complicit in human rights abuses.**

HUMAN RIGHTS

PRINCIPLE 1	BUSINESSES 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

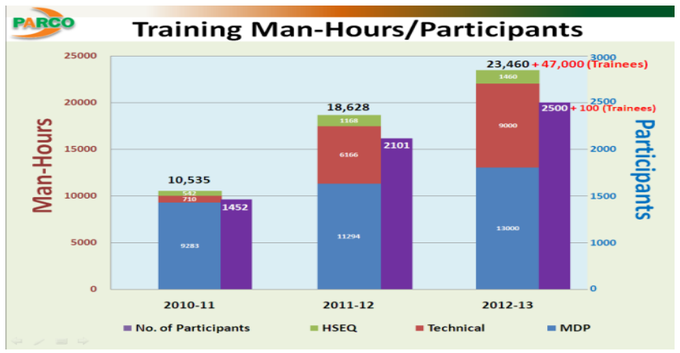
Work-Life Balance | Healthy Environment for Employees | Education Facilities | Basic Health Facilities | Work Safety | Road Safety | Stakeholder Involvement & Community Investment

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.
- During 2013, PARCO sponsored 5 Non-Management Staff and 2 Management Staff to perform "Hajj" (Holy Pilgrimage). This is done on annual basis.

- PARCO continues to provide a healthy and green working environment to its employees. During 2013, 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 several 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 eight years in a row.

- PARCO has been continuously endeavoring to enrich its human capital by adopting new techniques and methods for developing its people. PARCO helps and guides it 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 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.
- 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 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/trainee 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 40 hospitals, 34 consultants, 5 laboratories, 14 pharmacies across the country.

- 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 2013, PARCO`s Pipeline Division has successfully completed 4.9 million man-hours without lost time accident (LTA).
- PARCO Mid-Country Refinery successfully commissioned Asphalt Air Blowing Unit (AABU). Workplace safety remained top priority throughout the design, construction and commissioning phases.
- A standard operating procedure, communication and command levels is established to report security incidents, accidents, natural calamities and other risk situations.

- PARCO again partnered with the National Highway and Motorway Police (NH&MP) and printed 20,000 Road Safety Booklets. These booklets were distributed on national highways to motorists. Since 2009, PARCO has printed 30,000 such booklets for motorists to comply Road Safety Rules, Pakistan Traffic Code, etc.
- All PARCO drivers are provided training to comply with Road Safety Rules, Pakistan Traffic Code, etc.
- 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.

Stakeholder Involvement and Community Development is one of the key areas where PARCO management and its employees take keen interest. Our involvement is seen in the initiatives we have undertaken to uplift these communities in terms of basic necessities and self reliance. Following initiatives were undertaken in the year 2013.

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 2013-14, PARCO has provided assistance to 68 institutions along its pipeline and refinery across Pakistan.
- More than 12,000 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.
- During 2013, PARCO has supported different schools for mentally challenged and deaf children. These institutes are managed by professional NGOs and rely mostly on philanthropic contributions. They help these children in developing skills to manage their lives in less challenging manner. PARCO's contribution has helped these institutes sustain their operations.

- This year, PARCO distributed 500 school bags along with stationary items to the children at PARCO supported government schools in Karachi. The Company also procured and distributed story books at government schools in Karachi and near Mid-Country Refinery in partnership with a renowned publisher to help these children learn basic concepts faster. The books also educate children in developing imaginations pertaining to basic curriculum as well as teach personal hygiene and keeping surrounding environment cleaner.
- During 2012-13, PARCO organized Teachers Training for School Teachers of government schools which are supported by PARCO near Corporate Headquarter, Mid-Country Refinery and various Stations and Terminals. 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 150 teachers. The above mentioned training made a remarkable impact on the learning process in the PARCO supported schools which is very rare to find. The teachers then demanded PARCO to continue support and launch the next phase of trainings for them.
- In 2013-14, PARCO organized a second phase of trainings for these teachers on "Effective Teaching Skills". PARCO also procured learning materials for Kindergarten children, training for which is being given during the current year's training module. The material includes learning cards, books, etc for developing children's imagination needed within their age group.

HUMAN RIGHTS

PRINCIPLE 1 Contd.	BUSINESSES 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 →

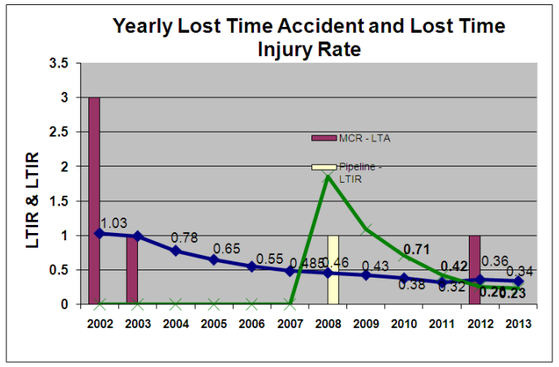
Actions

Work-Life Balance | Healthy Environment for Employees | Education Facilities | Work Safety | Stakeholder Involvement & Community Investment

Results

- In the event of an employee or spouse's death, the Company provides transportation of deceased and 'Funeral Assistance' to the family.
- PARCO provides membership of professional bodies and fraternities to its employees.
- 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.
- In March 2013, PARCO organized the Annual Family Day "Jashn-e-Baharan" at its Mid-Country Refinery for all MCR employees and their families where they enjoyed fun rides, puppet show, magic show, games, food, etc. More than 2,200 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 2013, Pumping Station-3 at Shikarpur 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.
- 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 education on the basis of a formal procedure that recognizes academic merit. During 2013, ten 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 2013, 8 children have won in two competitions, and were rewarded with certificates and cash prize.



