



STEPS TAKEN BY PAK-ARAB REFINERY LTD

TO

INCREASE AWARENESS AND IMPLEMENT

UN GLOBAL COMPACT

1. Membership of United Nations Global Compact

Activity

5th March, 2010

1.1 - PARCO Joins United Nations Global Compact

Pak-Arab Refinery Limited (PARCO) believes in strategic and sustainable development, and this philosophy is deeply embedded in our CSR Programs as we aggressively pursue technical and managerial excellence. Continuing the same spirit, PARCO has become a member of the United Nations Global Compact. Joining the UN Global Compact is part of PARCO's commitment towards being a good corporate citizen. Managing Director, PARCO, sent a letter of commitment to the United Nations Secretary General, H.E. Ban Ki-moon, on January 8th, 2010, thereby committing to follow the UN Global Compact's Ten Principles and submitting the Communication on Progress (COP) report annually.

Communication of the above

After the membership was filed, a Memo from the Managing Director was issued to all the PARCONIANS highlighting the Ten Principles of UNGC asking them to abide by them in their day to day working. The same message was communicated through:

- the Company's notice boards at all the locations including Corporate Headquarters, Mid-Country Refinery and all Stations & Terminals across Pakistan.
- our in-house newsletter, PULSE, circulated to all employees in the company, and all our stakeholders including shareholders, major customers, suppliers, vendors, our banks, educational institutions, regulatory bodies, Pakistan's petroleum fraternity, etc. etc. (Annex A)
- the Company's official website www.parco.com.pk.

2. Attending Trainings & Events, Organized by the UNGC Pakistan Local Network

Activity

19th March, 2010

2.1 - 23rd Business Talk on CSR – Embracing Labor Rights for Global Marketing

Global Compact Pakistan Local Network, in collaboration with the Employers Federation of Pakistan, organized the Global Compact Seminar '23rd Business Talk on CSR' on Friday, March 19, 2010 at Hotel Marriot, Karachi.

The chief guest of the Seminar was Mr. Soren Peterson, Head of Local Networks at UN Global Compact, New York. PARCO being UNGC's newest member, was represented by Mr Shah M. Saad Husain, General Manager Corporate Affairs and Ms

Saba Ahmed, Management Executive Corporate Communications. PARCO's Corporate Communications Department is also responsible for CSR apart from Public Relations, Media, Employee Welfare, interaction with external publics, etc.



Mr. Shah M. Saad Husain, GM (CA) greets Mr. Soren Peterson, Head of Local Networks at UN Global Compact on his arrival.

Mr. Ahsanullah Khan, President Global Compact Pakistan Local Network gave the welcome address followed by remarks from ILO (International Labor Organization) and UNDP (United Nations Development Program) officials.

The chief guest Mr. Soren Peterson, in this address, explained UN Global Compact's ten principles and emphasized the importance of labor rights and maintaining labor standards for the smooth and successful running of business entities.

Communication of the above

The above news was circulated through:

- PULSE (PARCO's in-house newsletter) (Annex 'B')
- Company's website
- Placement on Notice Boards

2.2 - PARCO Corporate Communications Team Attends the GRI Introductory Workshop

The Corporate Social Responsibility Centre Pakistan organized **Global Reporting Initiative (GRI) Certified Training** on how to prepare a best practice sustainability report. The training was held on 3rd June, 2010 at Karachi.

The purpose of the workshop was to create awareness regarding the need for GRI standard reporting and its significance. The session discussed the benefits and challenges of the reporting process for organizations. It also discussed how to develop a vision and strategy on sustainability, improve management systems, identify strengths and weaknesses, attract and motivate staff, connect departments and promote innovation. The Corporate Communications staff of PARCO attended the training program to remain abreast with the best practices in reporting.

2.3 - PARCO Participates in a 2 Day Workshop on “Embedding Global Compact Sustainability into your Organization”

The Corporate Communications Team of PARCO, participated in a 2 day workshop on “Embedding Global Compact Sustainability into your Organization”, organized by the UNGC Pakistan Local Network at Regent Plaza Hotel, Karachi.

The workshop was organized to assist new and current member companies in embedding the Ten Principles into the respective organizations. The event was attended by a large group of local Pakistani companies which shows their interest in UNGC.

The workshop also advised participants in how to develop their Communication on Progress (COP) Report as well as addressed issues in organizing the report content. PARCO Corporate Communications staff, present at the workshop, participated by sharing how the Ten Principles are already embedded, to a large extent, in PARCO’s operations. The findings helped the participating companies appreciate UNGC. Best practices were also shared amongst the participants.



