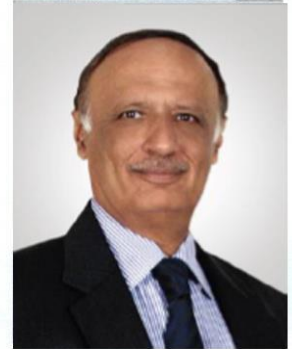


# **PARCO** COMMUNICATION ON PROGRESS 2017







### **Message from the Managing Director**

It is indeed a moment of pride in presenting our 7<sup>th</sup> Communication on Progress report. The year 2016 was an exceptional year in PARCO's history, with record success in all business facets due to which PARCO maintained its stature as an Industry Leader. Besides this, Company is continuously pursuing its modular growth strategy and various energy related projects are under discussion and evaluation phase.

During 2015-16, PARCO continued making significant contributions at social front by providing quality education, better health facilities, clean drinking water, decent work, strengthening economic growth, gender equality while contributing towards industry innovation and infrastructure development. As a testament to PARCO's performance in all areas of operations, the company received numerous Awards and Recognition such as President of Pakistan Award by FPCCI and Business Excellence Award by UN Global Compact Pakistan Local Network.

The Management of the Company is committed to the principles of good corporate governance practices, with particular emphasis on transparency and disclosure. Our current Communication on Progress illustrates PARCO's commitment towards implementation of Sustainable Development Goals in detail. As a way forward, PARCO is doing its utmost to undertake sustainable, collaborative actions that uplift the living standards of our neighboring communities, our employees, society at large and the Country.



**Tariq Rizavi**  
Managing Director  
Pak-Arab Refinery Limited

March 2017

# 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 the 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 nineteen 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 the Environment Excellence Awards for the last eleven consecutive years and is rated among the top 10 organizations in Pakistan for outstanding achievement in Environment Management.

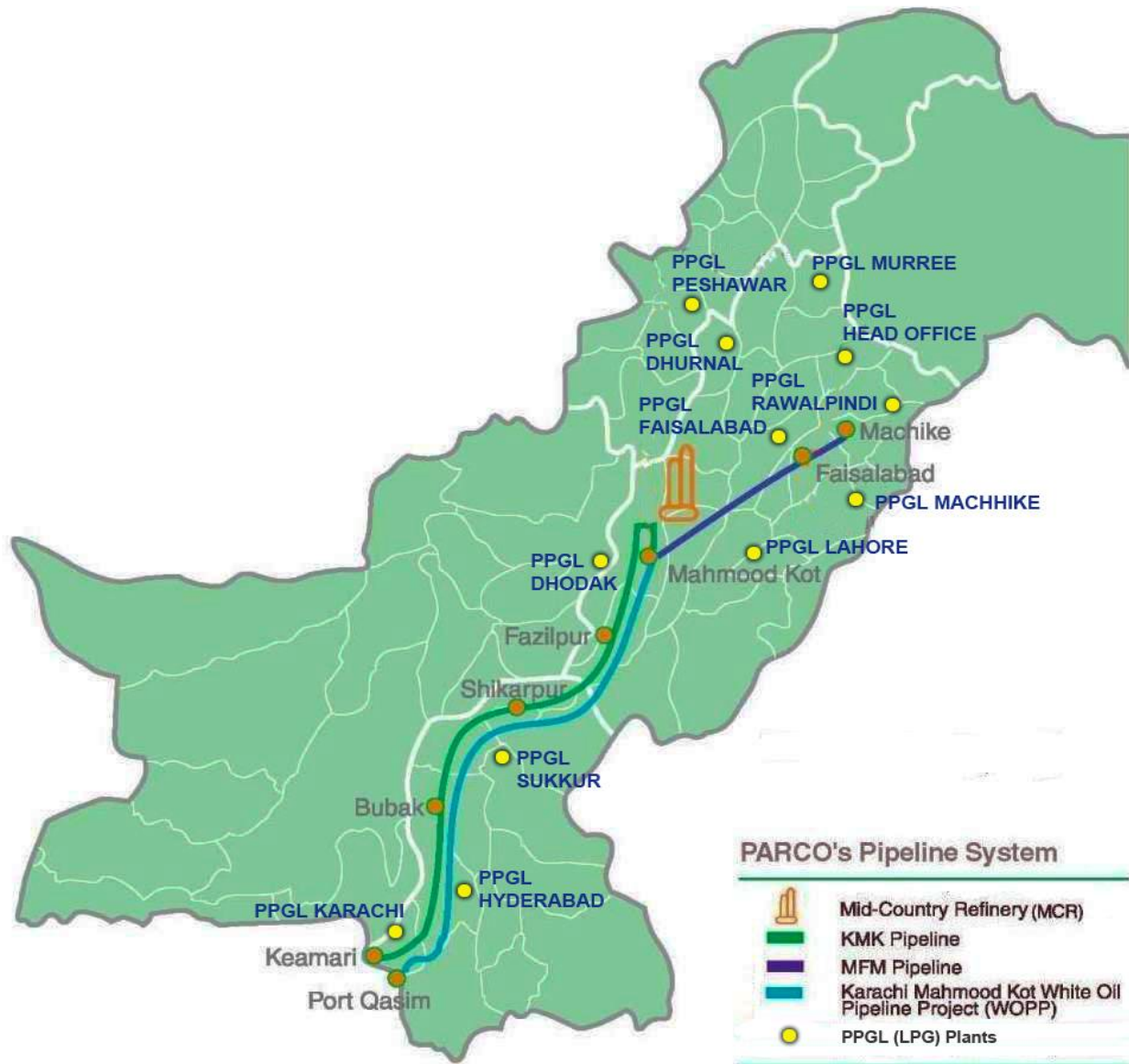
As a good corporate citizen, the company focuses on meeting the expectations of its internal and external stakeholders in a professional and strategic manner. PARCO not only invests in its employees, makes efforts for customer satisfaction and operates ethically, but also undertakes a wide range of projects 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's 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 the 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 the 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 2016

## PACRA Maintains “AAA” Entity Ratings of Pak-Arab Refinery Limited for 19 Consecutive 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 19 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 2016

At the FPCCI 40<sup>th</sup> Awards Ceremony held on December 14, 2016, PARCO was honored with 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 fifth consecutive time that PARCO has received this national award from FPCCI. The Honorable Prime Minister of Pakistan, Mr. Mian 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. Mian Muhammad Nawaz Sharif, Prime Minister of Pakistan presenting the trophy to Mr. Tariq Rizavi, Managing Director, PARCO.

## PARCO wins Employers’ Federation of Pakistan (EFP) Awards 2016

For the fourth time in a row, PARCO has won the Best CEO Award and the Best Organization Award in the category of Large National Companies. This year EFP introduced another award titled “Best HRM Practices Award”. The jury of this award included foreign members as well.

The Best HRM Practices Award was given on the basis of an organization’s activities and achievements in five areas namely HR Management & Employment Practices, Industrial Relations Practices, Health, Safety and Working Environment, Corporate Social Responsibility and Vocational Training Initiatives.



Mr. Tariq Rizavi, MD-PARCO receiving Best CEO of the Year Award



The Best CEO Award was received by Managing Director PARCO, Mr. Tariq Rizavi, the Best Organization Award was received by Mr. Shahid Mahmood Khan, Deputy managing Director – Finance & Corporate Affairs and the Best HR Practices Award was received by Mr. Amjad Hafeez, General Manager Pipeline.



**Mr. Shahid Mahmood Khan, DMD Finance & Corporate Affairs, PARCO receiving Best Organization Award.**

## **FPCCI Achievement Award 2016**

The Federation of Pakistan Chambers of Commerce and Industries (FPCCI) is the apex body representing Pakistan's Trade, Industry and Service Sectors. The Federation held its 4th 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, foreign exchange savings and Corporate Social Responsibility programs. This recognition reaffirms the fact that PARCO is the Energy Lifeline of the Nation.