- PARCO conducts in-house Occupational Health Safety and Environment (OHSE) training programs and achieved 2 man days per employee of training during 2013. 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 audiometery 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 3,000 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.
- In Pakistan, there are various hospitals that serve the underprivileged who cannot afford medication, hospitalization etc. Hospitals that are selected are run by NGOs and it is ensured that their operations are supervised by a proper Board of Directors and transparent operations. PARCO has helped several such hospitals through philanthropic contributions during the past two fiscal years in capacity building. The Company has spent more than Rs 18 million on such upgradations.

Support during Natural Calamities

- During the 2010, 2011 and 2012 floods, PARCO has spent more than Rs 35.8 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.

Increasing Self-Reliance through Vocational Training

- Last year, PARCO went a step further in its community development initiative by supporting 19 deserving vocational training institutes at Machike, Faisalabad, Kot Adu, Mahmood Kot, Qasba Gujrat, Muzaffargarh, DG Khan, Multan, Fazilpur, Shikarpur, Bubak and Karachi. Due to deteriorating conditions of these institutions, the infrastructure was completely revamped to create a better learning environment for students. PARCO also provided assistance in setting up state-of-the-art facilities according to the needs and requirements of institutions. Some institutes were provided with fully functional computer labs for conducting various professional computer courses; while other vocational centers, which offer training in sewing and embroidery, were provided with electrical embroidery sewing machines and other relevant equipment.
- During 2013, PARCO continued its inexorable commitment of community development by providing the much needed support to the institutes which have always been facilitated. The Company also hired two computer trainers for Vocational Training Institute at Mahmood Kot, who manage the latest high-tech computer lab setup by PARCO as well as provide trainings in latest technological developments. Being a corporate citizen the basic ideology of PARCO behind supporting these vocational training institutes is to play its role in economic development of country by tackling social issues like lack of skilled workers, rise in unemployment and most importantly women empowerment. These centers help in developing skills set of youth, providing them with adequate employment opportunities and improving the overall standard of living. These vocational trainings have also left a positive mark in empowerment of rural women by providing them embroidery and sewing skills, which helped them achieve self-sustenance.

Supporting Internal Stakeholders

- PARCO provides education assistance to employees children by providing scholarships to deserving students, seeking professional education.
- 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	BUSINESSES 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

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.***

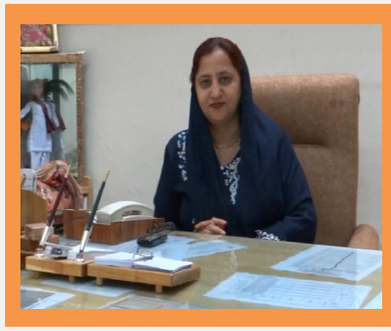
Equal Opportunity Employer

- **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 2013, 5 Trainee Engineers, 3 Trainee Technologists and 20 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.**

Women Empowerment

- **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 40 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.**
- **PARCO's Schools and Clinics Support Program supports 68 institutions compared to 62 last year, with 51 schools and 17 clinics. Out of these 51 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 3,000 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 2012-13, PARCO supported many well-known institutions working in the area of providing vocational trainings. The basic aim of the project was to facilitate these institutions in building capacity for incorporating latest techniques in building competencies amongst Pakistani youth. PARCO supported Vocational Training Institutes in areas, nearby PARCO facilities and assisted 19 centers at Machike, Faisalabad, Kot Adu, Mahmood Kot, Qasba Gujrat, Muzaffargarh, DG Khan, Multan, Fazilpur, Shikarpur, Bubak and Karachi.**
- **The institutes were 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 were uplifted through much needed civil works to create a better learning environment for students.**
- **In addition to setting up the computer lab, the Company also arranged well trained instructors to conduct well focused trainings at these centers. The initiative has helped the women in these communities to take care of their own economics after receiving trainings from these well-equipped Vocational Training Institutes.**

"My name is Hassan Saeed, and I am a Senior Medical Officer at the Basic Health Unit, Jadewala. Most of the patients that visit us for medical treatment are women and children. Mostly we receive gynae patients. This year, our Basic Health Unit has performed highest number of deliveries in the area and thanks to Pak-Arab Refinery Limited (PARCO) that due to their support by building and setting up state-of-the-art operation theatre, we are able to conduct procedures that saves lives of mothers and their new born children. It is because of PARCO's continued support that we have recently been awarded Outstanding Performance in providing Basic EmONC Services by Chief Minister's Health Initiative for Attainment & Realization of MDGs."



"I have been heading the Government Vocational Training Institute (for women) at DG Khan since very long. We offer courses on stitching, embroidery, basic and advanced computer skills, etc. Lately, we have been facing acute shortage of basic material and resources required to conduct advanced courses, which is need of the hour. The institute has produced some great women entrepreneurs who belonged to low social strata. They are now helping their families in maintaining a sustainable living. Thanks to PARCO's help, we are now able to offer advanced courses in stitching and embroidery which are very much needed to keep the students at par to the current market trends."

Equipment by PARCO at the Basic Health Unit, Jadewala near PARCO Mid-Country Refinery

Sewing Classes in progress at the Govt. Vocational Training Institute (for women) at DG Khan

LABOUR

PRINCIPLE 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

PRINCIPLE 4 the elimination of all forms of forced and compulsory labour;

PRINCIPLE 5 the effective abolition of child labour; and

PRINCIPLE 6 the elimination of discrimination in respect of employment and occupation.