3. PARCO Signs UN Global Compact Charter

23rd September, 2010

PARCO further strengthened its commitment to strategic CSR by formally signing the United Nations Global Compact Charter. The signing ceremony was held at the PARCO Corporate Headquarters, Karachi. Present on the occasion were members from UNGC Pakistan Local Network (UNGCPNL) including Mr. Ahsanullah Khan, President UNGCPNL and Mr. Fasihul Karim Siddiqi, Secretary, UNGCPNL.

Mr. Shah M. Saad Husain, GM Corporate Affairs, PARCO gave a brief presentation on the corporate strategy, CSR activities of the company, and PARCO's action plan for implementing UN Global Compact's Ten Principles.

Mr. M Rasheed Jung, Managing Director, PARCO, signed the UN Global Compact Charter to make PARCO a member of the selected group of companies which are recognized by UNGC's Global CSR Principles. Also present on the occasion were Mr. Tariq Rizavi, CEO Pak-Arab Pipeline Company Limited, Mr. Shahid Mahmood, GM Corporate Planning, and the Corporate Communications Team. The formal signing of this agreement reaffirms PARCO management's official commitment to pursuing the highest standards of Corporate Social Responsibility, guided by UNGC's Ten Principles.

Communication of the above

The above news was circulated through:

- PULSE (PARCO's in-house newsletter) (Annex 'C')
- Company's official website (Annex 'D')
- PARCO Annual Report 2010 (Annex 'E')
- Placement on Notice Boards
- Email to all PARCO Staff



Mr. M. Rasheed Jung, Managing Director, PARCO, signing the UN Global Compact Charter. Members of UNGC Pakistan Local Network and the PARCO top management and Corporate Communications Team were also present at the ceremony.

4. Presentation by UNGC Pakistan Local Network to PARCO Top Management

31st December, 2010

A training session was organized in collaboration with the UNGC Pakistan Local Network (UNGCPN) at PARCO's Corporate Headquarters in Karachi. The training was held on 31st December 2010.

The training was attended by the PARCO Executive Committee which included, Mr M Rasheed Jung (Managing Director, PARCO), Mr Tariq Rizavi (CEO, Pak Arab Pipeline Company Limited), Mr Feroze J. Cawasjee (DMD Finance and Corporate Affairs), Mr Shuja Uddin Ahmed (DMD Operations) all General Managers and the senior management team of PARCO.

Amongst the attendees was Mr. Ehsanullah Khan, Chairman of UNGC Pakistan Local Network, and Mr. Fasihul Karim Siddiqi, Secretary UNGCPN who stressed on the importance of adopting the UNGC Ten Principles. They also shared their experiences in the industry. Both members of UNGCPN appreciated PARCO's top management in embracing the Ten Principles.

The overall team of the UNGCPN was pleased to know that PARCO's actions and management systems are in place to protect human rights, maintaining labour standards, caring for PARCO employees, contractors, nearby communities and other external stakeholders.

5. COP Report

PARCO's first Communication on Progress (COP) report was submitted on 4th March, 2011. The COP report illustrates PARCO's commitment to UNGC's Ten Principles, and the management systems, actions and performance of PARCO.

PARCO Communication on Progress (COP) Report 2011

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

UNGC Communication on Progress - 2011

www.parco.com.pk

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6. Future Course of Action for 2011-12

Our Action Plan for 2011-12 is to further integrate the Company's strategy, operations and practices with UNGC's Ten Principles.

6 a. Cross-functional Teams to Report Compliance towards Ten Principles

We have developed a team which includes focal persons from all departments at PARCO, nominated by their divisional heads. These focal persons are now part of a team to report compliance towards the Ten Principles to our Corporate Communications Department who will monitor, compile, analyze and incorporate the information received in the Communication on Progress (COP) report.

6 b. Organizing Training Programs

The above mentioned team will be participating in numerous training programs pertaining to UNGC Principles, in order to remain abreast with the latest developments. The training programs will be conducted in partnership with the UNGC Pakistan Local Network and United Nations Economic and Social Commission for Asia and the Pacific (ESCAP).