**Honorable President of Pakistan, Mr. Mamnoon Hussain presenting the achievement trophy to Mr. Syed Zawar Haider, General Manager-Marketing & Commercial, PARCO.**

In a prestigious awards ceremony, the Honorable President of Pakistan, Mr. Mamnoon Hussain presented the Gold Medal to Mr. Syed Zawar Haider, General Manager-Marketing & Commercial, PARCO. This is the fourth consecutive award received by PARCO.

## **First Prize for PARCO's Corporate Garden**

PARCO has been winning prizes for its Corporate Garden for the past several years. During the 65<sup>th</sup> Flower Show, PARCO secured First position for its Corporate Garden in 2016 competition held by the Horticulture Society of Pakistan. PARCO has been winning first position for several 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 an unprecedented achievement in this category.

## UNGC Business Excellence Award 2014-15 awarded to PARCO by Pakistan Local Network

PARCO, an active member of the UN Global Compact (UNGC), has been awarded the UN Global Compact Business Excellence Award 2014-15 in Public-Private Partnership Sector, by an International Jury comprising of panel members from Europe, East Asia and Oceania.

The UN Global Compact Award not only acknowledges PARCO's commitment towards strategic and sustainable CSR, but also appreciates our efforts in adopting UNGC's universal Ten Principles. The Award acknowledges organizations demonstrating the UNGC Principles in action through Best Management Practices. Reputable Pakistani Companies and institutions are signatories to the United Nations Global Compact and have committed themselves to adopting its Ten Principles.

Head of Local Networks-Asia and Oceania, United Nations Global Compact, Ms. Meng Liu visited Pakistan and was part of the award distribution ceremony. The Award nominees underwent a rigorous and documented process of successive stages of short-listing by multi-disciplinary local and foreign experts, who assessed the performance of companies in each of the four areas of the UN Global Compact, namely Human Rights, Environment, Labor and Transparency.



Ms. Sharon Dias, Deputy General Manager-Human Resource, PARCO receiving the award

The International Jury appreciated PARCO's efforts in making important and substantial investments in Sustainability, especially the initiatives pertaining to Community Engagement and Employee Care.

## Environment Excellence Award 2016

PARCO has been awarded the 11th consecutive Annual Environment Excellence Award by the National Forum for Environment and Health (NFEH). **PARCO for the eighth 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.



Mr. Amjad Hafeez, General Manager-Pipeline PARCO receiving Environment Excellence Award

## CSR Leadership Excellence Award 2016

PARCO was awarded the CSR Leadership Award 2016 in the category of Business Ethics and Community Development 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.



**Mr. Jehandur Durrani, Section Head-Administration, PARCO Islamabad Office at the left receiving the CSR Leadership Excellence Award**

## Fire and Safety Award 2016

As the leading energy provider in the country, PARCO has always been mindful of its responsibilities towards its customers, employees, the community and the environment it operates in. Due to the nature of our business, protecting our employees and installations from fire and safety hazards is inevitable. In this context, the role of HSE is crucial towards developing procedures and processes for eliminating the hazards, as well as training the staff for unforeseen events. Recognizing our HSE initiatives, procedures, safety measures and business processes throughout our installations, the National Forum for Environment and Health (NFEH) and Fire Protection Association of Pakistan (FPAP) bestowed upon PARCO the Fire and Safety Award 2016. This is the fourth consecutive award achieved by PARCO.

## Occupational Safety, Health, and Environment Award 2015

PARCO was recognized by the Employers' Federation of Pakistan at a ceremony held to announce 11th EFP Best Practices Awards in the area of Occupational Safety, Health and Environment for the year 2015. The event was planned around celebrating the International Day on Safety & Health at Work, which included presentations, keynote addresses and panel discussions by eminent professionals to share their knowledge and expertise. The awards were conferred after a thorough and transparent evaluation of nomination papers submitted by participating companies. The evaluation was done by an independent jury consisting of experts in the field of OSHE.

PARCO was recognized for its excellent workplace environment and was awarded 1<sup>st</sup> prize –the trophy for the year 2015. Mr. Amjad Hafeez, General Manager (Pipeline), received the award. Such corporate recognition reaffirms PARCO's commitment to promoting safety culture and best OSHE practices. This is the third time that PARCO has received the award from EFP.



**Mr. Amjad Hafeez, General Manager-Pipeline, PARCO receiving OSHE Award 2015**





- 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

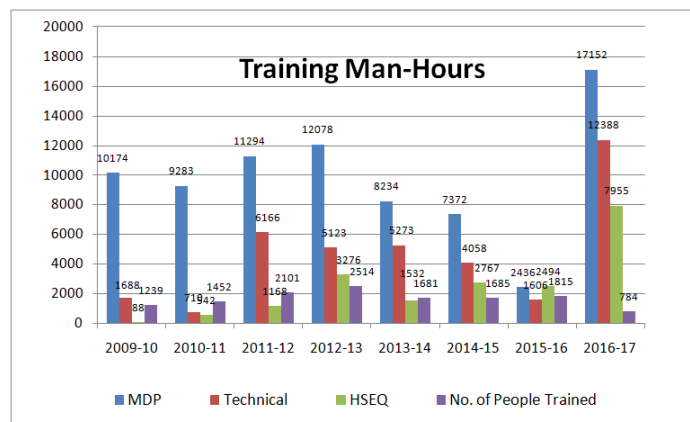
Work Safety

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 eight years of Training Man-Hours data is given below.



##### Employee Care

- PARCO provides 100% free medical cover to its employees, their spouses, and children (Sons up to 21 years of age, Daughters till they get married) and reimbursement of 60% medical costs for 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 an employee’s death or disability occurring as a result of illness, accident or otherwise under the ‘Death & Disability Benefit Plan’.
- Under the Company’s Wellness Program, 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 eleven years in a row.
- PARCO’s annual Inter-Station Competition for the Best Housekeeping at Pipeline Stations and Terminals continued this year where all the Stations and Terminals were scrutinized. During 2016, WOTS-3 at Mahmood Kot was awarded the Best Station Trophy.
- PARCO continues to provide a healthy and green working environment to its employees. During 2016, 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 past several years.
- PARCO provides international quality facilities for sports including Cricket (Floodlit 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 the best safety standards and immaculate housekeeping during the 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 7.5 million man-hours without Lost Time Accident (LTA) in December 2016.
- 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.
- 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. Wearing seat belts is compulsory for all drivers.



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 by the initiatives that we have taken to uplift these communities in terms of basic necessities and self - reliance. Following initiatives were undertaken in the year 2016.

##### Access to Education and Health

- Our cross-country pipeline network makes us next-door neighbor to many remote and underprivileged communities. Since 2007, PARCO has been running 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.
- Till 2016, PARCO has provided assistance to more than 96 institutions along its pipeline and refinery across Pakistan. More than 40,000 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 2016, 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 contributions have helped these institutes sustain their
- PARCO has been organizing Teachers Training program for government schools 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 “Active Learning to Critical Thinking”. 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 sessions 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 trainings.



- Since the last few years, the summers have extended for a longer time period with extreme heat wave that claimed lives of hundreds throughout the Country. In order to save children from heat stroke, the Company distributed caps to students at PARCO supported government schools. About 3,000 caps were distributed to make sure that children, while commuting to school and their homes do not become victims of heat stroke. The initiative was much appreciated by the school management, 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 for 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 ensures 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 2016, 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’s or a spouse’s death, the Company provides transportation of the 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 the non-management staff for their daughter’s marriage and education assistance for their children.
- In February 2016, 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 the cost of 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 2016, 79 children of PARCO employees were provided Educational Awards.

#### 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 Tennis and Lawn Tennis and other tournaments are supported by PARCO. Since the last four years, PARCO has been a major sponsor of the Squash tournaments that has helped in promoting young talent. The Company has been holding a cricket tournament for the Pakistan’s petroleum industry for the past many years and various sports events inside the company.
- The Company has also undertaken various inter-station tournaments of Squash, Cricket, Volley Ball, Table Tennis and Lawn Tennis, etc.