LABOUR

PRINCIPLE 3	BUSINESSES SHOULD UPHOLD THE 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.

Management Systems

HR Management, Industrial Relations, Operations, CSR

Actions

Freedom of Association	Collective Bargaining Negotiations and Union Charter Signing	Proactive focus and redressal of Employee Grievances to maintain a good Organizational Climate

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 7 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 May 2013.

- 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 2013, 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 2013, attended by 103 participants from different departments belonging to various levels.

LABOUR

PRINCIPLE 4	BUSINESSES SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR
Our Commitment	PARCO completely disallows any form of forced or compulsory labour 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 window/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 2014 on completing different periods of service:

Year of Service	No. of Employees
7	28
10	22
15	27
20	18
25	17
30	7
35	5

- 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.

LABOUR

PRINCIPLE 5	BUSINESSES SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR
Our Commitment	PARCO forbids engagement of any form of child labour 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 Labour
- Third party audit of Labour conditions
- Inclusion of Labour Laws (that disallows child labor) in contracts with Business Partners
- PARCO assists in enhancing primary and secondary schooling to reduce Child Labour in its adjoining communities

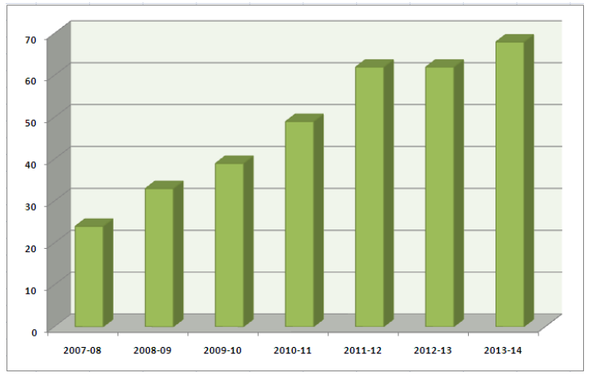
Results

- 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, Sindh Employers Social Security Institution and other authorities who ensure elimination of Child Labor and compliance of other requirements of Labor Laws. During 2013, five visits were made by various government agencies 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 2013, 68 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 68 institutions, 51 are schools where more than 11,000 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 and TCF (The Citizens Foundation) – A Partnership Making Differences

PARCO in partnership with the TCF (The Citizens Foundation) – a reputed NGO in Pakistan - 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 833 children. These schools are making a great difference in the lives of the underprivileged in many ways. Please see the following backgrounds on the PARCO-TCF schools.

PARCO-TCF Primary School I, Yosuf Goth, Karachi

PARCO-TCF Primary School is located in Steel Town, Karachi. Morning shift is running at full capacity and an afternoon shift has been operating since 2003 which indicates students' zeal for acquiring quality education to improve their socio-economic conditions. Moreover, females from the community have been participating in the Agahi Adult Literacy program in this school and now can read and write.This campus has become a beacon of hope as students not only possess better language proficiency and hygiene habits but are also motivated to become future leaders of Pakistan.

PARCO-TCF Primary School II, Qasba Gujrat

PARCO-TCF Primary School II is located in Qasba Gujrat, Punjab. The campus is situated near PARCO Mid-Country Refinery. This campus has received a tremendous response and after excessive demand for admissions from the community, an extension was made operational in 2012. It is worth mentioning here that there has been an encouraging increase in student strength from 286 students in 2012 to 348 students in the current academic session. The positive impact on students' academics, confidence and hygiene has made them role models in their communities, inspiring more children to attend school.

PARCO-TCF Secondary School III, Muzaffargarh

The current academic session for PARCO-TCF Secondary School III commenced from April 2013 and admissions were accepted for entry level classes of Grade VI and VII. This campus has become a beacon of hope for the students enrolled as skills and education acquired from completing education will help these students to become economically empowered and capable of supporting their own families. This campus has also assisted in alleviating poverty in the surrounding area by creating employment opportunities for members from the local community.

"These four young and enthusiastic students are enrolled at Government Secondary School, Moza Haji Shah, which is located at approximately 5 kms from PARCO Mid-Country Refinery. These children were seen enthusiastic about their upcoming endeavors. They saved their pocket money to purchase saplings for planting at their school to create a greener environment. They were all thankful to PARCO for creating a great learning environment by building classrooms and adding furniture and fixtures which has made their school livelier. As a result, their school's attendance has increased. They aspire to become doctors and serve the Army in future."

"My name is Zara Rabia and I am studying in grade VII at PARCO-TCF Primary School II in Qasba Gujrat. I have always dreamed of going to school and getting education but my parents could never afford it. My mother works as a maid from door to door and stitches clothes and my father works as a carpenter and makes ladders and stools. When PARCO built school in my area I was ecstatic as now I can pursue education without burdening my parents. Thank you PARCO for giving me an opportunity to become a teacher and make my parents proud".

LABOUR

PRINCIPLE 6	BUSINESSES SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION
Our Commitment	PARCO provides equal employment opportunity and supports diversity of human capital in all its functions.

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 1,346 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 southernmost 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	14
Balouchistan	8
FATA	2
Khyber Pakhtoonkuwa	75
Punjab	720
Sindh	527
Total	1,346

- 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.