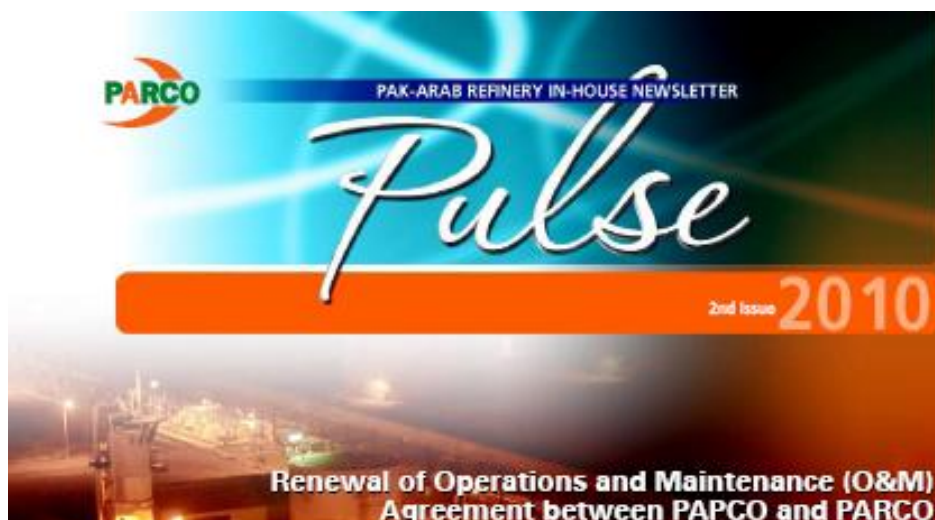
6 c. Reviewing Policies to Incorporate Ten Principles

PARCO is in the process of reviewing its current policies, practices, contracts, etc pertaining to Organizational Health Safety and Environment (OHSE), Human Resources, Corporate Social Responsibility, etc to make them further compliant with UNGC's Ten Principles, wherever necessary.

6 d. Training the Trainer

PARCO has nominated Ms Saba Ahmed, Management Executive Corporate Communications to attend the Master Trainer course on "Practical Implementation of Global Compact and Corporate Social Responsibility" by ESCAP in Bangkok, who on return, will conduct these trainings within and outside PARCO.

Annexure A



CSR Activity

PARCO joins UN Global Compact - A Voluntary Corporate Citizenship Initiative

PARCO believes in strategic and sustainable development, and this philosophy is deeply embedded in our CSR Programs as we aggressively pursue technical and managerial excellence. Continuing the same spirit, PARCO has become an official member of the United Nations Global Compact (UNGC).

UNGC is the world's largest corporate responsibility initiative with over 6,500 business and non-business participants across 135 countries. The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of 10 Principles in the areas of human rights, labor standards, the environment and anti-corruption.

Human Rights

1. Support and respect the protection of internationally proclaimed human rights (HR) ; and
2. Make sure that they are not complicit in HR abuses.

Labour Standards

3. Uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. Elimination of all forms of forced and compulsory labour;
5. Effective abolition of child labour; and
6. Elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against all forms of corruption, including extortion and bribery.

Joining the UN Global Compact is part of PARCO's commitment towards being a good corporate citizen.



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PAK-ARAB REFINERY IN-HOUSE NEWSLETTER

Pulse

2nd Issue **2010**

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Global Compact Seminar 23rd Business Talk on CSR - Embracing Labor Rights for Global Marketing

Global Compact Pakistan Local Network, in collaboration with the Employers Federation of Pakistan, organized the Global Compact Seminar '23rd Business Talk on CSR' on Friday, March 19, 2010 at Hotel Marriott, Karachi.

The chief guest of the Seminar was Mr. Soren Peterson, Head of Global Compact Network at UN Global Compact, New York. PARCO being UNGC's newest official member was represented by Mr. Shah M. Saad Hussain, GM (CA) and Ms. Saba Ahmed of Corporate Communications.

Mr. Ahsanullah Khan, President Global Compact Pakistan Local Network gave the welcome address followed by remarks from ILO (International Labor Organization) and UNDP (United Nations Development Program) officials.

The chief guest Mr. Soren Peterson, in his address, explained UN Global Compact's Ten Principles and

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emphasized the importance of labor rights and maintaining labor standards for the smooth and successful running of business entities.

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Annexure C




PAK-ARAB REFINERY IN-HOUSE NEWSLETTER

First Issue 2011

DHDS PROJECT COMPLETED!



Mr. M. Rasheed Jung, MD PARCO signing the UNGC Charter. Mr. Zeig Rham, CEO PARCO, Mr. Shahid Mahmood Khan, GM (CP), Mr. Shah M. Saad Husain, GM (CA), UNGC Local Network members and our Corporate Communications/CSR team members were also present.