#### 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 to government vocational training centers in Sindh and Punjab. Currently, there are 22 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 and increasing their chances of employment.
- As a way forward, under Phase II PARCO has successfully setup a Sewing and Display Center for Women at Qasba Gujrat near PARCO Mid-Country Refinery. The aim of this Center is to provide advance sewing and embroidery skills to the underprivileged women who have already done basic courses in sewing. Moreover, the Center is providing six months training, 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 a wider customer base and remain updated on modern design trends. This will help them in developing profitable business models rewarding them financially and uplifting them economically. During the year 2016, a total of 60 students have passed out in two batches.
- The 22 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.

- This year, PARCO distributed 1,000 school bags along with stationary items and note books to the children at PARCO supported government schools in Ibrahim Hyderi near PARCO Corporate Headquarters. These institutions have been provided various forms of materials and civil works to operate in a hygienic condition. One of these institutions was the Karachi School for Deaf, which caters to the needs of the deaf children by providing schooling along with speech therapy and much more. The happiness of receiving a new bag was evident on the faces of all the children and they communicated their thanks using the sign language.



- Under the umbrella of Schools and Clinics Support Program, PARCO has supported several Basic and Rural Health Centers based in small villages near 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 approximately 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.

#### 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 providers’ staff in all manners that it can help. PARCO provides funeral assistance, assistance for daughter’s marriage, medical support on case to case basis, educational awards for non-management and service providers’ staff’s 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 the joining process, 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 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 wellbeing of the Society.
  - As a professionally managed organization, PARCO ensures 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.
  - 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. Underage 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 2016, 4 Trainee Engineers, 4 Management Trainees. 51 Trainee Technologists and 1 Trainee Chemist 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, take suggestions and give recommendations to the Management. Employees, including head of departments, are advised to report any acts of harassment by any gender, as harassment is considered misconduct, liable to disciplinary action. Since the last 42 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 existence of these campuses has generated employment for these local women to earn a decent living. There are 939 children receiving quality education at PARCO TCF schools.
- PARCO's Schools and Clinics Support Program supports 96 institutions compared to 89 last year, with 77 schools and 19 clinics. Out of these 77 schools, majority 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 2016, 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 near PARCO facilities and assisted 22 centers at Machike, Faisalabad, Kot Addu, 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. The learned skill has helped the women in these communities, take care of their own economics after trainings from these well-equipped Vocational Training Institutes.

## STAKEHOLDER FEEDBACK



**Ali Mansoor Shahid**  
Marketing & Commercial Department-PARCO

"On a personal level, I found the bag distribution activity extremely fulfilling since it gave me a chance to experience the resilience of students/teachers belonging to lesser privileged communities trying their best to impart and acquire education in tough conditions. Moreover, I felt proud of the fact that PARCO was actively contributing towards the betterment of its surrounding communities. And to anyone who might feel that such activities are an insignificant contribution, just look at the happiness on the faces of those children when they receive these gifts, you will realize the positive impact it has on the community."



**Mohammad Asif**  
A Student at the Karachi School for Deaf

"Being a deaf child, Mohammad Asif's parents chose Karachi School for Deaf for his schooling. Asif is enrolled in class 1 and belongs to a poor family. He has three siblings and due to poverty, his parents are unable to afford his uniform and other school formalities like school bags, stationeries, hearing aid, etc. Realizing this need, PARCO provided the school children school bags with required stationeries. The children were very happy upon receiving these articles. Mohammad Asif was particularly happy because he used to bring his school items in a polythene bag which was quite difficult to carry. He is now happy that he too will carry a bag to school."







- PRINCIPLE 3** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- PRINCIPLE 4** the elimination of all forms of forced and compulsory labour;
- PRINCIPLE 5** the effective abolition of child labour; and
- PRINCIPLE 6** the elimination of discrimination in respect of employment and occupation.





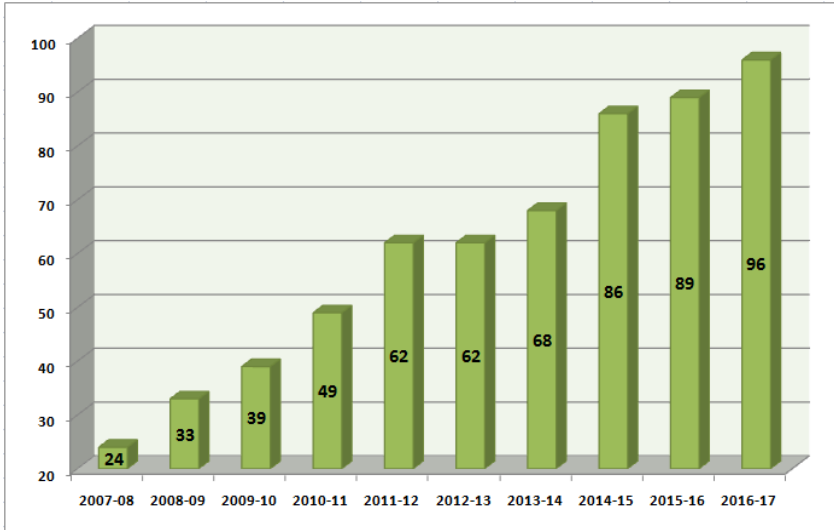





LABOUR			
PRINCIPLE 3	BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING		
Our Commitment	PARCO believes in addressing Employee issues practically and providing the right of collective bargaining to all its workers by complete compliance to all Industrial Relations Ordinances and Laws.		
Management Systems			
HR Management, Industrial Relations, Operations, CSR			
Actions			
Freedom of Association	Collective Bargaining Negotiations and Union Charter Signing	Proactive Focus and Redressed Employee Grievances to Maintain a Good Organizational Climate	
Results			
<ul style="list-style-type: none"><li>PARCO workers are free to form or join a trade union of their choice without fear of intimidation or reprisal.</li><li>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).</li><li>Management and CBA work together on many Employee Development and Welfare Programs.</li></ul>	<ul style="list-style-type: none"><li>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.</li><li>Free and fair elections of CBA were held during May 2015. Next elections will be held in May 2017.</li></ul>	<ul style="list-style-type: none"><li>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.</li><li>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.</li><li>For answering queries and listening to suggestions/complaints of employees, the PARCO HR Department has a dedicated Help Desk.</li><li>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. Stations visits and Focus Group sessions for the financial year 2016-17 have been planned for February – March, 2017.</li></ul>	

LABOUR																					
PRINCIPLE 4	BUSINESSES SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR																				
Our Commitment	PARCO completely disallows any form of forced or compulsory labour in all its functions.																				
Management Systems																					
Human Resource Management		Business Partners, Operations																			
Actions																					
Maintaining Industry-competitive Compensation and Benefits		The Terms of Employment at PARCO Provide Maximum Freedom to Employees to Voluntarily Enter or Leave the Organization on Free Will																			
Compliance by checking of Vendors/Suppliers/Service Providers																					
Results																					
<ul style="list-style-type: none"><li>PARCO’s policy is to pay employees at all levels with salaries commensurate with responsibility. Salaries and wages are compared with prevailing salaries for similar work in comparable organizations. For this purpose, salary surveys are regularly conducted and salary adjustments, benefits and revisions are accordingly granted, targeting 75<sup>th</sup> percentile of the industry.</li><li>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.</li><li>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.</li><li>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.</li><li>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.</li><li>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 224 awards which have been given to employees in November 2016 on completing different periods of service:</li></ul>		<ul style="list-style-type: none"><li>PARCO’s employment contracts do not violate human rights or labor laws. PARCO does not have a practice of service bonds.</li><li>Separation process, payment of outstanding dues, post-retirement benefits, etc. are done expeditiously.</li><li>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.</li><li>Vendors/Suppliers/Contractors are checked by PARCO, ensuring 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.</li><li>PARCO conducts open competitive bidding for services and materials procurement to provide equal opportunity to all qualified vendors/suppliers.</li></ul>																			
		<table><tr><td>Years of Service</td><td>No. of Employees</td></tr><tr><td>7</td><td>53</td></tr><tr><td>10</td><td>24</td></tr><tr><td>15</td><td>110</td></tr><tr><td>20</td><td>20</td></tr><tr><td>25</td><td>7</td></tr><tr><td>30</td><td>2</td></tr><tr><td>35</td><td>7</td></tr><tr><td>40</td><td>1</td></tr></table>		Years of Service	No. of Employees	7	53	10	24	15	110	20	20	25	7	30	2	35	7	40	1
Years of Service	No. of Employees																				
7	53																				
10	24																				
15	110																				
20	20																				
25	7																				
30	2																				
35	7																				
40	1																				