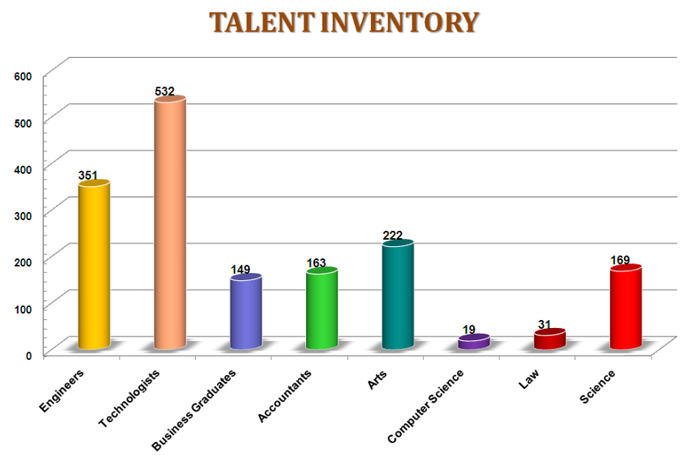
- PARCO discourages nepotism and every form of favoritism. The way up the PARCO ladder is open to everybody. The policy of the Company is to develop and promote employees from within the organization through career and succession planning. As an example, our Managing Director joined the Company 38 years 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 2013, PARCO inducted 43 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 2013, 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.

- PARCO possesses competent specialists in many areas and in order to utilize their expertise, these internal training resources develop and deliver training programs.
- PARCO offers Trainee Program in the fields of management and engineering. The training ranges from 1 to 2 years and provides the candidate learning and exposure to different aspects of a real life working environment. Upon demonstrating satisfactory performance at the end of the training, the Trainee is inducted as an employee if a suitable vacancy exists.
- Since 1975, PARCO has trained 1090 Engineering and Management trainees. Since January 2013 alone, 30 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 the Country is facing an economic downturn.
- 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.



- 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 Businesses should support a precautionary approach to environment challenges;

PRINCIPLE 8 undertake initiatives to promote greater environmental responsibility; and

PRINCIPLE 9 encourage the development and diffusion of environment friendly technologies.

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 shutdown 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 2013, approx 4.4 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.
- In 2013, the 362 km Mahmood Kot Faisalabad Machike (MFM) pipeline transported approx 2.4 Million Metric Tons of refined fuel from PARCO Mid-Country Refinery at Mahmood-Kot to Machike via Faisalabad where gantry facility is available for product off-take. This has also reduced quite a number of tank lorries off the road.
- Similarly, during 2013, the 817 km WOP (White Oil Pipeline) transported approx 3.5 Million Metric Tons of HSD (High Speed Diesel) from Karachi to Mahmood-Kot.

Efficient Pipeline System

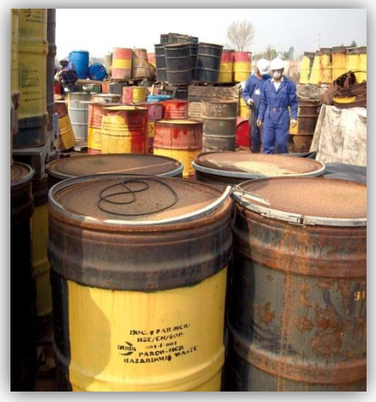
- Effluent monitoring is carried out at all Stations and Terminals and the Mid-Country Refinery (MCR). Reports are sent to EPA against SMART Program.
- Impact on the environment from the refining process is controlled by treating and managing emissions. Low NOx (Nitrous Oxide) burners and Sulfur removal from fuel gases are examples.
- Effluents are treated in a state of the art effluent treatment plant having capacity of 340m^3/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 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 tested for Co, Nox, Sox, H_2S, smoke and noise. Five years' (2008 - 2012) results remained within permissible limits specified in NEQS. Samples for 2013 were extracted for testing and results remained within permissible limits.
- EMS (Environment Management System) Impact Assessment registers are available 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 2013, PARCO Pipeline Division had its first surveillance audit conducted by a third party certification body.
- In July 2013, a re-certification audit was conducted by a certified body at Corporate Headquarter (CHQ) after which PARCO CHQ has been re-certified for another three years from September 2013.
- IMS Certificates for PARCO Mid-Country Refinery were re-certified by a third party certification body in 2012. During 2013, first surveillance audit was conducted successfully.
- During 2013, 4 risk assessments were carried out and 9 in 2012 for various activities at PARCO Corporate Headquarters. The purpose of risk assessment is to define mechanism and responsibilities to identify Organizational Health and Safety 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.
- 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 very essential. In this lieu the role of HSE (Health Safety and Environment) 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 2013.
- 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. Amjad Hafeez, Deputy General Manager, Pipeline receiving the Fire and Safety Award

- PARCO proactively works to ensure that its products and fuels are environment friendly. Lead free Gasoline complies with the standard having sulfur content less than 150 ppm. With the investment of 132 million USD on a Diesel Hydro Desulfurization unit, Diesel produced by PARCO is on Euro II specifications i.e. less than 500 ppm. This positions PARCO at the top in Pakistan where the running standard is 5,000 ppm of sulfur in diesel. The extracted sulfur is solidified and sold as a byproduct.
- 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 110 tons of hazardous waste was disposed off in 2012-13 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. Used lubricants/waste oil was recycled through government approved reclamation plants. During the hazardous waste management, around 10,000 empty metal and plastic drums were sold with safe recycling/disposal guarantees. The sale of the empty drums recovered two thirds of the waste disposal cost.



