

COMMUNICATION ON PROGRESS 2016



Contributing towards Pakistan's future

PARCO





Message from the Managing Director

PARCO witnessed remarkable growth in the year 2015, both in business as well as in social contributions. I am, therefore, pleased to present our 6th Communication on Progress Report 2016 which shares highlights for the said year.

I feel honored in sharing that in July 2015, TOTAL PARCO Pakistan Limited (TPPL) - a joint venture with TOTAL of France-acquired Chevron Pakistan Limited, which is renamed as TOTAL PARCO Marketing Limited. Further, PARCO has increased its shareholding in TPPL from 40% to 50% and has acquired 50% shares of TOTAL Oil Pakistan Limited (TOPL), the lubricants blending and marketing. After merger, TOTAL PARCO's network size has increased to 765 retail outlets, plus a lubricant blending and marketing business, making it the **third largest oil marketing company in Pakistan**.

This is indeed a commendable achievement, which materialized due to our dynamic and irreversible human capital. The recognitions that we have received during 2015 are a testament to PARCO's performance, not only in its efficient operations, sound financial standing, good safety standards, but also in the areas of HR and CSR. PARCO received the prestigious President of Pakistan Award conferred by the Prime Minister of Pakistan. The Employers' Federation of Pakistan which represents local and multinational companies in Pakistan, awarded PARCO the Best CEO Award, as well as the 1st Prize in Human Resource and Workplace Safety. The Company also received the fifth consecutive CSR Excellence Award, Fire and Safety Award and Occupational Safety, Health and Environment Awards.

Being part of the UN Global Compact, PARCO is committed to achieve results promoting UN Sustainable Development Goals. PARCO is actively taking initiatives in line with the UNGC Post 2015 Business Engagement Architecture. Our current Communication on Progress illustrates PARCO's commitment in detail.



Tariq Rizavi
Managing Director
Pak-Arab Refinery Limited

February 2016

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. PARCO has the most modern refinery in Pakistan having a capacity of 100,000 BPD (representing about 25% of the country's refining capacity), over 2000 kms of cross country pipeline network (including its JV subsidiary Pak-Arab Pipeline Company Limited (PAPCO) with a strategic storage of over one million tons, and a rapidly expanding retail network of TOTAL PARCO (TPPL) – a joint venture with TOTAL of France. With the acquisition of Chevron's fuel business in Pakistan, TPPL is now the third largest Oil Marketing Company in the Country. PARCO is also marketing nationwide LPG under the brands of Super Gas, Pearl Gas, Super Gas Bulk and fuel oil under the Pearl brand. High quality asphalt is also being marketed as Biturox.

PARCO Pearl Gas (Pvt) Ltd (PPG), formerly known as the SHV Energy Pakistan (Pvt) Ltd is a 100% owned subsidiary of PARCO, having largest LPG marketing and distribution network. PPGL 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 eighteen 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 ten consecutive years and is rated among the top 10 organizations in Pakistan for outstanding achievement in Environment Management.

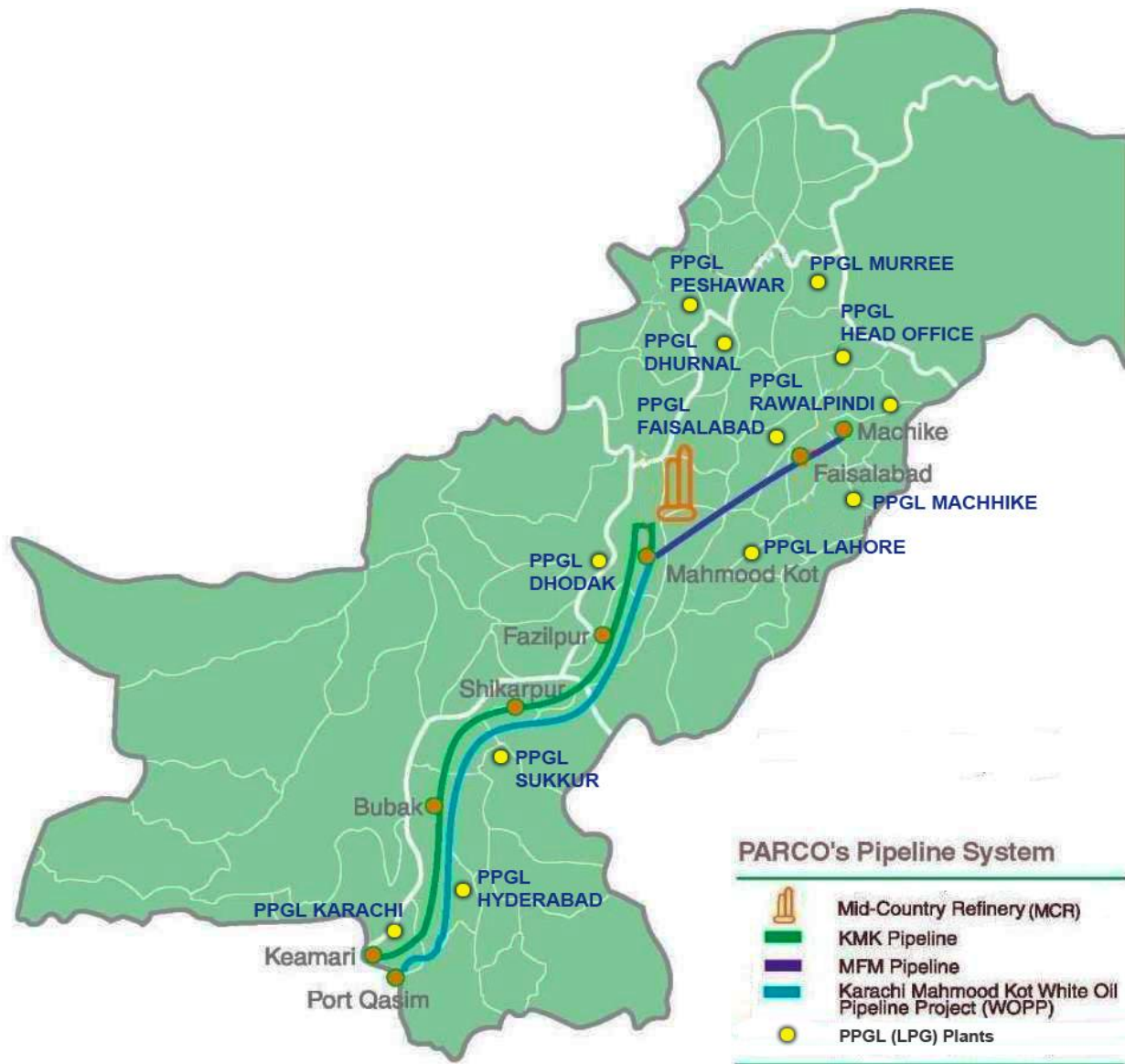
As a good corporate citizen, the company focuses on meeting the expectations of its internal and external stakeholders in a professional and strategic manner. PARCO not only invests in its employees, makes efforts for customer satisfaction and operates ethically, but also undertakes a wide range of projects 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 highly competent human capital, and major social initiatives, PARCO is doing its utmost in *Providing Energy with Responsibility.*



CORPORATE RECOGNITION DURING 2015

PACRA Maintains “AAA” Entity Ratings of Pak-Arab Refinery Limited Consecutively For 18 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 18 years. The ratings denote the lowest expectation of credit risk emanating from an exceptionally strong capacity for timely payment of financial commitments.

President of Pakistan Award

In the FPCCI 39th Awards Ceremony held on December 28, 2015, PARCO was honored by the prestigious **President of Pakistan Award** in recognition of its outstanding performance in Refining, Transportation and Marketing of Petroleum Products. PARCO was selected by the Jury of FPCCI for this highest annual corporate recognition.

This is the fourth consecutive time that PARCO has received this national award from FPCCI. The Honorable Prime Minister of Pakistan, Mr Muhammad Nawaz Sharif presented the Award to Mr Tariq Rizavi, Managing Director PARCO. The event was attended by ministers, senior government officials, leading businessmen, foreign diplomats, and the management of FPCCI.



Mr Muhammad Nawaz Sharif, Prime Minister of Pakistan presenting the trophy to Mr Tariq Rizavi, Managing Director, PARCO.

FPCCI Achievement Award

The Federation of Pakistan Chambers of Commerce and Industries (FPCCI) is the apex body representing Pakistan’s Industry and Services. The federation held its 3rd FPCCI Achievement Awards Ceremony to recognize the services of organizations in different sectors contributing towards the progress of Pakistan.