LABOUR			
PRINCIPLE 5	BUSINESSES SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR		
Our Commitment	PARCO forbids engagement of any form of child labour in its operations or by any of its business partners.		
Management Systems	Human Resource Management, Operations      Business Partners      Corporate Social Responsibility		
Actions	<div>Documented Procedures Prohibit Employment of Child Labour</div> <div>Third Party Audit of Labour Conditions</div> <div>Inclusion of Labor Laws (that Disallows Child Labour) 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"><li>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 issued by NADRA (National Database and Registration Authority) and other age verification documents; thus ensuring that there is no child labor across the company.</li></ul></div> <div><ul style="list-style-type: none"><li>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.</li></ul></div> <div><ul style="list-style-type: none"><li>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 underage workers.</li></ul></div> <div><ul style="list-style-type: none"><li>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 &amp; Terminals in the Sindh and Punjab provinces of Pakistan.</li><li>Till 2016, 96 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 96 institutions, 77 are schools where more than 38,000 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.</li></ul></div>		
<div><div><div><div><h3>PARCO and TCF (The Citizens Foundation) – A Partnership Making Differences</h3><p>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 939 children. These schools are making a great difference in the lives of the underprivileged in many ways.</p><p>These TCF schools ensure that children remain interested at their schools and keep their maximum attendance to achieve tangible future results. In this area, TCF schools including PARCO campuses undertook following initiatives during the past one year:</p><ul style="list-style-type: none"><li>Teacher training workshops are conducted during the summer holidays. They focus on refining the techniques and skills of the teaching staff.</li><li>Staff development days during the academic year are meant for teachers and principal to review their class and school plans and discuss their curriculum priorities.</li><li>Formal parent-teacher meetings are held thrice a year. However, parents and teachers maintain an open dialogue and meet informally as well to discuss their concerns.</li><li>Regular physical education classes and sports are held during Students Week. These co-curricular activities encourage team work, group participation and enhance the students' learning progress.</li><li>TCF celebrates Independence Day in its schools nationwide. The objective is to inculcate the spirit of patriotism and a sense of national pride in our younger generation.</li><li>International awareness days are also observed during the school year. The purpose is to develop an understanding of students on various humanitarian, cultural and social issues around the world.</li></ul></div><div><div>Perks of PARCO's Investment in Education</div><ul style="list-style-type: none"><li>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 government schools near its facilities 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.</li><li>Our Teachers Training program since the past 5 years has 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.</li><li>The bags and caps distributions being made since the last three years have played an instrumental role in maintaining children's interest in the school. At Ibrahim Hydri, Karachi, school managements have 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 in early age.</li></ul></div></div><div><div></div><div><p>PARCO supported Schools and Clinics since 2007 till date</p></div><div><div><div>Sana Sharief</div><div>Finance Department-PARCO</div><p>"Distributing school bags, caps or any other article for that matter to support underprivileged children is a very noble cause. We provide basic facilities of life like education, contributing as a major part in building our future generation. No matter if they are underprivileged but these kids have every right to be treated equally, as they are the future of our nation and their proper upbringing will definitely have an impact on the success and prosperity of our country. Being a part of PARCO-the most socially and environmentally conscious company in Pakistan- I feel honored and fortunate to serve this purpose and would like to contribute in its future endeavors."</p></div></div></div></div></div>			



# 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 opportunity 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 to date, all male and female employees belonging to different religions are employed at all levels including senior management positions.
- Employees are given holidays in accordance with their religious customs.
- PARCO provides employment opportunity to handicapped applicants and has currently employed 5 such people.
- See Women Empowerment in Principle 2.

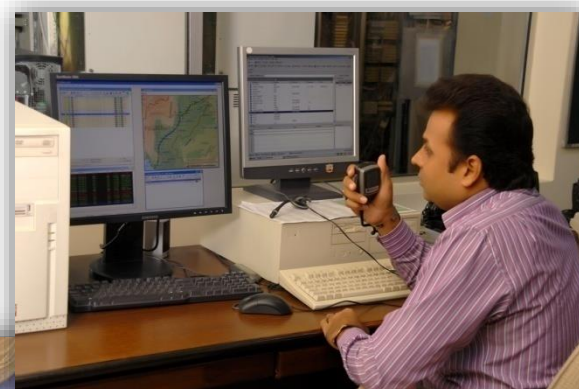
- PARCO ensures that employees abide by the Company's Code of Ethics. Every employee has to sign, at the time of induction, a declaration agreeing to PARCO's Principles which include a complete guideline on avoiding discrimination, ensuring fair and ethical dealings with all internal and external stakeholders 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; 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 in all business areas including the Mid-Country Refinery, which is located in a remote area.

- 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 the 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.

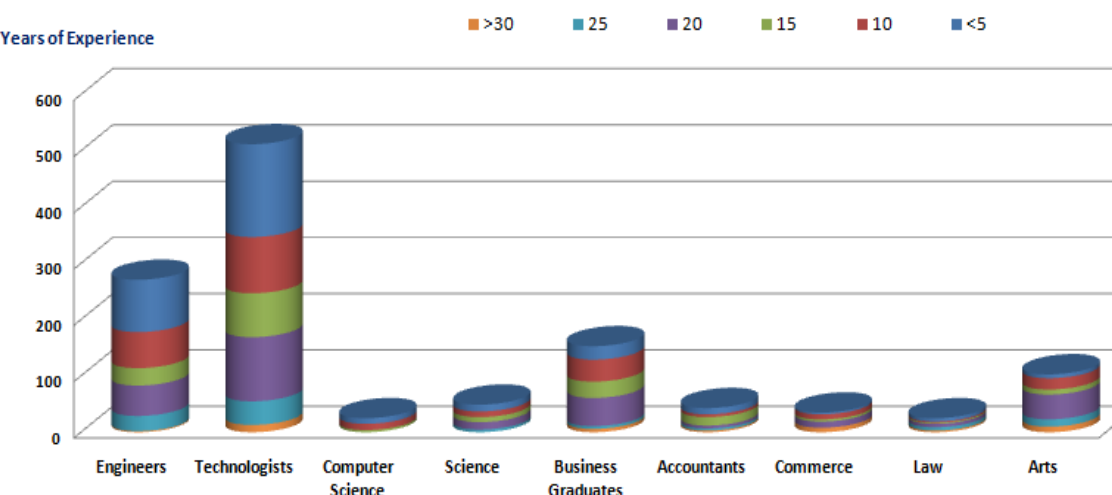
- PARCO undertakes regular summer and winter internships for students belonging to business and engineering disciplines where the selection of internees is done on merit. During 2016, PARCO inducted 82 interns and provided on-the-job training with challenging projects.
- PARCO also supports research, conferences, trade fairs, workshops and other events of educational institutions. The company provides 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 Traineeship 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 during the traineeship, the Trainee is inducted as an employee if a suitable vacancy exists.
- Since 1975, PARCO has trained 1159 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 was 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 develop their skills.
- PARCO has a huge reservoir of highly skilled and experienced human capital. Please refer to the graph below, showing our Talent Inventory in different areas.