ENVIRONMENT

Principle 7 (Contd.)	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

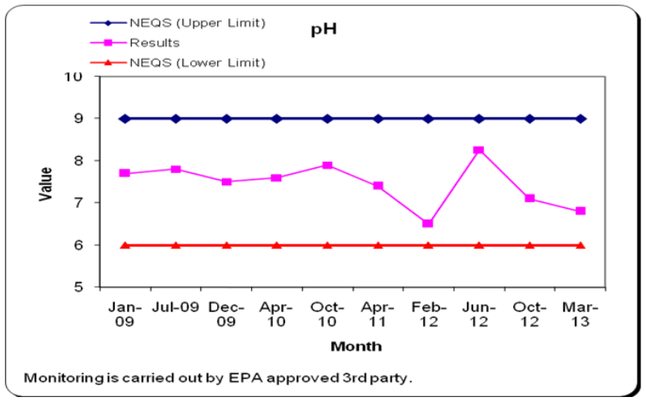
HSE, Operations and Administration

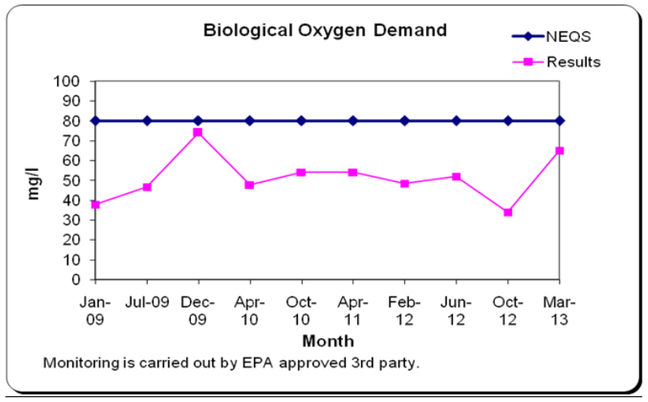
Actions

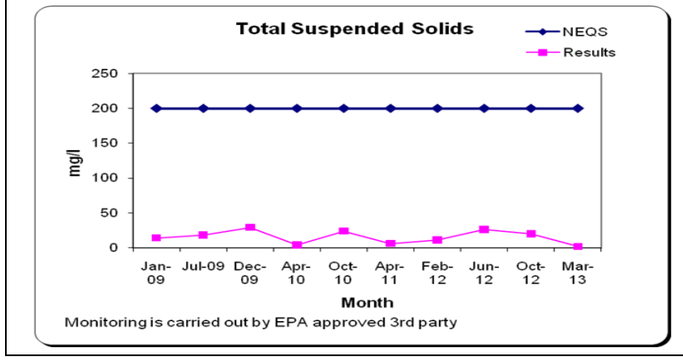
Efficient Effluent Management | **Environmental Auditing, Certification and Awards** | **Air Emissions Monitoring**

Results

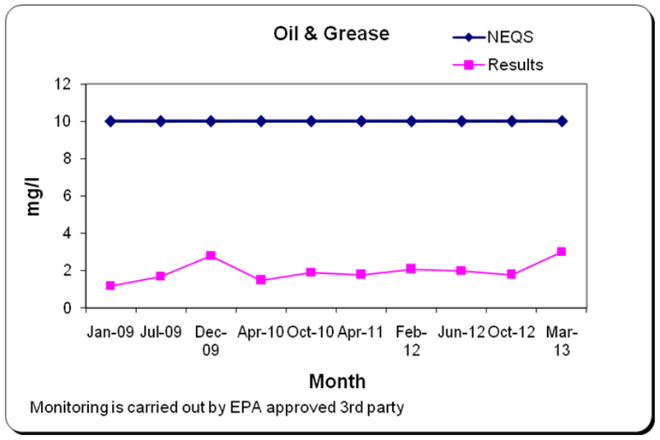
- Regular third party monitoring is done diligently, and the results are well below permissible NEQS limits. Results of some key parameters are shown below.

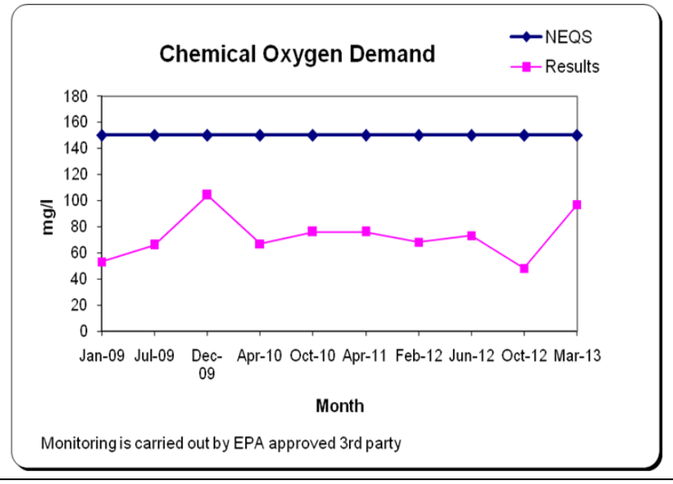




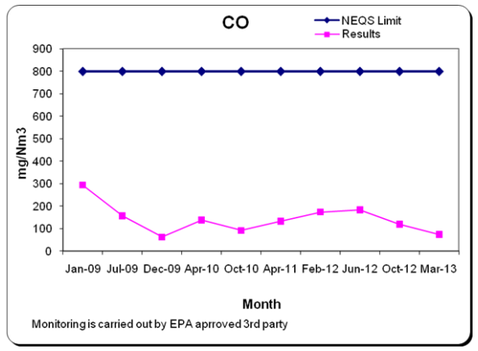


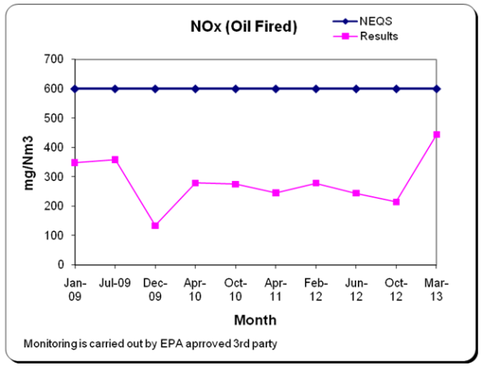
- Audits of housekeeping, gas masks, noise, work permits, closed sampling box etc, Yearly third party vehicle emissions monitoring, bi-annually third party stack emissions and liquid effluent monitoring, bi-annually third party ground water monitoring within the refinery and neighboring areas. Bi-annually 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. 12 HSEQ Internal Audits have been carried out at CHQ since the year 2007.