PARCO was selected by the Jury of FPCCI in the Energy Sector for the Gold Medal. The Company has always been in the forefront fueling the wheels of economy through its uninterrupted supply of environment friendly fuels, technology transfer, employment generation, savings of foreign exchange and Corporate Social Responsibility. This recognition reaffirms the fact that PARCO is the Energy Lifeline for the Nation.



Mr. Mamnoon Hussain, Honorable President of Pakistan presenting the achievement trophy to Mr Tariq Rizavi, Managing Director, PARCO.

In a prestigious awards ceremony, the Honorable President of Pakistan, Mr. Mamnoon Hussain presented the Gold Medal to Mr. Tariq Rizavi, Managing Director PARCO in October, 2015. This is the third consecutive award received by PARCO.

Best CEO Award, 1st Prize in HR and 1st Prize in Workplace Environment

The Employers Federation of Pakistan which represents leading local and multinational companies in Pakistan is a constituent of ILO and a member of the Organization of Employers – Geneva and the Confederation of Asia Pacific Employers.

EFPP held its 3rd Employer of the Year Award 2014 to acknowledge the efforts of its member companies which adopted and reported best business practices. PARCO has not only completed a Hat-trick but has further improved its recognition by winning the 1st Prize in the Workplace Environment category as well. Triumphant over many Pakistani and multinational companies, including those from the Oil & Gas industry, PARCO won the following awards in the category of Large Organizations:

- Best CEO Award
- 1st Prize in Human Resource
- 1st Prize in Workplace Environment

The awards were conferred on PARCO by the Employers Federation of Pakistan (EFP) in a prestigious ceremony held on September 9, 2015.



In its **3rd Employer of the Year Award competition**, EFP evaluated 33 contesting companies including Proctor & Gamble, PepsiCo, DHL, Attock Refinery Limited, TOTAL PARCO Pakistan Limited, Pakistan Petroleum Limited, Archroma (Clariant), Lotte, K-Electric, Pakistan Telecommunication Company (PTCL), Telenor, DP World (Qasim International Container Terminal Limited-QICT), Movenpick Hotel, Allied Bank, Pakistan Cables, General Tyre, Crescent Steel, Pakistan International Container Terminal, etc.



Receiving these awards for the third consecutive time shows PARCO's stature in management leadership which has grown PARCO from a small pipeline company to a very large, nationwide integrated enterprise involved in petroleum refining, transportation, marketing, storage, LPG distribution, etc. The awards also recognize the Company's Human Resource strategy and practices which are continuously enhancing its human capital and supportive working environment.

Environment Excellence Award 2015

PARCO has been awarded the 10th consecutive Annual Environment Excellence Award by the National Forum for Environment and Health (NFEH). **PARCO for the seventh consecutive time has been placed amongst the 10 best organizations of Pakistan in Environment Management.** A Special Recognition Certificate for outstanding achievement in Environment Management was also awarded to PARCO by NFEH. The panel of judges voted unanimously to award the excellence certificate to PARCO for the company's vision, environment protection policies and practices, and its Corporate Social Responsibility program. These awards reflect our good management practices, the efforts of our team and our concern for the environment.



CSR Leadership Excellence Award 2015

PARCO was awarded the CSR Leadership Award 2016 in the category of Business Ethics which recognizes its contributions and positive impact on the communities as well as its high standards of compliance and integrity. PARCO has won the CSR Leadership Award in this category for the fourth consecutive year. The Jury, comprising of international CSR experts and prominent personalities from the corporate and social sector, selected companies that stand out in their contributions for Society.



First Prize for PARCO's Corporate Garden

PARCO has been winning prizes for its Corporate Garden for the last several years. During the 64th Flower Show, PARCO secured first position for its Corporate Garden in 2015 competition held by the Horticulture Society of Pakistan. PARCO has been winning first position for ten years in this competition. For securing first position for the last four consecutive years, PARCO has also been awarded a Gold Medal this year, which is a prestigious rank in its category.



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

Education

Health

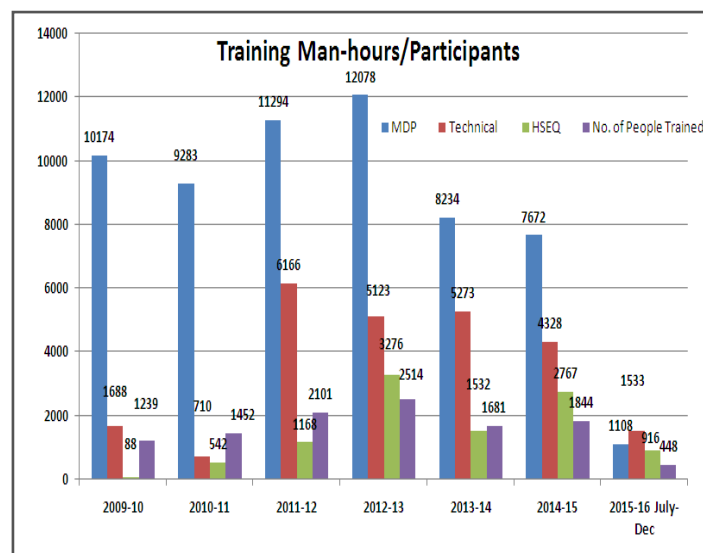
Work Safety

Stakeholder Involvement & Community Investment

Results

Employee Development

- PARCO has been continuously endeavoring to enrich its human capital by adopting new techniques and methods for developing its people. PARCO helps and guides its employees, through appropriate training, to make the best use of their talents.
- Training Needs Analysis, Personal Development Plan and Career Planning are formalized processes for all employees.
- 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.
- In order 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.
- PARCO provides 1-2 years Traineeship program for Engineers, Technologists and Business Graduates. Under this program a sizeable number of graduates are inducted who go through a rigorous classroom and field training.
- 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 accentuate their strengths. Last six years of Training Man-Hours data is given below.



Employee Care

- 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. For employees who are offered Monetized Compensation Package, PARCO offers a fixed monthly medical allowance as well as Hospitalization coverage through insurance.
- All female employees including trainees are eligible for maternity leave of 12 weeks.
- 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 in the age of 45-50 years are required to undergo medical check-up every two years and employees above 50 years are required to undergo medical examination annually to determine the quality and level of their health and fitness.
- To provide full medical cover to its employees and dependents, PARCO has on its panel, a large number of hospitals, consultants, laboratories, pharmacies across the country.

Employee Family

- Ibn-e-Sina Hospital at Mid-Country Refinery (MCR) ensures timely medical assistance to the employees and their families residing at the Refinery in Housing Colony in Qasba Gujrat which is a remote area.
- The Company also covers medical/traveling expenses of employees and their dependents if the patient is suffering from such a disease which requires a vital organ transplantation that cannot be done locally.

Healthy Working Environment

- 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 past ten years in a row.
- 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 2015, PS-4 at Fazilpur was awarded the Best Station Trophy.
- PARCO continues to provide a healthy and green working environment to its employees. During 2015, the Company secured a Gold Medal with First Position 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 provides international quality facilities for Sports including Cricket (Flood Lit ground), Hockey, Football, Volleyball, Swimming, Tennis, etc. Indoor sports facilities are also provided in a Club Complex which include Bowling Alley, Gymnasium, Badminton, Table Tennis, Snooker, Squash, etc. at its Mid-Country Refinery as well as Stations and Terminals.

- The PARCO management expects from all employees to strictly follow safety and housekeeping instructions as better housekeeping and 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 best safety standards and immaculate housekeeping during this year.
- PARCO ensures that Personal Protective Equipment (PPEs) are provided to all employees. Service Providers are also required to provide PPEs to their staff.
- The PARCO’s Pipeline Division has successfully completed more than 6.6 million man-hours without Lost Time Accident (LTA) in December 2015.
- A standard operating procedure, communication and command level is established to report security incidents, accidents, natural calamities and other risk situations.



- Before mobilization, Service Providers’ staff undertakes Orientation & Training covering Occupational, Health, Safety & Environment procedures and practices.
- 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.
- Since 2009, PARCO has been partnering with the National Highway and Motorway Police (NH&MP) and has till date printed 30,000 Road Safety Booklets for motorists to comply Road Safety Rules, Pakistan Traffic Code, etc. See more on safe driving in Principle 8.
- All PARCO drivers are provided training annually to comply with Road Safety Rules and Pakistan Traffic Code.
- There are proper road markings and road safety signs installed within all PARCO facilities and locations for strict compliance.

Increasing Stakeholders’ Involvement and Developing Communities is one of the key areas where PARCO management and its employees take keen interest. Our involvement can be gauged through initiatives we have undertaken to uplift these communities in terms of basic necessities and self reliance. Following initiatives were undertaken in the year 2015.