## PARCO Talent Inventory

Years of Experience







- 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	Solid Waste Management		
Results							
<ul style="list-style-type: none"><li>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 the Keamari Port in Karachi to our Mid-Country Refinery (MCR) in Mahmood Kot, through 864 km long pipeline which is approximately 400 ft above sea level. The pipeline ensures that each drop of crude oil is transported to MCR without affecting the environment.</li><li>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.</li><li>During the year 2016, approximately 4.38 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.</li><li>In 2016, the 362 km Mahmood Kot-Faisalabad-Machhike (MFM) pipeline transported approximately 3.43 Million Metric Tons of refined fuel from PARCO Mid-Country Refinery at Mahmood Kot to Machhike via Faisalabad where gantry facility is available for product off-take. This has also reduced quite a number of tank lorries off the road and has improved road safety.</li><li>Similarly, during 2016, the 786 km WOP (White Oil Pipeline) transported approximately 4.46 Million Metric Tons of HSD (High Speed Diesel) from Karachi to Mahmood Kot.</li></ul>		<ul style="list-style-type: none"><li>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.</li><li>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.</li><li>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 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 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.</li><li>All contractors' equipments are checked for compliance to NEQS.</li><li>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.</li><li>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 &amp; grease, phenolic compounds and chlorides while gaseous emissions are tested for Co, NOx, SOx, H2S, smoke and noise. The results of the past 8 years from are within the permissible limits specified in NEQS, conducted by reputable laboratories.</li><li>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.</li></ul>		<ul style="list-style-type: none"><li>PARCO is a fully IMS Certified Energy Company and amongst the first in Pakistan to simultaneously achieve three international certifications, that is, ISO 9001:2008 (Quality Management System), ISO 14001:2004 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management System).</li><li>Corporate Headquarters (CHQ) has successfully achieved IMS Recertification of the ISO 18001 (OSHAS), ISO 14001 (EMS) and ISO 9001 (QMS) Standards for another two years following an external re-certification audit conducted by a third party certification body in July 2016. Surveillance Audit was conducted in June 2016.</li><li>A surveillance audit of PARCO Pipeline Division was conducted by a third party certification body in September 2016.</li><li>PARCO Mid-Country Refinery had its surveillance audit conducted by a third party certification body in November 2016.</li><li>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.</li><li>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.</li><li>Audits of housekeeping, gas masks, noise, work permits, closed sampling box, yearly third party vehicle emissions monitoring, bi-annually third party stack emissions and liquid effluent monitoring, ground water monitoring within the refinery and neighboring areas are done. Bi-annually third party ambient air monitoring around the PARCO installation within 2 kms of radius, are all ongoing and routine environmental projects.</li><li>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. Uptill now 107 Plant Safety and Housekeeping Audits of MCR have been conducted.</li><li>Annual Pipeline HSE and Housekeeping Audits ensure the same commitment towards housekeeping and clean environment both in operational areas and office buildings at all stations and terminals. Senior Management Audit is carried out on monthly basis in which the Senior Management visits the plant and conducts its audits by utilizing their expertise and also interacts with employees to gain insights.</li><li>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 2016 remained 91.56 %. This objective shows a high management commitment and communication with employees.</li></ul>		<ul style="list-style-type: none"><li>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.</li><li>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.</li><li>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.</li><li>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.</li></ul>	
							
				<ul style="list-style-type: none"><li>In 2016, approximately 113.83 tons of hazardous waste was disposed of through an EPA approved facility. During hazardous waste management, around 1030 empty metal and plastic drums, 25 batteries and 7020 liters of used oil were sold with safe recycling/ disposal guarantees. The payback of recycled drums contributed in disposal of hazardous waste. This is an annual recurring activity.</li></ul>			
							
		<ul style="list-style-type: none"><li>PARCO has been awarded the 11th consecutive Annual Environment Excellence Award by the National Forum for Environment and Health (NFEH). PARCO for the eighth 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.</li></ul>		<ul style="list-style-type: none"><li>PARCO was recognized by the Employers Federation of Pakistan at a ceremony held at its 11th EFP Best Practices Awards Ceremony in the area of Occupational Safety, Health and Environment for the year 2015. The event was planned around celebrating the International Day on Safety &amp; Health at Work. PARCO was recognized for its excellent workplace environment and won the 1st prize trophy award for the year 2015.</li></ul>			
<b>PARCO's Guidelines for Disposal of Hazardous Waste</b> 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. <ul style="list-style-type: none"><li>EPA's No Objection Certificate (NOC) for disposal of hazardous waste.</li><li>Safe handling and transportation of hazardous waste methods and statements.</li><li>Incineration through EPA approved facility.</li><li>Recycling of used lubricant oils through government approved reclamation plant.</li><li>Safety of workers for handling of hazardous waste.</li><li>Necessary packaging and labeling requirements.</li><li>Provision of waste disposal/recycling certification and undertakings.</li></ul>							

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

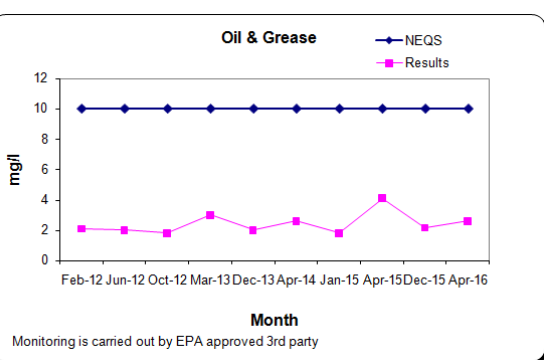
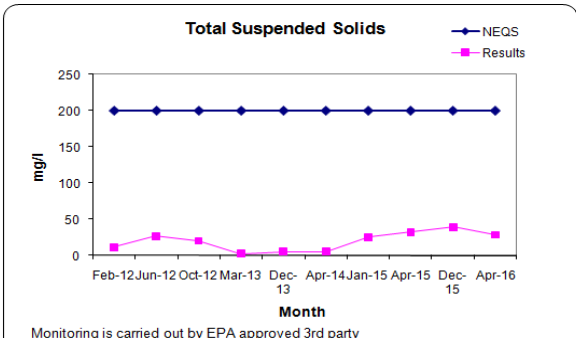
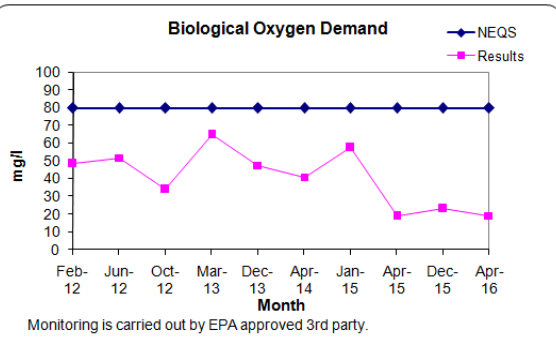
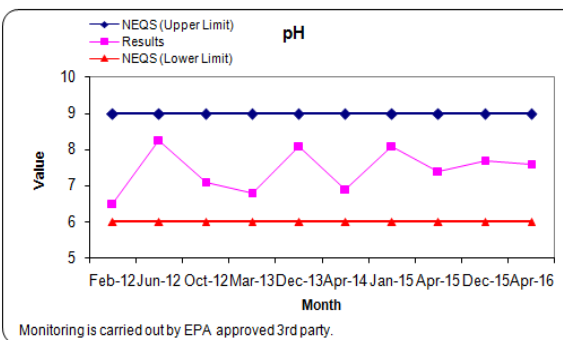
Environmental Auditing, Certification and Awards

Air Emissions Monitoring

Environment Friendly Products

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.