Top Stories:

- 36th Annual General Meeting
- MD's New Year Message To All PARCO Employees
- Successful Completion of Diesel Hydro-Desulphurization
- Floods 2010 - A Big Challenge for PARCO
- Pipeline Division completes 2 Million Manhours
- PARCO signs UN Global Compact Charter



WE SUPPORT

PARCO Signs UN Global Compact Charter

PARCO has further strengthened its commitment to strategic CSR by signing the United Nations Global Compact Charter. The Global Compact identifies Ten Universal Principles on human rights, labor, environment and anti-corruption, and encourages companies around the world to support and abide by these principles.

The signing ceremony was held at PARCO's Corporate Headquarters, Karachi, on September 23, 2010. Mr. M. Rasheed Jung, MD PARCO signed the UN Global Compact Charter to make PARCO a member of the selected group of companies which are recognized by UNGC's Global CSR Principles. Mr. Shah M. Saad Husain, GM Corporate Affairs PARCO gave a brief presentation on the CSR strategy and activities of the company, including PARCO's Flood Relief Program and our action plan for implementing UN Global Compact's Ten Principles.

Members from UNGC Pakistan Local Network (UNGCPLN), included Mr. Ahsanullah Khan, President UNGCPLN and Mr. Fasihul Karim Siddiqi, Secretary UNGCPLN along with Mr. Tariq Rizavi, CEO PARCO, Mr. Shahid Mahmood, GM Corporate Planning, and the Corporate Communications/CSR team were present on the occasion.

The signing of this agreement reaffirms PARCO's commitment to pursue the highest standards of Corporate Social Responsibility, guided by UNGC's Ten Principles.

United Nations Global Compact's Ten Principles

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

Annexure D

News & Events - Windows Internet Explorer

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NEWS & EVENTS

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SEPTEMBER-2010

PARCO SIGNS UN GLOBAL COMPACT

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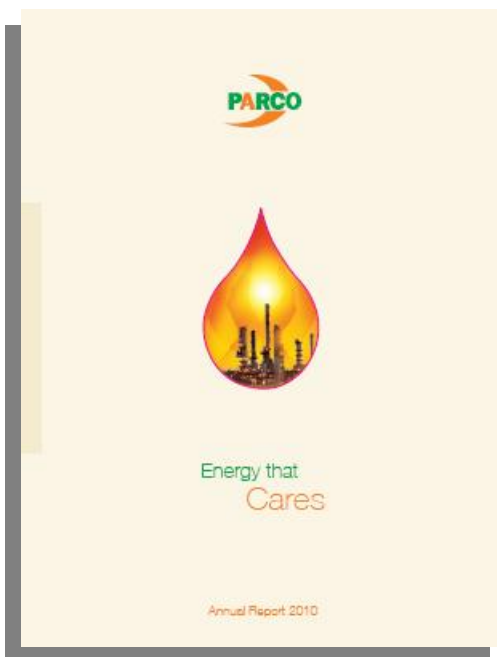
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Mr. M Rasheed Jung, MD PARCO, signed the UN Global Compact Charter to make PARCO a member of the selected group of companies which are recognized by UNGC's Global CSR Principles. Also present on the occasion were Mr. Tariq Rizavi, CEO PAPCO, Mr. Shahid Mahmood, GM Corporate Planning, and the Corporate Communications Team.

The signing of this agreement reaffirms PARCO's commitment to pursuing the highest standards of Corporate Social Responsibility, guided by UNGC's Ten Principles.



Annexure E



Sustainable Development

PARCO Joins UN Global Compact - A Voluntary Corporate Citizenship Initiative

PARCO has further strengthened its commitment to Strategic CSR and Sustainable Development by signing the United Nations Global Compact Charter. The Global Compact identifies Ten Universal Principles on human rights, labor, environment, and anti-corruption, and encourages companies around the world to support and abide by these principles.

The signing ceremony was held at the PARCO Corporate Headquarters, Karachi, on 23rd September, 2010. Present on the occasion were members from UNGC Pakistan Local Network (UNGCPN) including Mr. Ahsanullah Khan, President UNGCPN and Mr. Fashul Karim Siddiqi, Secretary, UNGCPN. Mr. Shah M. Saad Husain, GM Corporate Affairs, PARCO gave a brief presentation on the CSR strategy and activities of the Company including our Flood Relief Program and PARCO's action plan for implementing UN Global Compact's Ten Principles in the Company. Mr. M. Rasheed Jung, MD PARCO, signed the UN Global Compact Charter to make PARCO a member of the selected group of companies which are recognized by their adherence to UNGC's Principles. Also present on the occasion were Mr. Tariq Rizvi, CEO PARCO, Mr. Shahid Mahmood Khan, GM Corporate Planning, and our Corporate Communications Team.



Mr. M. Rasheed Jung, MD PARCO, signing the UN Global Compact Charter