Access to Education and 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 2015, PARCO has provided assistance to more than 89 institutions along its pipeline and refinery across Pakistan. More than 36,000 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 2015, PARCO has supported different institutions 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.
- PARCO has been organizing Teachers Training program for government school teachers which are supported by PARCO near its Corporate Headquarter, Mid-Country Refinery and various Stations and Terminals since several years. This year’s training focused on “Planning effective lessons”. The main idea behind these workshops is to introduce teachers to new teaching methods and concepts being practiced at successful schools. The teachers were able to understand the learning process, and more importantly, how to deliver lessons to students in a more efficient manner. The teachers actively participated during the session which showed their interest in learning. At the end of the trainings, certificates were distributed amongst the participants. The teachers highly praised PARCO’s contribution in the overall development of their schools through various CSR initiatives and for organizing such training sessions.
- The summers in 2015 extended for a longer time period with extreme heat wave that claimed lives of hundreds throughout the Country. The Karachi city was no different, as the heat wave stroked many. In order to save the children at Ibrahim Hyderi from heat stroke, the Company distributed caps to the students at PARCO supported government schools. About 1,000 caps were distributed to make sure that children while commuting to the school and their homes do not become victim to the heat wave. The initiative was much appreciated by the school management, the children and their parents.



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

Communities

Actions

Work-Life Balance

Education

Stakeholder Involvement & Community Investment

Results

- PARCO ensures a very balanced work environment to all employees for rest and relaxation, 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 provides opportunities for employees to socialize 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.
- Employees posted at outstations work on ROTA System, where they work for 20 days and then enjoy 8 days paid leaves with their families.
- During 2015, PARCO sponsored 5 Non-Management Staff and 2 Management Staff to perform “Hajj” (Holy Pilgrimage). This is done on annual basis.
- In the event of an employee or spouse’s death, the Company provides transportation of deceased and ‘Funeral Assistance’ to the family.
- 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 for daughter’s marriage and education assistance for their children.
- In February 2015, PARCO organized the Annual Family Day for all employees and their families where they enjoyed fun rides, puppet show, magic show, games, food, etc. More than 2,600 PARCONIANS and their family members visited the Annual Family Day where they all spent quality time together. The event helps employees to unwind from their busy schedules and enjoy the whole day with their families and socialize with their fellow PARCONIANS.



Employee Family

- 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 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.
- Educational Awards which include 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. During 2015, 65 children of PARCO employees were provided Educational Awards.

- 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, which 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 with transparent operations, supervised by a proper Board of Directors and regular external audits. PARCO has helped several such hospitals through philanthropic contributions in capacity building.

Support for Sports

- PARCO has a decade long history of promoting sports within and outside the Company. Sports’ events like Cricket, Squash, Hockey, Volley Ball, Swimming, Water Polo, Badminton, Table and Long Tennis and other tournaments are supported by PARCO. Since the last three years, PARCO has been a major sponsor of the Squash tournaments that has helped in promoting young talent. PARCO has been holding a cricket tournament for the Pakistani petroleum industry for the past many years.

Increasing Self-Reliance through Vocational Training

- One of the areas PARCO has been heavily investing in is fostering the culture of vocational training and entrepreneurship. During the Phase I, PARCO started operational support of government vocational training centers in Sindh and Punjab. Currently, there are 21 centers being aided by PARCO according to their infrastructural needs and equipment requirements. This support has resulted in students getting better training on modern equipment increasing their chances of employment.
- As a way forward, under Phase II PARCO has successfully setup a Sewing and Display Centre for Women at Qasba Gujrat nearby PARCO Mid-Country Refinery. The aim of this Centre is to provide advance sewing and embroidery skills to the underprivileged women who have already done basic courses in sewing. Moreover, the Centre is providing training of six months to the ladies, which will include additional courses on personal development and building entrepreneurial skills. These courses will educate them using technology to get better access to markets, advertise their products to reach more customer base, keep updated on modern trends and cater to current needs. This will help them in developing profitable business models rewarding them financially and uplifting them economically. Currently there are a total of 30 students enrolled and 30 are on waiting list.
- The 21 vocational training centers as mentioned above are performing well. They offer different courses for women to help them improve their standard of living by utilizing their learned skill set. This year, PARCO distributed sewing machines to women who had completed their Dress Making & Embroidery courses from Mahmood Kot Vocational Training Institute, near PARCO Mid-Country Refinery. Senior PARCO officials distributed sewing machines among these women so that they can be financially independent and lead a better life.



Solar Energy for Better Lives

- PARCO has always been proactive in taking initiatives to improve the lives of people in the underprivileged areas of our country. A number of projects have already been completed under the Community Development Program to address basic necessities. This year, PARCO stepped forward for the development of villages in Lasbela District, Baluchistan. These villages are located at places where electricity, water and gas have yet not been available.
- PARCO has provided 28 Monocrystalline Solar Panels with capacity of 12 Volt, 80 Watt. The solar panels produce around 480 watts on an average and the battery installed in the systems will provide electricity during night time. The project provides electricity to around 80 houses benefiting approximately 400 people of the village. This is a progressive step towards building capacity of the people by giving them a better life.



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

Equal Opportunity Employer

Women Empowerment

Results

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

- All appointments in PARCO are based on merit for filling approved vacant positions. Our recruitment process ensures fair and competitive matching of candidates with job specifications. Non-job factors e.g. gender, origin, religion, and external influence are not considered. Under-age employment is strictly forbidden.
- PARCO Job Advertisements clearly state that use of any extraneous influence will disqualify the candidate.
- PARCO provides equal career growth opportunity to both male and female employees, some of whom are also heading key departments and sections in the Company. The company has females working in Engineering, Finance, Projects, IT, Telecom, Marketing, HR, and Medical functions. Our target is zero discrimination in a male dominated society and industry.
- Management and Engineering Trainees, upon successful completion of their training, are considered on merit against vacant positions, as permanent employees without discrimination, in case if there is vacant position.
- During 2015, 2 Trainee Engineers and 5 Management Trainee were inducted.
- Benefits, facilities and allowances, as specified in the Company's policies are provided to all employees and their dependents without discrimination.



- Being an equal opportunity employer, PARCO makes efforts in taking initiatives to empower women among 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 and notice boards 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 harassment is considered misconduct liable of disciplinary action. Since the last 40 years of existence of PARCO, no case of harassment against women has been registered.
- PARCO has built and 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. There are over 900 children receiving quality education at PARCO TCF schools.
- PARCO's Schools and Clinics Support Program supports 89 institutions compared to 86 last year, with 71 schools and 18 clinics. Out of these 71 schools, 84 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 activities and events 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 2015, PARCO continued its support to many well-known vocational training institutions. 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 21 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. Most of the students enrolled are women and has helped the women in these communities to take care of their own economics after receiving trainings from these well-equipped Vocational Training Institutes.

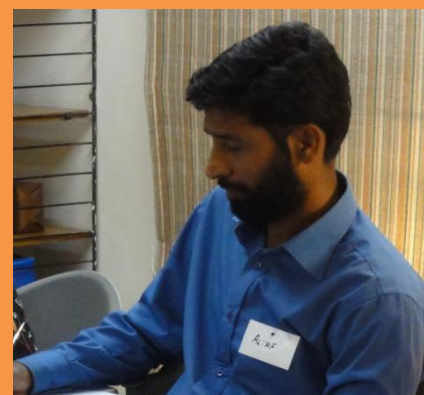
STAKEHOLDER FEEDBACK



Naila Wilson

Teacher at Government Boys Primary School, Bahar-e-Madina, Karachi

"It was great experience to have a training session at Teachers Resource Center (TRC), organized by PARCO. The way TRC deals with us on account of training is great and I found it one of the best place for teachers training. It helps teachers to learn "how to teach". It updates our teaching methodology which is eventually improving our style of teaching at the Government School. These trainings are improving behaviors of various teachers towards students."



Ghulam Nabi Shaikh

Teacher at Government Boys Secondary School, Ibrahim Hyderi, Karachi

"My previous trainings have been great and played an instrumental role in changing the overall classroom culture that we have at the Government schools. As a teacher, I am able to understand that these trainings are essential not only for my growth but adding the value to the development of the students. I appreciate PARCO's efforts in organizing these much needed trainings since the past several years."



- 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.



BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

Management Systems

HR Management, Industrial Relations, Operations, CSR

Proactive focus and redressed Employee Grievances to maintain a good Organizational Climate

<ul style="list-style-type: none"> • PARCO workers are free to form or join a trade union of their choice without fear of intimidation or reprisal. • The Company complies with Industrial Relations Ordinance 2012. PARCO has one registered trade union comprising of all non-management employees represented by 10 Collective Bargaining Agents (CBA). • Management and CBA work together on many Employee Development and Welfare Programs. 	<ul style="list-style-type: none"> • 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 2015. Next elections will be held in May 2017. 	<ul style="list-style-type: none"> • Employees are encouraged to voice their suggestions for improving the Company’s performance and efficiency through an ‘Employee Suggestion Program’, which is an ongoing program. 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. • 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. • 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 29 sessions were conducted during 2015, attended by more than 300 participants from different departments belonging to various levels.
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BUSINESSES SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR

Management Systems

Human Resource Management

Business Partners, Operations

Compliance by checking of Vendors/Suppliers/Service Providers

<ul style="list-style-type: none"> • 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. • PARCO benefits its employees with economic protection against loss of earnings in the event of separation from service through 'Gratuity Fund'. Besides this, PARCO also benefits its retired employees with 'Pension Funds'. The widow/children of a deceased employee are also entitled to receive pension. • PARCO also has a 'Transfer of Ownership of Company Assets' policy aimed at increasing employee satisfaction and retention. Under this scheme, employees are allowed to purchase Company vehicles and household appliances at a nominal cost. • To assist employees in solving their transportation, housing problems and in acquiring hard furnishings for their homes, PARCO grants Car, Housing and Furniture Loans to its employees. • Employees who are availing the residence facility at the Mid-Country Refinery site benefit from 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. The table besides shows the distribution of 276 awards which have been given to employees in December 2015 on completing different periods of service: 	<ul style="list-style-type: none"> • 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 Human Resource policies and procedures about 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 by the employees. The electronic version is updated as soon as amendments are made in the policies. 	<ul style="list-style-type: none"> • 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.
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Years of Service	No. of Employees
7	94
10	45
15	82
20	16
25	35
30	1
35	1
40	2

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	<div>Human Resource Management, Operations</div> <div>Business Partners</div> <div>Corporate Social Responsibility</div>			
Actions	<div>Documented procedures prohibit employment of Child Labor</div> <div>Third party audit of Labor conditions</div> <div>Inclusion of Labor Laws (that disallows child labor) in contracts with Business Partners</div> <div>PARCO assists in enhancing primary and secondary schooling to reduce Child Labour in its adjoining communities</div>			
Results	<div> <ul style="list-style-type: none"> 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. </div> <div> <ul style="list-style-type: none"> 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. </div> <div> <ul style="list-style-type: none"> 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. </div> <div> <ul style="list-style-type: none"> PARCO's has been conducting a comprehensive Schools and Clinics Support Program since 2007. The program is focused on supporting schools and clinics at rural communities located near PARCO's Mid-Country Refinery and its Stations & Terminals in the Sindh and Punjab provinces of Pakistan. Till 2015, 89 Schools and Clinics have been supported by developing their much needed infrastructure, procurement of necessary equipment, etc. This helps them sustain their operations for providing basic facilities to the communities. Out of these 89 institutions, 71 are schools where more than 36,000 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. </div>			

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 933 children. These schools are making a great difference in the lives of the underprivileged in many ways.



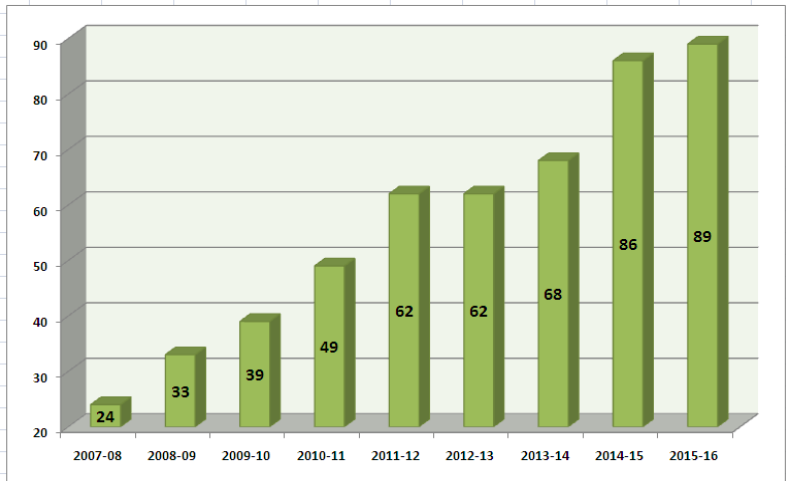
PARCO-TCF Campus I, Karachi



PARCO-TCF Campus II, Qasba Gujrat



PARCO-TCF Campus III, Muzaffargarh



PARCO supported Schools and Clinics since 2007 till date

- Perks of PARCO's Investment in Education**
- As education is a key foundation for developing a country, PARCO has always taken initiatives to improve the quality of education in underprivileged areas across Pakistan. The Company has been supporting the above mentioned schools with much needed infrastructure and material support. Not only this, but we have been undertaking various projects from time to time to create a happy learning environment.
 - Our Teachers Trainings since the past 4 years have made phenomenal progress in terms of changing the classroom culture in the government schools. Teachers have now learned easy ways to engage these energetic youngsters. This has helped children in increased interest in the school and above all, improvement in the attendance culture.
 - The bags and caps distributions being made since the last two years have played an instrumental role in children's interest in the school. At Ibrahim Hydri, Karachi, school management has indicated that the PARCO supported schools have high number of enrollment in the area, mainly due to the changing positive culture at the school and the support that PARCO lends. With increased enrollments, children of these areas are now able to choose school over employment over early age.

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

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 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 areas.
- PARCO is a national employer, employing people without discrimination and strictly on merit, from all parts of the Country.
- 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.

- 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.
- 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.

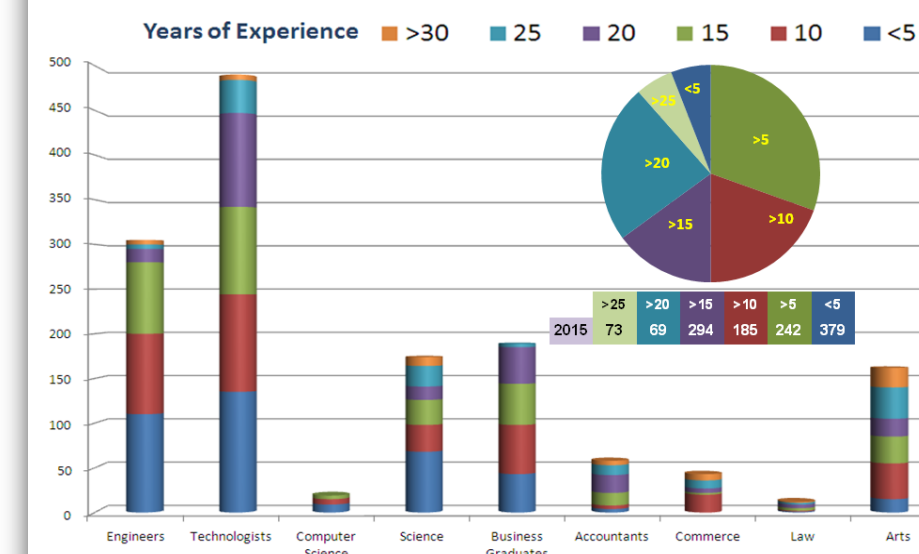


- PARCO undertakes regular summer and winter internships for students belonging to business and engineering disciplines where the selection of internees is done on merit. During 2015, PARCO inducted 58 interns and provided on the job training with challenging projects.
- PARCO also supports research, 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 1151 Engineering and Management trainees. This number is ever 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.