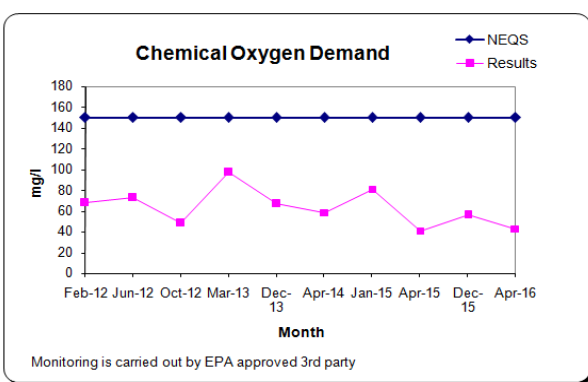
- Regular HSE Audits of operational areas and office buildings are carried out to ensure safe environment in the office areas. Any discrepancies found during the audit are analyzed for their risks on safety and appropriate recommendations are provided as key performance indicator. Two HSEQ Internal Audits were conducted at CHQ during May and December 2016 by PARCO's certified auditors.

**Perfect Record Award 2015 for PARCO by National Safety Council, USA**

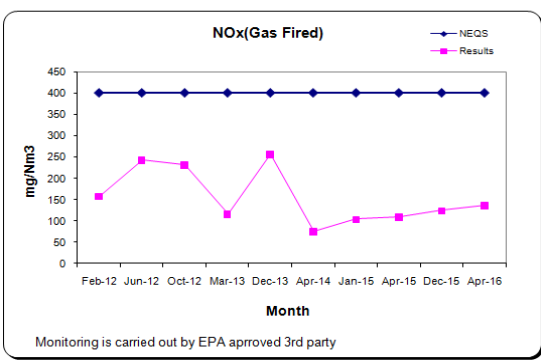
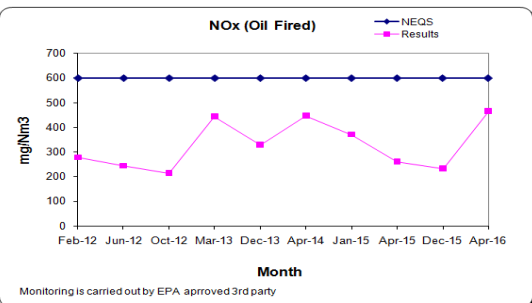
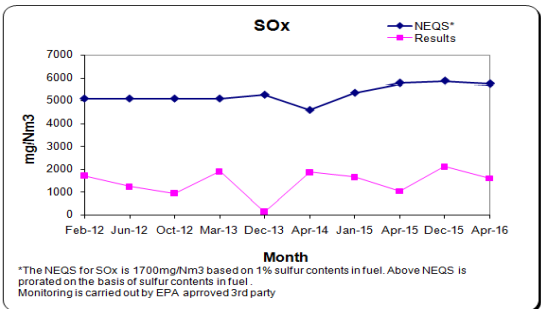
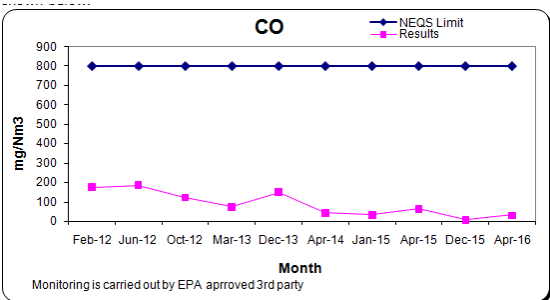
- NSC runs many safety award programs including Lost-Time Accident Free man-hours on yearly basis or on the count of million man-hours basis. PARCO won 'Perfect Record Award 2015' on the basis of accident free 1.192 million man-hours in the year 2015. This is the second consecutive award. Other than that, PARCO (MCR) has been awarded with a plaque on achieving accident free 5,000,000 man-hours. The plaque was received by HSE department recently in November, 2016.



- Recognizing our HSE initiatives, procedures, safety measures and business processes throughout PARCO installations, the National Forum for Environment and Health (NFEH) and Fire Protection Association of Pakistan (FPAP) bestowed upon PARCO the Fire and Safety Award 2016. This is the fourth consecutive award given to PARCO.



- 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.



- 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.

**MMT High Octane Booster Facility**

- Tighter emissions standards and lower aromatics specifications are focusing attention on new blending agents and MMT (methylcyclopentadienyl manganese tricarbonyl) is one of the viable options for refiners to replace lost octane quality.

- In this regard, PARCO has installed this facility in October 2016, in order to provide high octane gasoline with relatively less emissions. It has been proven in the world as a good additive to reduce emissions of NOx and CO by having good combustion of fuel in the engine.



## 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 2000 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.
- PARCO is planning to have maximum utilization of its Mahmood Kot-Faisalabad-Machhike (MFM) pipeline from its installed capacity of 4 million tons per annum to 5 million tons per annum. The pipeline will be used for pumping MOGAS along with HSD in batches after necessary addition and modifications in the current MFM system. After commissioning of the project, PARCO will be able to enhance the utilization of its pipeline system to its maximum capacity. In addition, heavy traffic load on the trunk roads will be further alleviated as hydrocarbons will be transported safely through pipeline system which is most efficient and safe system for transportation of flammable liquids.
- 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 (Sulfur 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.
- PARCO encourages employee participation, 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

#### 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 services' contract
- HSE orientation for the contractor's workforce
- HSE training for the contractor's staff
- 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 no contamination in soil and water is done, and have 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 3<sup>rd</sup> 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, Sulfate, 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, 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.

- 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.

#### National Safety Council, USA Membership and Programs

Over the 16 years of refinery operation, PARCO has developed and implemented Safety systems for safe operation and safety of personnel working in refinery environment. During this period these systems have been recognized within the country with "Environmental" and "Fire and Safety" awards. PARCO has endeavored upon to have its systems internationally recognized by enrolling with the National Safety Council (NSC), USA as a member organization.

#### 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 housekeeping is done in the housing complex and basic safety procedures are being followed.

#### PARCO – Family Safety Awareness Program

- In order to propel safety behavior amongst the residents of PARCO Mid-Country Refinery (MCR) – Housing Complex, HSE successfully organized a Safety Awareness Session in the Auditorium on 10th February, 2016. Its objective was to provide awareness to the children and families about the safety hazards in the housing complex. The one hour session was structured on six brief presentations on matters pertaining to open electrical boxes, over speeding, storing Mogas containers in houses, fire extinguishers, car scratching and cleanliness in housing.

#### 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, 3 daily newsletters were printed and displayed at prominent locations of MCR for employee's awareness and updated information regarding Occupational Health, Safety and Environment.

#### Safety Walk 2016

- Safety Walk 2016 was celebrated in June, 2016 at MCR and will continue to be a yearly event for increasing awareness of all staff and their families. The theme of this walk was "Safety starts at home and is everyone's responsibility". Children from school within PARCO Housing Complex, as well as the families of employees actively participated in the event with approximate participation of above 700 people. The Safety walk was followed by award distribution ceremony in which awards were given to winners and runner-ups of Plant Safety and Housekeeping Audit 2015-16 and Safety Quiz 2016 contest. Prizes were also given to the housekeeping coordinators and monthly best safety slogan contest winners.

#### Appreciation Program for Best Environmental Practices

PARCO has always been at the forefront in minimizing the impact of its business operations on employees, environment, customers, shareholders and communities. From environment-friendly products to immaculate plant facilities and infrastructure, everything points towards the vision of PARCO "Preserving Mother Nature and Making the Environment Purer". In support of appreciation for the commitment of employees towards environmental initiatives and best practices, PARCO has a very sound awarding system:

- Gardening competition among the employees residing in the housing complex to promote green environment in housing complex. Approximately more than 20 awards are given in 6 different categories.
- Tree plantation activities by employees and children. Approximately 2,000 trees planted at housing complex and refinery.
- Appreciation Letter is given to the employees for an environmental initiative which is verified through an approved criterion.
- Environmental quizzes on yearly basis
- Appreciation letter to the employees on preventing spills and fires.