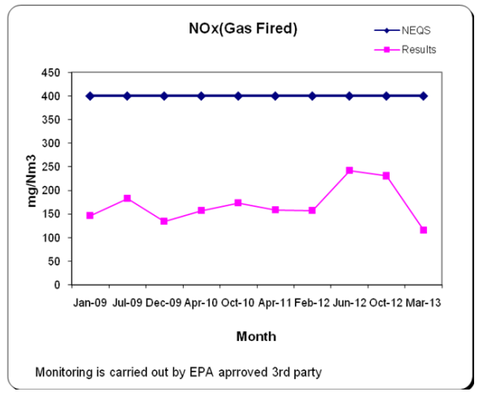


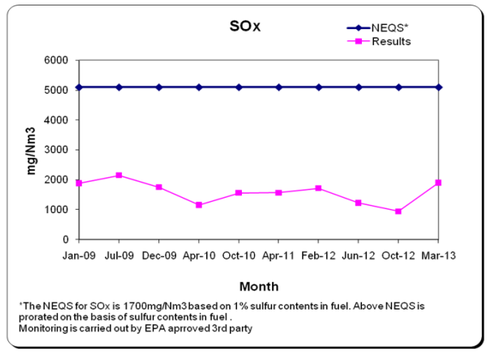


- Air emissions monitoring is being carried out on monthly basis through PARCO's laboratory and bi-annually through EPA approved third party for Carbon Monoxide, NOx, SOx, and Particulate Matter etc. The result of all environmental parameters remains within NEQS limits throughout the year. Results of 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 takes into account all it can to reduce emissions far below NEQS limits and develop 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 Naegleria Fowleri, seat belts saves lives, motorcycle helmets compulsory, etc.
- Regular lectures on various health topics (e.g., hypertension, 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.

Health Awareness session being conducted by the Company Doctor at PARCO Premises

- The National Forum for Environment and Health (NFEH) has awarded PARCO with the Annual Environmental Excellence Award for the eighth consecutive year in 2013. 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.
- PARCO for the 4th consecutive time has been placed amongst the 10 Best Organizations of Pakistan in Environment Management.

Mr. Syed Zakir Hussain Shah, GM Pipelines, 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.
- 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.

- 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.

- In designing and aligning its oil pipelines routes, environmental matters were addressed and the requirements of Pakistan Environmental Protection Agency (EPA) fully complied with NEQS. No property on the World Heritage List is impacted.
- Specific measures were also taken to avoid disturbance to wildlife and vegetation. Even in choosing our main pipeline pumps, care was exercised to ensure that pump specifications conformed to the noise level of +/- 85db to remain within environmentally safe limits.
- PARCO conducts Emergency Evacuation Drill twice a year. The purpose is to assess the preparedness of the employees and available system for emergency situations that may result due to activities, processes, equipments or locations of the Corporate Headquarters.
- Contractor's HSE performance is monitored and feedback is shared.
- PARCO ensures every contractor has first aid and medical facilities for its workers. Medical fitness certificates are necessary for highly hazardous work.
- 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.
- 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, for which year wise data is given below:

  2009 - 2% reduction
  2010 - 2.15% reduction
  2011 - 1.3% reduction
  2012 - 19.50% reduction
  2013 - 19.34% reduction

- It is evident from the above results that the paper usage has been reduced to 19.34% during the last 5 years.

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

Environmental Stewardship

- 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.

White Oil Pipeline Optimal Utilization Study

- PAPCO – a subsidiary of PARCO – owns 817 km long White Oil Pipeline (WOP), which runs from Port Qasim (near Karachi) in the South to Mahmood Kot in the North, where it ties into PARCO owned 364 km long Mahmood Kot-Faisalabad-Machike (MFM) Pipeline.
- The White Oil Pipeline was designed for transportation of Crude Oil and HSD. Presently, it is only being used for the transportation of HSD and it is operating below its nameplate design capacity. PAPCO has initiated this study to optimize the use of the WOP by using spare capacity for the batched transportation of MOGAS and Jet Fuel in addition to HSD, from South to North.
- After incorporating modification in pipeline system as per recommendations of study, the Company will be able to enhance the utilization of the pipeline system to its maximum capacity. In addition, heavy traffic load on the roads will be alleviated as hydrocarbons will be transported safely through pipeline system which is the most efficient and safe system for transportation of flammable liquids.