Talent Inventory – Continuously Improving the Mix of Human Capital










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				
<ul style="list-style-type: none"> 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 long 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 2015, approx 4.6 Million Metric Tons of crude oil was transported from Karachi to PARCO's Mid-Country Refinery (MCR) at Mahmood Kot through an 870 km long 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 2015, the 362 km Mahmood Kot Faisalabad Machike (MFM) pipeline transported approx 3.0 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 2015, the 786 km WOP (White Oil Pipeline) transported approx 3.9 Million Metric Tons of HSD (High Speed Diesel) from Karachi to Mahmood-Kot. 	<ul style="list-style-type: none"> Effluent monitoring is carried out at all Stations and Terminals and the Mid-Country Refinery (MCR). Reports are sent to Environment Protection Agency (EPA) against SMART Program. Impact on the environment from the refining process is controlled by treating and managing emissions. Low NOx (Nitrous Oxide) burners and Sulfur removal from fuel gases are examples. Effluents are treated in a state of the art effluent treatment plant having capacity of 340m³/hr involving extensive chemical and biological treatment. The waste water from all over the refinery is collected and through skimming, neutralization, dissolved air floatation, aeration, clarification, filtration and drying operations the effluent water is brought with in NEQS limits before being discharged. The treated water is reused for plants after compliance with NEQS (National Environmental Quality Standards) is ensured. All effluents are checked and verified regularly before discharging by third party EPA (Environment Protection Agency) approved Labs to comply with NEQS. All contractors' equipment is checked for compliance to NEQS. Various chemicals in use are stored in a well-ventilated warehouse and it is ensured that a minimum level of inventory is kept to minimize the hazard. The chemical warehouse is equipped with deluge valve system to suppress any kind of contamination. Plastic trays and HDPE sheets have been placed under the chemical drums to meet the required level of protection. In compliance of Integrated Management System (IMS) at Corporate Headquarters (CHQ), 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, H₂S, smoke and noise. The results of the past eight years from 2007 - 2015 are within permissible limits specified in NEQS, conducted by reputable laboratories. Samples for 2015 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. 	<ul style="list-style-type: none"> 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) Corporate Headquarters (CHQ) has successfully achieved IMS Recertification of the OSHAS 18001, ISO 14001 and ISO 9001 Standards for another one year following an external Surveillance Audit conducted by a third party certification body in June 2015. IMS Certificates for PARCO Pipeline were re-certified by a third party certification body in October 2015. PARCO Mid-Country Refinery had its surveillance audit conducted by a third party certification body in January 2016. During IMS Certification Audit, risk assessments were conducted in which high risk areas/activities were identified and objectives were established to eliminate, reduce and minimize the risks. The process is now continued through IMS objectives. Audits of housekeeping, gas masks, noise, work permits, closed sampling box etc. have been periodically conducted. Bi-annually third party stack emissions and liquid effluent monitoring, third party ground water monitoring within the refinery and neighboring areas, third party ambient air monitoring around the PARCO installation within 2 kms of radius, are conducted. 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 indicators. Up till now 102 Plant Safety and Housekeeping Audits of MCR have been conducted. Annual Pipeline HSE and Housekeeping Audits ensure the same commitment towards housekeeping and clean environment both in operational areas and office buildings at all PARCO Stations and Terminals. Senior Management Audit is carried out on monthly basis in which the Senior Management conducts its audits at the plant area and also interacts with employees to gain insights. The refinery has been divided into 12 major units and 12 audit teams conducts Senior Management audits on monthly basis. Action points are identified and sent to concerned departments for implementation. Overall performance in 2015 remained 75 %. This shows a high management commitment and communication with employees. The National Forum for Environment and Health (NFEH) has awarded PARCO with the Annual Environmental Excellence Award for the tenth consecutive year in 2015. 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 7th consecutive time has been placed amongst the 10 Best Organizations of Pakistan in Environment Management. The Employers Federation of Pakistan has awarded PARCO the "Best Practices Award for Occupational Safety and Health" in 2015 at a ceremony held in Karachi, Pakistan. The Employers Federation of Pakistan organizes Annual Awards Ceremony in the area of Occupational Safety, Health and Environment in order to recognize organizations that are complying towards the safety in their workplace. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Waste disposal is an elaborate activity at PARCO. Our Mid-Country Refinery (MCR) at Qasba Gujrat is the collection point for all hazardous waste from the Refinery, Stations and Terminals. The waste is stored at a hazardous waste yard. The procedure we have developed clearly defines the methodology for the management and disposal of solid waste at MCR in a manner that protects human health and the environment. It takes an inclusive approach that endeavors to protect surface/ ground-water, air, flora and fauna. It also presents best practices that make up an effective Waste Management System. PARCO's Mid Country Refinery and Stations and Terminals have designated procedures and areas for effective system of waste collection and segregation. Two drums (yellow and green) are placed in each area i.e. plant, maintenance building, truck loading and laboratory etc. Yellow drum is designated for dumping the hazardous waste and the green drum is for non-hazardous waste. 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. A third party of international repute is 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 and Scrap yard. Environment section keeps the record of Solid Waste Management Yard. 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.
				
	Effluent Treatment Plant at PARCO MCR	Mr. Mohammad Omair Pirzada, Manager HSE-PARCO receiving the Best Practices Award	Mr. Amjad Hafeez, General Manager Pipeline-PARCO receiving the Environment Award	<p>PARCO's Guidelines for Disposal of Hazardous Waste</p> <p>The hazardous waste is disposed through Environment Protection Agency (EPA) approved third party on an annual basis through open bidding and stringent evaluation criteria to comply with all the legal requirements i.e.</p> <ul style="list-style-type: none"> EPA Non-Objection Certificate (NOC) for disposal of hazardous waste. Safe handling and transportation of hazardous waste methods and statements. Incineration through EPA approved facility. Recycling of used lubricant oils through government approved reclamation plant. Safety of workers for handling of hazardous waste. Necessary packaging and labeling requirements. Provision of waste disposal/recycling certification and undertakings.

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

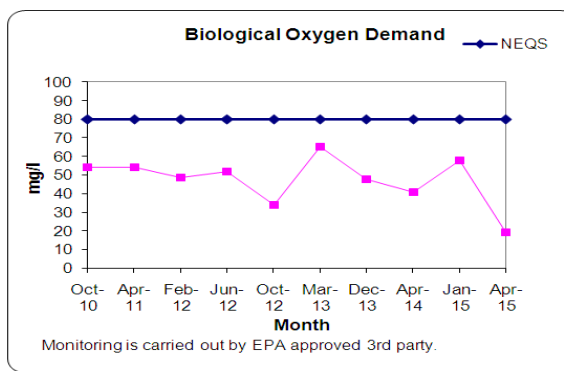
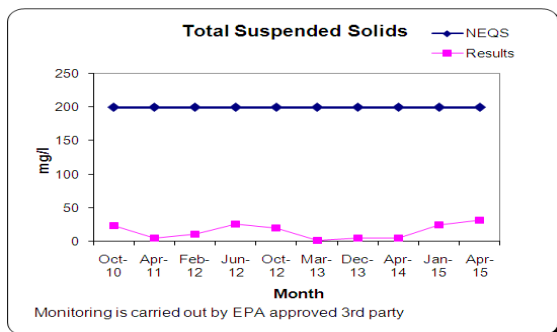
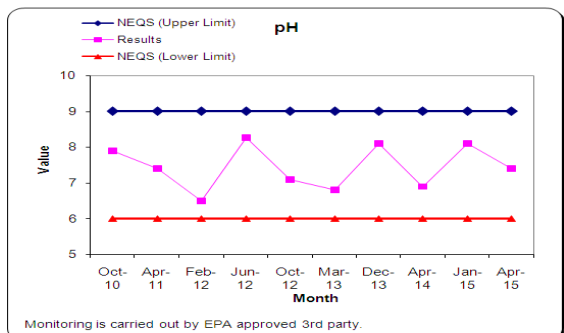
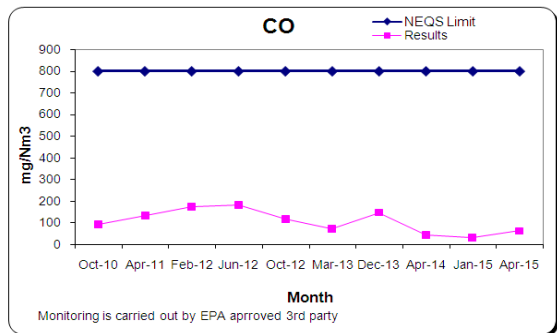
Efficient Effluent Management

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.



- 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. Two HSEQ Internal Audits were conducted at CHQ during May and November 2015 by PARCO's certified auditors.

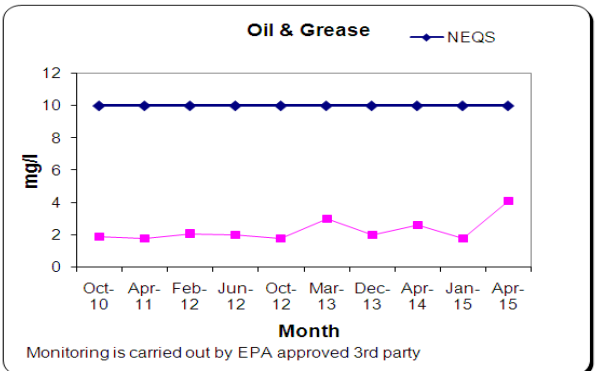
Perfect Record Award 2014 for PARCO by National Safety Council, USA

- NSC runs many safety award programs including Lost-Time Accident free man-hours on yearly basis or on the count of million man-hours basis. PARCO prevailed with the 'Perfect Record Award 2014' on the basis of accident free 1,214,700 man-hours in the year 2014 starting from 1st January, 2014 to 1st January, 2015. The award is first of its kind as far as recognition of our safety systems on international basis is concerned.