## 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 factsheet of all chemicals. This provides a great ease for employees in considering the first aid requirements, handling and storage procedures, environmental aspects, etc.

#### 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 finds out how an individual could manage health and safety better and it meets the 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 to ensure that the demands of the job do not exceed their ability to carry out their work without risk to themselves, others and environment.

- Trainings are carried out twice a week for all PARCO employees.
- Trainings are based on the training need analysis, audits and incident reports.
- 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's refining facility, Fauji Fertilizer Company, etc.
- Mutual Aid Partners were provided trainings on Emergency drills.
- HSE trainings to the internees 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, extinguishing a fire that had a potential of developing into a huge fire, if the response is delayed. These trainings were initiated in the year 2001 and till now 414 participants from MCR, 213 participants from Pipeline Division and 19 PPGL employees, as well as 2 contractor's staff members 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 Equipments installed at PARCO, use of Emergency Equipment, Personal Protective Equipments (PPEs), 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 a one month comprehensive training program for the new batch of trainees at MCR. The training program was divided in five days of class room sessions and four days of practical field training. As a result, the new inductees are now fully trained in HSE systems and procedures and able to identify potential hazards. For analyzing the effectiveness of training, a post training evaluation test was also arranged by HSE which shows their interest in training elements and promotion of safe working culture. During 2016, a total of 83 HSE training sessions were conducted in which 509 participants were present.

#### 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, it 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 first aid training was held for the PARCO Pearl Gas Limited (PPGL) employees at a Lahore Filling Station. Approximately 20 employees participated in the training. The aim of the training was to prepare an emergency response team which will provide immediate first aid and prepare the injured for further medical treatment.
- 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.



#### Mutual Aid Partners Combined Drill

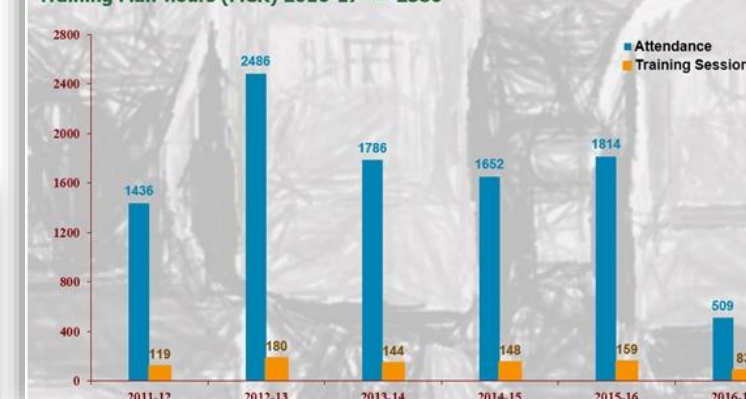
- A combined drill of PARCO's Mutual-Aid Partners was held at MCR on 24<sup>th</sup> March, 2016. The purpose of this drill was to check and ensure the compatibility of equipment in case of a catastrophic incident, resources required versus available, mutual aid team response time etc. The combined fire drill was conducted in the Fire-Training area on the west side of the plant. The participants included the Fire Crew and management's members from KAPCO, AES-Lalpur and TPS Muzaffargarh.

#### White Oil Pipeline Optimal Utilization Study

- 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 HAZOP is in progress. After completion of the project, utilization of pipeline system will be enhanced to its maximum capacity. In addition, heavy wheelers' & bowsters' traffic load on the trunk roads will be alleviated as hydrocarbons will be transported safely through pipeline system which is the most efficient, economical and safe mode for transportation of flammable liquids.

#### PARCO Employees Training Status

Training Man-hours (MCR) 2016-17 = 2386



## 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

### Health Safety Environment (HSE) Training Programs

#### Basic Life Support Training

- Basic Life Support is the assistance given to any person suffering a sudden injury or illness; with care provided to preserve life, prevent the condition from worsening, and/or promote recovery. It includes initial intervention in a serious condition prior to professional medical help being available, such as performing CPR while awaiting an ambulance; as well as the complete treatment of minor conditions. Basic Life Support promotes adequate blood circulation in addition to breathing through a clear airway.
- A two day session on Basic Life Support (BLS) and providing First Aid in case of emergencies was held at TS-3/PS-7 Faisalabad dated 25-26 July, 2016.
- This training was organized by Station Management & HSE Engineer in collaboration with Rescue 1122 Faisalabad. Mr Muzammil and his team from Rescue 1122 conducted the training. Participants took keen interest in the training, which would be very helpful in promoting safe working environment.

#### Root Cause Analysis Workshop by HSE

- Incorrectly analyzed root cause leads to recurrence of pattern with a potential of possible accident. At PARCO, we have three very important online systems in place i.e. IRS, QRI & IMS (CPA). HSE being the custodian of IRS & IMS felt a need to arrange a full day training session with our team of engineers/internal auditors representing various departments who are actively involved in RCA process so as to improve the quality of root cause identification.
- During our review of CPAs and IRS, HSE figured out that there is a tendency to intermix root cause with causal factors and usually a causal factor is identified as a root cause, leading to recurrence of a problem.
- This full day workshop was conducted on August 18, 2016. Mr Rehan Siraj, Chief Engineer Utilities assisted by HSE Engineer Mr Mubashir Hasan and Mr Ali Waheed IMS Coordinator led this session with practical sessions and syndicate exercises. A very positive feedback was obtained from the participants.



#### Practical Training on Use of Fire Extinguishers for Contractors

- To further strengthen Emergency Response system at MCR, HSE department organized a practical training on Fire Extinguishers for contractors. The objective was to train the contractors directly involved at site to handle fire emergencies with portable fire extinguishers.
- The session was conducted on August 10, 2016. A total number of 29 participants attended the two hours training session. The session began with a brief presentation on fire extinguisher and later on a practical demonstration and training. All the participants enthusiastically participated in live firefighting.
- PARCO HSE has always remained at the forefront in training their employees and contractor staff on use of portable fire extinguishers, with an aim to protect precious lives and valuable assets.



#### Training Statistics

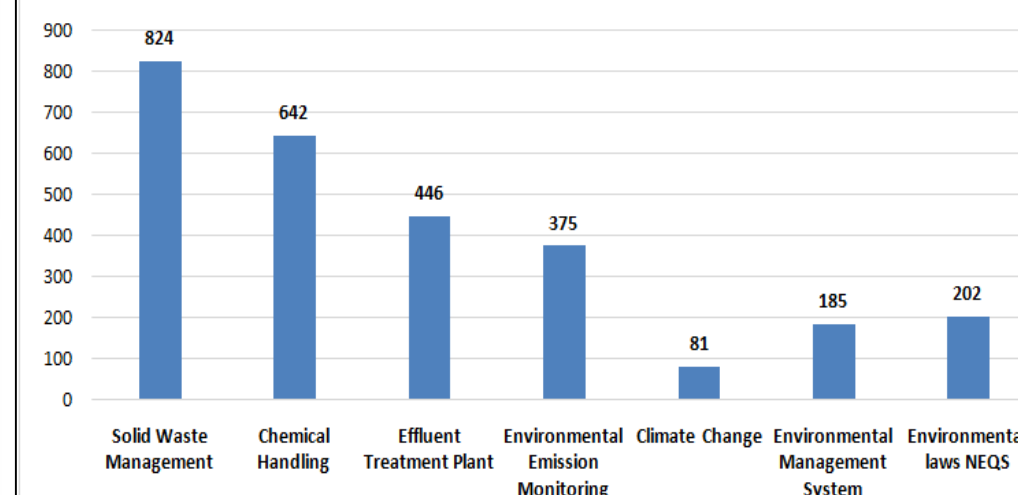
- During the year 2016, 83 HSE training sessions were conducted attended by 509 participants.
- Since 2011, 2755 participants have attended training sessions on Environment.
- More than 15 IMS training sessions on EMS14001:2004 were conducted during the last one year.