Air Dispersion Modeling

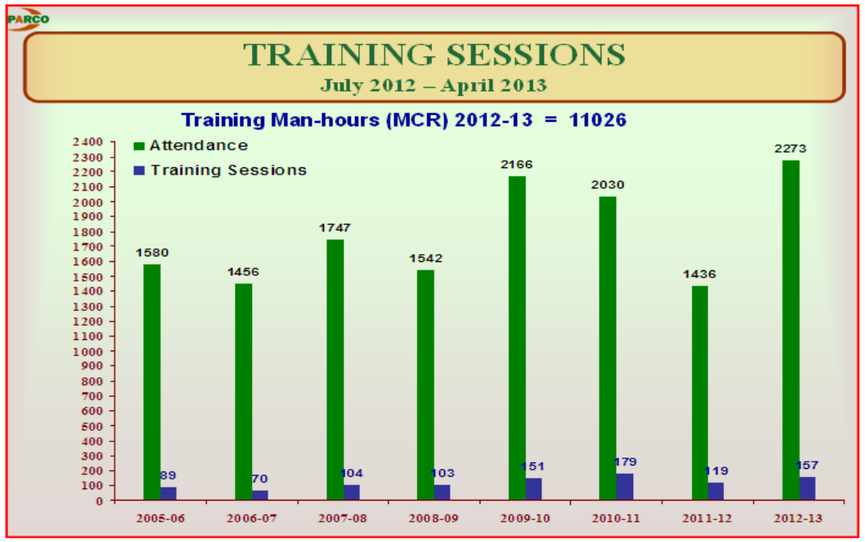
- PARCO Mid-Country Refinery uses an Environmental Monitoring software for Atmospheric Dispersion Modeling. The software helps identify the theoretical concentration of certain environmental pollutants like Sulfur Oxides and Nitrogen Oxides released from the heater stacks in the refinery. MCR has developed 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.

Drag Reducing Agent (DRA) Treatment

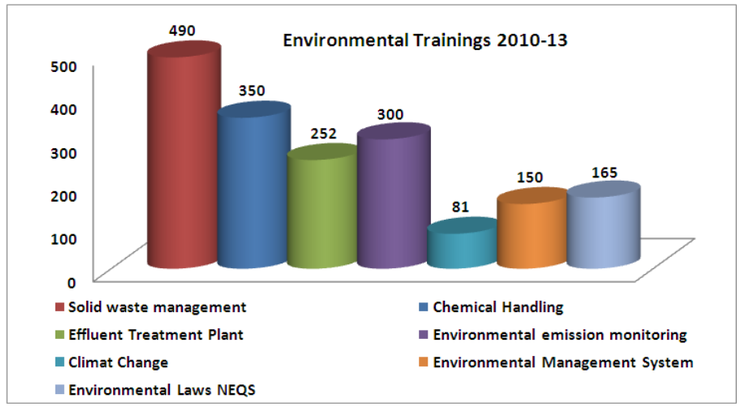
- Drag Reducing Agents (DRA) are indigenous solutions for enhancing the pumping capacity of hydrocarbon pipelines with lesser input energy. PARCO is utilizing DRA for this purpose and has successfully achieved the desired throughput of Crude Oil to meet the Mid-Country Refinery demand positively.
- DRA is a slurry type product which has chronically higher rejection rates and ends up in wastage. In order to address this issue, in-house Research and Development was carried out to recycle the hardened/unusable product. This value addition job has resulted in massive saving for the company and also addressed the environmental issues regarding disposal of wastage and rejection/wastage has been reduced to zero. In addition, foreign currency required to import the product is also considerably decreased.

HSE Training Programs

- 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. During last one year a total of 157 HSE training sessions were conducted which was attended by 2,273 participants. Approximately 1,788 participants received training on Environment Management since 2009. Seven IMS training sessions on EMS14001:2004 were conducted during last one year.
- PARCO achieved a target of 2 man-days i.e. 16 hours per employee of HSE training in 2012-13 and is currently en-route to its target of 2.25 man-days per employee of HSE training in 2013-14.



- 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.



Initiatives Promoting Greater Environmental Responsibility

- 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

ENVIRONMENT

Principle 9	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.

Management Systems

HSE, Operations

Actions

- Diesel Hydro-Desulphurization Plant (DHDS) producing Euro II Spec.
- Effluent Treatment Plant
- Automated Incident Reporting System
- Energy Conservation Program

Results

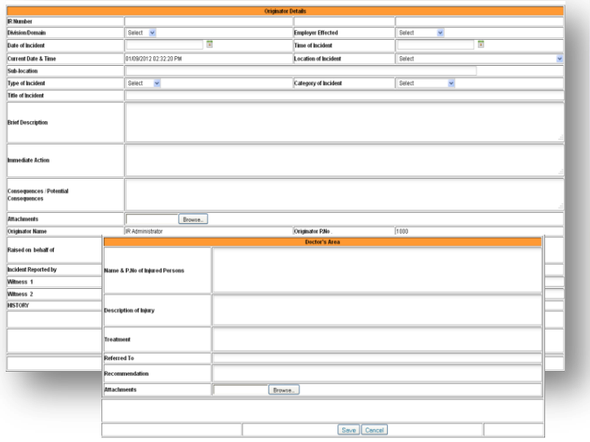
- With commissioning of the DHDS plant at the Mid-Country Refinery, PARCO has the capability of producing High Speed Diesel conforming EURO II standards and is the only refinery in Pakistan to have achieved this capability. This product is helping EURO II compliant automobiles to perform better by being 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 2013, the DHDS plant at PARCO has processed more than 1.76 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 340m^3/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.
- During the year 2013, effluent water treated was 1,554,000 m^3 at 180 m^3/hr.