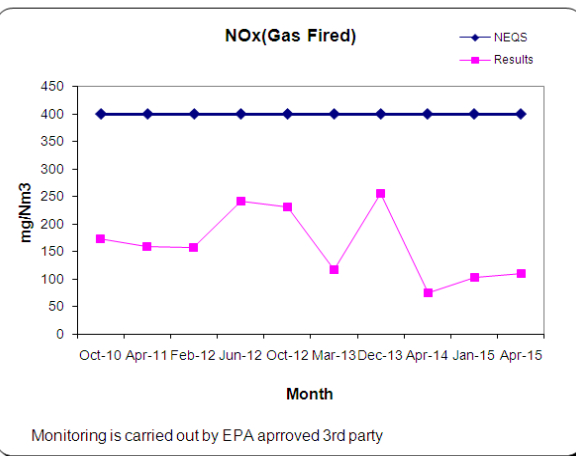
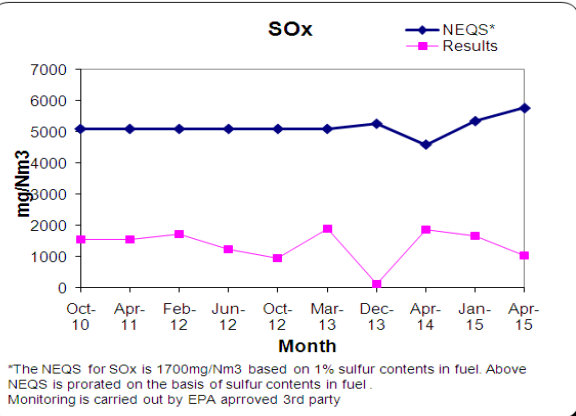
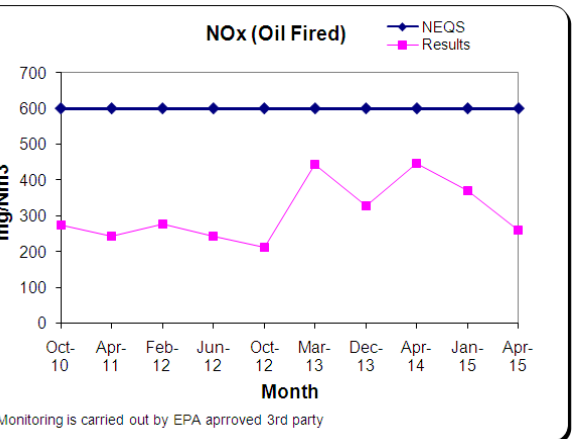
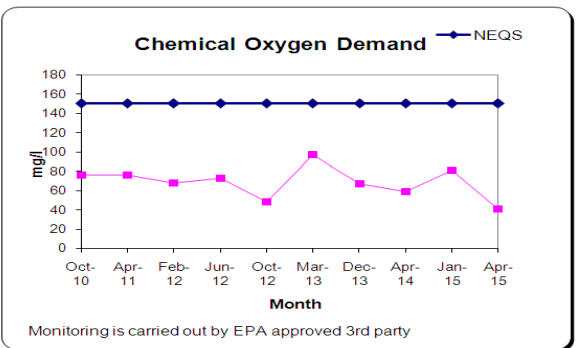


Million Man-Hours Award for PARCO by National Safety Council, USA

- PARCO obtained the membership of National Safety Council, USA in 2014. For international recognition of Safety System performance, PARCO (MCR) has provided data to NSC, USA. On the basis of provided data, PARCO (MCR) has obtained Perfect Record Award earlier this year. Now on the basis of accident free man-hours for the period of March 30, 2012 to August 3, 2015, PARCO (MCR) has been awarded with a plaque on achieving accident free 4,000,000 man-hours. The plaque was received by HSE department in November, 2015.



- 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

Reduction in Pollution and Community Environment Monitoring

Initiatives Promoting Greater Environmental Responsibility

Results

- PARCO takes into account all it can to reduce emissions far below NEQS limits, develop products on Euro II standards and 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.

- 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 and refresher courses are ensured periodically.
- To create a general awareness amongst the employees regarding the importance of maintaining good health; health and safety brochures were launched on subjects like importance of seat belts, safety guidelines for visitors, thalassaemia, polio, ebola, benefits of dietary fiber, etc.

- Regular lectures on various health topics (e.g., hypertension, obesity, diabetes mellitus, Polio, 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 and Industrial Hygiene Management, First Aid, etc. are organized from time to time.

- PARCO encourages employee participation and maintained in the planning and implementation of OHSE-MS activities like:
 - Job Safety Analysis for all new and critical jobs
 - Risk Assessment for Occupational Health Safety and Environment
 - Departmental Safety committee meetings
 - Incident Reporting and Investigation
 - Training and implementation of Standard Operating Procedures (SOPs)
 - Tool Box/ Safety Talks

Training Statistics

- During the fiscal year 2015, 133 HSE training sessions were conducted attended by 1,299 participants.
- Since 2009, 2,452 participants have attended training sessions on Environment.
- More than 25 IMS training sessions on EMS14001:2004 were conducted during the last one year.

Contractor Safety Management

Contractors adhere to relevant health safety and environment and quality standard at PARCO facility through contractor management program.

- Pre-qualification with HSEQ requirements
- Contractor safety method statement
- HSE requirements are made part of the all types of service contract
- HSE orientation for contractor workforce
- HSE training for contractor workers
- Provision of personal protective equipments
- On site monitoring of contractors
- Contractor safety audits
- Contractor performance review meetings

Community Environment Monitoring

- The surrounding areas of PARCO's facilities have a lot of independent Service Stations for trucks, tankers and other vehicles which are potential contaminants for ground Water. Realizing this Environmental aspect we developed a comprehensive ground and soil monitoring plan to ensure that there is no contamination in soil and water is done and has developed a base line data for continuous monitoring. It includes:

- Ambient Air Quality monitoring for SOx, NOx and CO at 1 and 2 kms outside Refinery is conducted twice a year.
- Ambient Particulate Matter monitoring is also conducted twice a year.
- Offsite Ground Water monitoring is also conducted twice a year at 10 different locations.
- Noise Level monitoring at boundary wall are done periodically.

Community's Ground Water Monitoring

- As a CSR Initiative for the local communities, we perform 3rd party (EPA certified) ground water monitoring of the surroundings of our refinery twice a year just to ensure that the community nearby is using a safe underground water. There are 15 different parameters i.e. pH, Color, TDS, Taste and Odor, Total Hardness, Faecal Coliform, Coliform Organisms, Arsenic, Chloride, Sulphate, Iron, Cyanide, Lead, Selenium and Manganese from different locations nearby PARCO Mid-Country Refinery.



Community's Ambient Air Monitoring

- Ambient air monitoring at 1 Km and 2 Km distance around our refinery is also done twice a year by EPA certified third party. The parameters being monitored are NOx, SOx, CO and Particulate matter.

Community's Soil Analysis

- A total of 8 samples of soil are being collected to check oil and grease level in the soil from 1-4 feet depth. A certified third party collects these samples from various locations within MCR and service stations around MCR.

Noise Survey

- Comprehensive noise surveys are also carried out within all operational areas at Stations & Terminals and 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.

- The PARCO Mid-Country Refinery has installed its own weather station to keep itself updated for daily basis weather conditions and keep the record of historical data. It measures wind speed, wind direction, temperature, relative humidity, barometric pressure, solar radiation, and rain, etc.

- PARCO has developed a sludge pit having the capacity to accommodate 500 tons of Hazardous waste sludge. HDPE sheet is used during its construction so that leaching of sludge and ground water contamination can be avoided.



National Safety Council, USA Membership and Programs

Over the past 15 years of refinery operation, PARCO has developed and implemented world class safety systems for safe operations. Safety of personnel working in refinery environment has always been our top priority. During this period these systems have been recognized within the country with "Environmental" and "Fire and Safety" awards. PARCO obtained the membership of National Safety Council (NSC), USA in 2014 which internationally recognizes PARCO's systems.

Safety Scouts & Guides Program at PARCO

- In order to guarantee and propel safety behavior amongst the residents of PARCO Mid-Country Refinery (MCR) – Housing Complex, a Safety Scouts & Guides Program is in place at PARCO. The Safety Scouts & Guides are selected from the pool of school-going students who are best at expressing themselves and are brimming with confidence. Gender Equality is ensured while selecting the Scouts and Guides, whose job is to ensure and enhance behavioral, kitchen, road and living-place safety in the Housing Complex. The Safety Scouts & Guides, who are twelve in number, are given a healthy stipend as a token for their services. The Safety Scouts & Guides are provided with check-lists to ensure that proper house-keeping is done in the housing complex and basic safety procedures are being followed.