#### Environmental Training Topics

- Environmental protection act 1997 to understand legal requirement and fulfill company's obligation for companywide legal compliance
- EMS 14001 requirements and implementation across the company
- National Environmental Quality Standard (NEQS) for front line workforce to fulfill legal compliance regarding air emissions, effluent disposal, noise monitoring, vehicle emission and ground water monitoring
- Solid waste management and importance of waste segregation at source point and to find out ways and means for waste recycling, reduction and reuse
- Environmental aspects and impacts assessments to find out environmental risk and its control measures
- Global warming and Greenhouse gases monitoring and control
- Hazards of chemicals and control measures to save human health and environment
- Awareness session for contractor work force to understand environmental requirements during new and modified projects
- Environmental and safety promotion walks in community and housing complex to spread awareness to the general public on environmental challenges
- Environmental and safety quiz among employees to enhance general knowledge regarding environment and safety
- Awareness sessions on reduction of electricity consumption to save energy and protect environment
- Gardening competition in plant and housing complex
- Environmental awareness session and posters' competition in PARCO School to educate new generation



#### Environmental Trainings 2011-2016





## 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 has Effluent treatment plant having a capacity of 340m<sup>3</sup>/hr. Here 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 within NEQS limits before is discharge into local Saim Nala. The laboratory tests for effluent water are done on daily basis and ensured that parameters are within the NEQS limits it is allowed to discharge. If any parameter is not within NEQS limits then the whole batch of effluent water is diverted back to diversion tank of capacity 25,400m<sup>3</sup>, and processed again.
- During the year 2016, effluent water treated was 1,514,992 m<sup>3</sup> at a rate of 172.94 m<sup>3</sup>/hr.

#### Effluent Monitoring Plan

Daily monitoring for PH, COD, temperature, sulfates, suspended solids, total dissolved solids, BOD monthly monitoring, third party environmental monitoring (all parameters) twice a year. Prior permission is obtained from the concerned authority before disposal of liquid waste after treatment into Ghazi Ghat Saim Naala.

#### Tree Plantation/ Horticulture

PARCO always takes keen interest when it comes to preserving and improving the Eco system. As tree plantation plays an important role in the improvement of Eco system, PARCO Mid Country Refinery

keeps massive budget for Tree Plantation/Horticulture annually. In the year 2015-16, plantation of approximately 2000 trees had been carried out.



#### Weather Station - Weather Hawk

The PARCO Mid-Country Refinery has installed its own weather station to keep itself updated on daily 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.

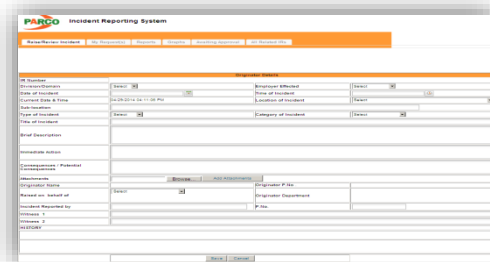
#### Hazardous Waste Sludge Pit

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

#### Diesel Hydro Desulfurization Plant Producing Euro II High Speed Diesel

- With the 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.
- During 2016, the DHDS plant at PARCO has processed more than 1.15 million metric tons of High Speed Diesel on EURO II specifications.

- 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.



#### Energy Savings at Stations and Terminals

Company 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 1,950,000 KWH in 2015-16.

#### Drag Reducing Agent (DRA) Treatment

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

- Heaters and Boilers are the major sources of energy utilization at a 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 is done on monthly basis
- To save energy and environment we have dual fire system heaters 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

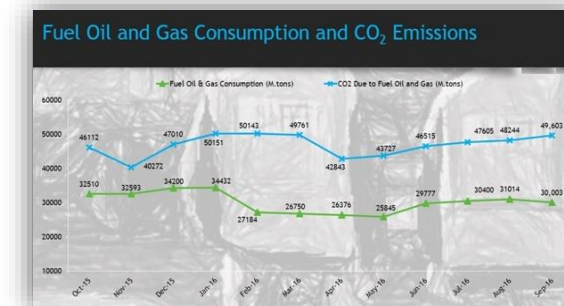
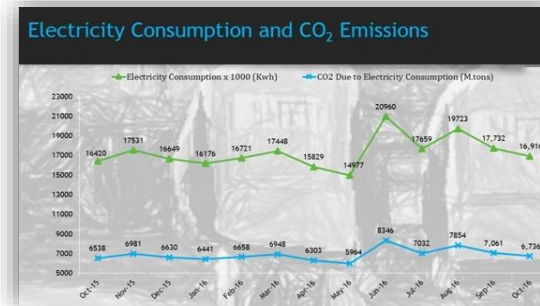
- Standard specification power driven motors are used to achieve;
  - Highest levels of efficiency
  - Low energy losses

#### Solomon Benchmarking

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

#### Carbon Dioxide Emission Monitoring

- CO<sub>2</sub> 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.







# 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	<ul style="list-style-type: none"><li>• Compliance with Statement of Ethics and Business Practices is pursued at all levels and locations.</li><li>• All funds, assets, receipts and disbursements are properly recorded in the Books of the Company.</li><li>• Compliance with regulations of the Securities and Exchange Commission of Pakistan.</li><li>• 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.</li><li>• PARCO has IMS, HSE, Environment, CSR, Financial, HR and other audits done to ensure compliance with best practices and ethical standards.</li><li>• PARCO has NEVER been involved in any court case related to corporate malpractices or corruption or bribery, etc.</li><li>• 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.</li><li>• 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.</li><li>• 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.</li><li>• At PARCO, transparency in all our operations and management systems is considered top priority and ensured at all levels.</li></ul> 	<ul style="list-style-type: none"><li>• Since the commencement of PARCO's operations in 1974, there has been no instance of extortion or bribery.</li><li>• Compliance with the Company's Financial Authority Manual specifying fiscal limits for transactions at various levels and positions.</li><li>• Company Procurement Policy is approved by Board of Directors.</li><li>• 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.</li><li>• 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.</li><li>• Separate committees are constituted for transparent and merit-based prequalification, quotations opening, tender opening, etc.</li><li>• 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.</li><li>• All contracts, business activities, operations, procurement, etc., are subject to Internal and External Audit.</li><li>• To ensure transparency, sealed bids are invited against request for quotations, except for proprietary items.</li><li>• Purchase Orders are issued to technically compliant commercially lowest bidders for procurement.</li><li>• Centralized Procurement with due diligence.</li><li>• PARCO is not allowed to commit any terms and conditions with any Supplier/Service Provider against any law of Pakistan.</li><li>• Payment to any Supplier/Service Provider/Contractor is made after proper inspection by the concerned Department and confirmation of acceptance.</li><li>• 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.</li><li>• 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.</li><li>• In exceptional cases, where it's deemed necessary, price negotiations are carried out by a Committee approved by Managing Director.</li></ul>	<ul style="list-style-type: none"><li>• Elimination of discrimination during selection of Vendors/Contractors/Service Providers by check and balances against introduction of discriminatory conditions.</li><li>• Pre-qualified Vendors/Contractors list is periodically updated through advertisements placed in newspapers and evaluations based on predetermined criteria.</li><li>• 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.</li></ul>  





**PAK-ARAB REFINERY LIMITED**

A Pakistan-Abu Dhabi Joint Venture

Corporate Headquarters

Korangi Creek Road, P.O. Box 12243, Karachi-75190,  
Pakistan

UAN: (021) 111-392-567

Tel: 021-35090100-25

Fax: 021-35090625

Email: [info@parco.com.pk](mailto:info@parco.com.pk)

Web: [www.parco.com.pk](http://www.parco.com.pk)

Designed and Developed by PARCO Corporate Communications Team  
For further information/queries, please email at [salmanzakir@parco.com.pk](mailto:salmanzakir@parco.com.pk)