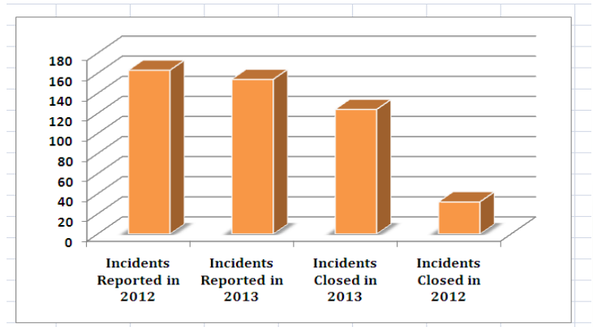
Effluent Treatment Plant at PARCO Mid-Country Refinery

- An electronic Incident Reporting System has since been functioning in PARCO. The system went company-wide improvements in 2012-13. 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 are now able to track incident reported and investigation down to meticulous detail and this has become a valuable learning experience.



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 2013, 154 Incidents Reports were raised as compared to 163 last year of which 124 i.e. 80.5% have been closed-out successfully with recommendations for improvements, while investigation for 30 IRS raised have been completed and are currently being scrutinized.



- Heaters and Boilers are the major sources of energy utilization and refinery plant. PARCO has taken following steps for Energy Conservation and Energy Efficiency:
- Heaters
  1. Efficient heaters are being operated at above 85% efficiency
  2. Regular heater efficiency monitoring program
  3. Access air monitoring on daily basis
  4. Heater efficiency monitoring on monthly basis
  5. To save energy and environment we have dual fire system heater operated on furnace oil and fuel gas
- Boilers
  1. Boilers are operated at highest efficiency above 90%
  2. Boilers are annually inspected and certified by government agencies
- Heat Exchangers
  1. All heat exchangers are monitored for their efficiency and energy consumption on daily basis and corrective actions are taken to maintain the highest level of efficiency
  2. Proper schedule for equipment inspection and maintenance
  3. Dismantling and overhauling of all equipment in turnaround to maintain efficiency
- PARCO Mid Country Refinery has presented its systems for international benchmarking by a consultant from USA in March 2013 for key performance indicators:
  1. Manpower utilization
  2. Energy Index
  3. Operation efficiency
- Standard specification power driven motors are used to achieve highest level of efficiency and low energy losses.
- Carbon dioxide emission monitoring is carried out on monthly basis and data is recorded.
- PARCO has successfully commissioned Incinerator Plant for Asphalt Air Blowing Unit (ABBU) for complete combustion of flue gases. The off-gas arising during the process is collected in the vapor space at the top of the reactor. Then the off-gas will be led to the incinerator to burn the residual hydrocarbons at temperature of 850°C. The incinerator shall completely burn the off-gas stream coming from the reactor. All the emissions were monitored by EPA approved third party to ensure legal compliance of National Environmental Quality Standards.
- PARCO Mid-Country Refinery has successfully commissioned environment friendly solar energy weather station. This new facility has provided metrological information. The environmental information is being helpful in managing emergency situation in case of toxic gas release and quick emergency response.

ANTI-CORRUPTION

PRINCIPLE 10 **Businesses should work against corruption in all its forms, including extortion and bribery.**

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

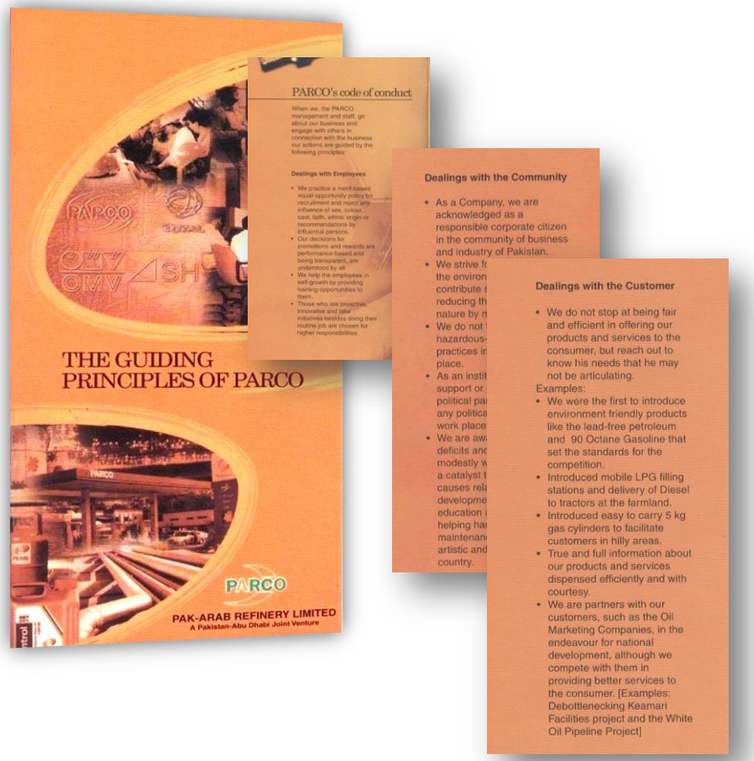
Corporate Governance | **Transactions with Suppliers, Contractors, Service Providers** | **Elimination of Discrimination**

Results

- 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.
- 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 companywide 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 40 years of operations there has been no instance of extortion or bribery.
- Suppliers/Service providers are required to sign integrity pact with PARCO where the amount of contract is Rs 10 million or above, 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.
- 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, procurement, etc., are subject to Internal and External Audit.
- To ensure transparency, sealed bids are invited against request for quotations, except for proprietary items.
- Purchase Orders are issued to technically compliant commercially lowest bidders for procurement. An Internal Evaluation Committee (IEC) has been formed to evaluate proposals for orders of Rs 1 million and above.
- Centralized Procurement with due diligence.
- PARCO 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.
- 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/Contactors/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.



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