PARCO – Family Safety Awareness Program

- To educate the families of employees regarding Health, Safety and Environment, HSE has recently started the CA TV presentations and videos on PARCO channel. The topics recently shared are Fire Classification, Winter Safety, Clean Environment, Importance of Seat Belt, etc. Fire fighting sessions are conducted in the Colony to boost the confidence of families to handle emergency.

HSE Newsletters and Bulletins

- The company magazine "Pulse" has a section dedicated to HSE highlighting the promotional activities, HSE performance and new initiatives. Monthly newsletters and company magazines are used to propagate the clean environmental practice. Environmental standards and our activities are also shared in the articles being published in these publications. During Turnaround, a daily newsletter was printed and displayed at prominent locations of MCR for employee's awareness and updated information regarding Occupational Health, Safety and Environment.

Safety Events in 2015

- Being associates of Employer Federation of Pakistan and National Safety Council USA; Safety Day was celebrated on 21st May, 2015 at MCR. The theme of the activity was "Join in building a culture of prevention on OSH". Children and families of employees residing in the housing complex actively participated in this healthy walk with participation of above 700 people. Banners were placed at different locations on the Safety Walk route to enhance the safety awareness among participants in terms of Safety Behavior, Driving Safety, Fire Safety, Home Safety and Environment. Fire stall was also placed to enhance the knowledge of fire equipment among children and families.

- Safety Quiz plays an important role in improving safety related knowledge among employees. In this regard, a safety quiz was held at MCR on 5th May, 2015. All the departments actively participated in this event. 10 teams took active part in the quiz with 3 rounds. After a very healthy competition, Utilities & Oil Movement department was declared as winner of the quiz competition with runner ups as process and inspection departments. Shields and gifts were also provided to the winner and runner-up teams on the day of Safety Walk 2015.

- PARCO Terminal Station-3 at Faisalabad celebrated the "World Day for Safety & Health at Work" with great zeal and enthusiasm on 28th April, 2015. The theme of the celebration was to create awareness & implementation of an "Occupational Health & Safety Management System" as tool for continual improvement "Join in Building a Culture of Prevention on OSH".



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

Health Safety Environment (HSE) Training Programs

- Occupational Health and Safety Management and Environment Management systems in PARCO are fully complied with the National as well as International Standards such as ISO, OSHA, NEQS, NFPA, Pak EPA, API and ASTM.
- PARCO has a very comprehensive occupational health monitoring program to manage health of employees exposed to occupational health related risks, for example:
 - Noise control program (covering area noise level monitoring, noise reduction and controls, sign posting, personal exposure assessment, audiometry). 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.
 - Equipment modification to control noise from recourse by engineering means
 - Dust monitoring program
 - Volatile organic compound monitoring
 - Audiometric testing for noise
 - Employees health management program
- PARCO has recently started VOC Monitoring considering its impact on environment and personal health.
- HAZMAT document has been prepared by MCR HSE for all the chemicals used in the plant and lab. In this regard a one page MSDS document is prepared for each chemical being used along with the face sheet of all chemicals. This provides a great ease for employees in considering the First Aid requirements, handling and storage procedures, environmental aspects, etc.

White Oil Pipeline Optimal Utilization Study

- PAPCO – a subsidiary of PARCO – owns 786 km long White Oil Pipeline (WOP), which runs from Port Qasim (near Karachi) to 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 design capacity. PAPCO 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 region.
- The Optimal Utilization study has been completed and FEED (Front End Engineering Design) work for implementation is in progress. After completion of the project, utilization of pipeline system will be enhanced to its maximum capacity. In addition, heavy wheeler & bowzers traffic load on the trunk roads will be alleviated as hydrocarbons will be transported safely through pipeline system which is most efficient, economic and safe mode for transportation of flammable liquids.

HSE Training Overview at PARCO Mid-Country Refinery

Providing HSE training helps us to ensure employees are trained on environmental challenges, NEQS and other legal requirements, and not injured or made ill by their work, it develop a positive health and safety culture, where safe, healthy and working on environmental friendly condition becomes second nature to the individual, it find out how individual could manage health and safety better and it meet legal duty to protect environment and the health and safety of our employees. Effective training will contribute towards making employees competent in HSE, which can help to avoid the distress that accidents and ill health cause and can help avoid the financial cost of accidents and occupational ill health.

Our objectives are to take into account the capabilities, training, knowledge and experience of our staff; and ensure that the demands of the job do not exceed their ability to carry out their work without risk to themselves, others and environment. Following were undertaken during 2015.

- Trainings are based on the training need analysis, audits and incident reports and are carried out twice a week for all PARCO employees.
- A three day refresher training session for Senior Management was conducted on 'Safety Management System and its Importance'.
- A comprehensive two week HSE training plan is in place for all new employees and trainees.
- Emergency Response Team (ERT) was provided ERT training along with various refresher courses. These sessions were planned for over 20 days.
- All contractors before mobilization on site go through detailed Orientation & Training covering both aspects of Occupational Health, Safety & Environment.
- The contractual staff including labor also attends in house HSE training program once a week. On-site safety talks are carried out each morning before commencement of work. This serves as a refresher for the contractor labor.
- HSE trainings were also provided to other refineries of Pakistan such as EnarPetrotech Refining facility, Attock Refinery Limited, etc.
- Mutual Aid Partners were provided trainings on Emergency drills.
- HSE trainings to the interneers and students of different institutions.
- A three days 'IMS awareness session' on revised standards of ISO 9001 & ISO-14001 – 2015 was conducted through an external trainer for all 35 PARCO auditors and IMS team members.



Emergency Response Team (ERT) Training

PARCO HSE conducts in-house ERT training on quarterly basis to train its employees from different engineering/technical disciplines. The aim of ERT training is to have an Emergency Crew in shape of PARCO Employees and thus increase additional vigilance and response to mitigate any emergency at the very initial level. There have been remarkable achievements at many occasions when our ERT members have proved useful by using their training skills. These trainings were initiated in the year 2001 and till now 384 participants from MCR and 174 participants from Pipeline Division have been trained in the form of batches; thus creating a huge number of ERT members which is still increasing. The participants were provided with comprehensive two weeks ERT training followed by field trainings pertaining to Fire Management System, different types of Fire Equipment installed at PARCO, use of Emergency Equipment, Personal Protective Equipment (PPE), Life Saving Emergency Equipment, Work Permit Systems implementation, classification of Hazardous Area, operation of Fire Water Suppression System, Crisis Management, Emergency Response Plan, practical Fire Fighting Training and Fire Tender Operation.

HSE Trainings for New Employees

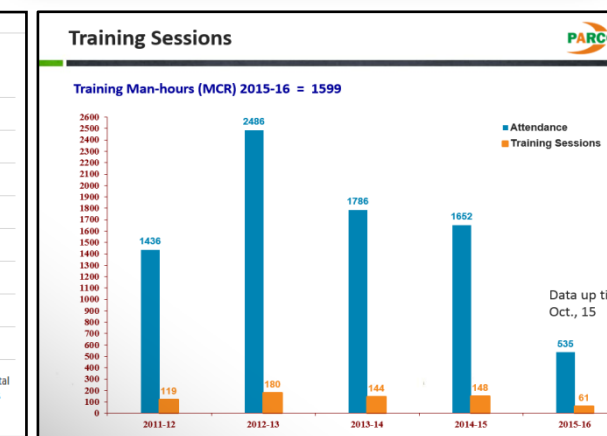
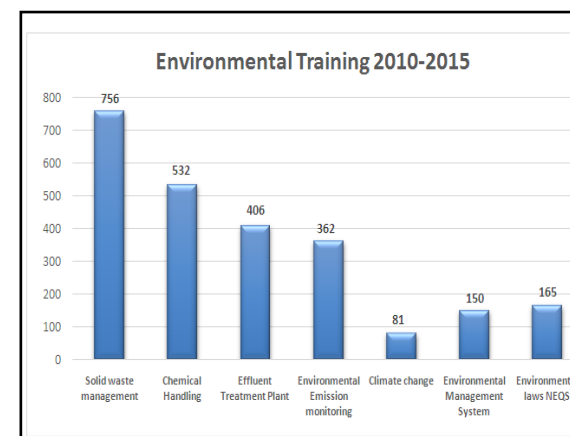
New talent management is one of the key areas for PARCO's strategic growth and development process. In this regard, the HSE department organized one month comprehensive training program for new batch of trainees at MCR. The training program was divided in five days of class room sessions and four days of field practical training. As a result, the new inductees are now fully trained in HSE systems and procedures and able to identify potential hazards, operate firefighting equipment (portable fire extinguishers, deluge valve system, FM200 fire suppression system). Trainings on Fire Management System, MM800, Work Permit System, Hazardous Area Classification, Office Safety, Ergonomics working at height, Scaffolding Safety, Effluent Waste Management, Emergency Response Plan and Personal Protective Equipment and Incident Reporting System. During infield practice sessions, they were trained by PARCO MCR Emergency Response Team leaders in management and operation of fire hydrants, trolley mounted breathing apparatus, self-contained breathing apparatus, etc. In future they will become part of PARCO's Emergency Response Team. For analyzing the effectiveness of training, a post training evaluation test was also arranged by HSE.

First Aid Trainings

- At PARCO, our aim is safety of our employees, and providing ample amount of training to our staff to tackle any unforeseen event is imperative due to the hazardous nature of our business. To keep employees and service provider staff abreast of First Aid concepts and providing them necessary first aid training, in-house training sessions were organized.
- A five member team from Rescue 1122 conducted three days training on First Aid in February, 2015 at MCR. The training was held in collaboration with HR Department Representative Dr. Rehan Ahmed. About 32 PARCO employees benefited from the training.
- The course structure comprised of First Aid measures in case of closed and open wounds, closed and open fractures, burns, Cardio-Pulmonary Resuscitation (CPR) for both adults and infants in case of a catastrophe or a minor incident. The course was well received by the participants as it included well knitted information regarding the subject as well as practical demonstration.

Mutual Aid Partners Combined Drill

- A combined drill of PARCO's Mutual-Aid Partners was held at MCR on 24th February, 2015. The purpose of this drill was to check and ensure the compatibility of equipment in case of a catastrophic incident, resources required versus available, mutual aid team response time etc. The combined fire drill was conducted in the Fire-Training area on the west side of the plant. The participants included Fire crew and management members from KAPCO, AES-Lalpur and TPS Muzaffargarh.



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

Environmentally Friendly Technologies

Automated Incident Reporting System

Energy Conservation Program

Results

Effluent Treatment Plant

- PARCO's Effluent Treatment Plant has a capacity of 340m³/hr. Waste water from the refinery is collected and through skimming, neutralization, dissolved air floatation, aeration, clarification, filtration and drying operations, the effluent water is brought within NEQs limits before discharging into local drainage or reuse for plants. If any parameter is not within NEQS limits then the whole batch of effluent water is diverted back to diversion tank of capacity 25,400m³ and is reprocessed.
- During the year 2015, effluent water treated was 1,642,345 m³ at a rate of 187 m³/hr.

Effluent Monitoring Plan

- Daily monitoring for PH, COD, temperature, sulphates, suspended solids, total dissolved solids.
- BOD monthly monitoring.
- Third party environmental monitoring (all parameters) twice a year.



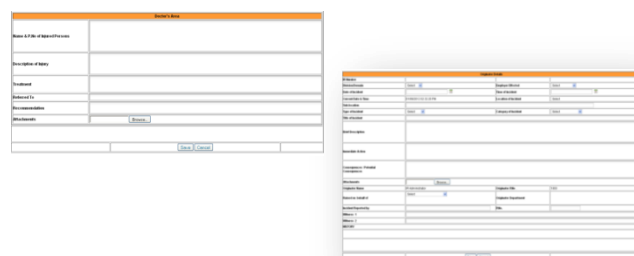
Diesel Hydro Desulphurization Plant Producing Euro II High Speed Diesel

- With commissioning of the DHDS plant at the Mid-Country Refinery in 2010, 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 through fuel efficiency and 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 2015, the DHDS plant at PARCO has processed more than 1.14 million metric tons of High Speed Diesel on EURO II specifications.



Diesel Hydro Desulphurization Plant at PARCO Mid-Country Refinery

- The Online Incident Reporting System (IRS) was successfully launched in January 2012. The purpose of the online system was to combine the IRS system of Mid Country Refinery and Pipeline Division. Furthermore, vision of paperless environment was also driving force to develop this system. Now, Incident Reporting System from "raising an incident report" till completion of "incident investigation" and "implementation of recommendations" is all carried out online with zero paper use. For the investigation of online reported near misses, accidents or injuries we have a standard operating procedure for incident investigation.
- All the incidents occurring in PARCO are reported / recorded and then investigated appropriately according to a procedure through an online IRS system company wide. Key features of the IRS System are:
 - Online reporting system – a companywide program
 - Incident reporting criteria for major and minor incident
 - Information to the senior management within 24 hours
 - Investigation by cross functional teams
 - Root cause analysis and recommendations
 - Implementation verification through safety audits
 - Sharing of incident learning with employees
 - All major international accident investigations collected are shared with employees during training sessions and key findings are considered during incident investigation process.



- Updated reports of IRS showing outstanding/unclosed incidents are reported to the Managing Director and Senior Management so that such incidents can be closed in a timely manner and for taking suitable countermeasures to avoid recurrence.



- Heaters and Boilers are the major sources of energy utilization at refinery plant. PARCO has taken following steps for Energy Conservation and Energy Efficiency:

Heaters

- Efficient heaters are being operated at above 85% efficiency
- Regular heater efficiency monitoring program is in place
- Access air monitoring is done on daily basis
- Heater efficiency monitoring on monthly basis
- To save energy and environment we have dual fire system heater operated on furnace oil and fuel gas

Boilers

- Boilers are operated at highest efficiency above 90%
- Boilers are annually inspected and certified by government agencies

Heat Exchangers

- 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
- Proper schedule for equipment inspection and maintenance
- Dismantling and overhauling of all equipment in turnaround to maintain efficiency

Motors

- Standard specification power driven motors are used to achieve
- Highest level of efficiency
- Low energy losses

Solomon Benchmarking

- PARCO Mid Country Refinery has presented its systems for international benchmarking by Solomon Associate USA in March 2013 for key performance indicators:
 - Manpower utilization
 - Energy Index
 - Operation efficiency

Carbon dioxide Emission Monitoring

- CO₂ emission monitoring is carried out on monthly basis and Carbon Emissions Index (CEI™) is calculated as per Solomon guidelines.
- Although our organization CEI is very good as compared to many refineries of our region, we always strive towards the benchmark. The feasibility study for flare gas recovery system and vapor gas recovery system in this regard has already been carried out.

Energy Savings at Stations and Terminals

- A phase wide replacement of conventional lights with LED lights at all Stations and Terminals is in motion. Ordinary 400 watt high pressure sodium lights installed at different stations and terminals for illumination purpose consumes a considerable amount of electrical power and have very low optical efficacy.
- LED lights are one of the best alternate of conventional lights. These lights are more energy efficient as well as light weight, operational cost effective, shockproof and have excellent photometric & electric performance. Their normal working life is more than 50,000 hours while conventional lights have 5,000 hours working life. LED light color index is high and without any glare due to which things look brighter. Initially in Phase-1, 17 LED lights were installed at PS-1 Korangi in the fiscal year 2013-14. In Phase 2, further 57 LED lights have been installed at TS-1 & PS-1 stations during fiscal year 2014-15. And now in the fiscal year 2015-16 (Phase-3) further 60 more lights for TS-1/PS-1 stations have been procured.
- Pipeline S&T Operations ensures saving of energy resources and reduce pollution by adopting suitable economical pumping configurations, gravity transfer and load management. Energy saving on account of electricity is about 2,092,489 KWH during 2014-15.
- Modification work was carried out in KPLP system for Direct Pumping of HSD from PS-1 tanks into WOP M/L. System is in regular operation since September, 2014 which will facilitate in pumping of OMCs small parcels into WOP for timely Delivery at destinations. This operation will reduce consumption of Corrosion Inhibitor and there will be significant energy saving. During 2014-15, an amount of Rs 1.48 million has been saved from reduce consumption of corrosion inhibitor and 169,950 KWH energy has been saved.

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. 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. Furthermore, the initiative has also reduced the import bill.



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 and Exchange Commission of Pakistan.
- 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.



- Since the commencement of PARCO's operations in 1974, there has been no instance of extortion or bribery.
- 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.
- 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.
- To maintain the transparency of the process, end users are not permitted to have a direct contact with the vendors and contact is only through materials function, prior to award of procurement.
- In exceptional cases, where it's deemed necessary, price negotiations are carried out by a Committee approved by Managing Director.

- Elimination of discrimination during selection of Vendors/Contractors/Service Providers by check and balances against introduction of discriminatory conditions.
- Pre-qualified Vendors/Contractors list is periodically updated through advertisements placed in newspapers and evaluations based on predetermined criteria.
- 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.



Contributing towards Pakistan's future

PARCO



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