

PARCO COMMUNICATION ON PROGRESS 2019



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



COMMUNICATION ON PROGRESS 2019



Message from the Managing Director

I am pleased to share our 9th Communication on Progress report 2019, which is a glimpse of our contributions towards implementing the ten principles and the Sustainable Development Goals (SDGs). Pak-Arab Refinery Ltd (PARCO) as a responsible corporate entity not only supports the ten principles of the UN Global Compact on Human rights, Labor, Environment and Anti-corruption but strives hard to inculcate them at Corporate Strategy level.

PARCO has been recognized nationally and internationally, for its professional and social contributions through President of Pakistan Award, UNGC Best Practices Sustainability Award, CSR Leadership Award, Environment Excellence Award, and Best Organization Award. The Company set another milestone by winning the Excellence in Women Empowerment award. This validates the initiatives taken by PARCO to empower women and promote gender equality not only at the workplace but at various community projects as well.

Our Communication on Progress report ratifies PARCO's commitment, firm management systems and specific actions towards implementation of Sustainable Development Goals and advancements in the Ten Principles of UN Global Compact.



Tariq Rizavi
Managing Director
Pak-Arab Refinery Limited

March 2019

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 second largest Oil Marketing Company in the Country. PARCO is also marketing nationwide LPG under the brand name of Pearl Gas. High quality asphalt is being marketed as Biturox.

PARCO Pearl Gas (Pvt) Ltd (PPGL), formerly known as 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 twenty consecutive years. The company set another first in Pakistan when it obtained three simultaneous international certifications: ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System) and ISO 45001:2018 (Health and Safety Management System). PARCO has also received the Environment Excellence Awards for the last several years and is rated among the top 10 organizations in Pakistan for outstanding achievement in Environment Management.

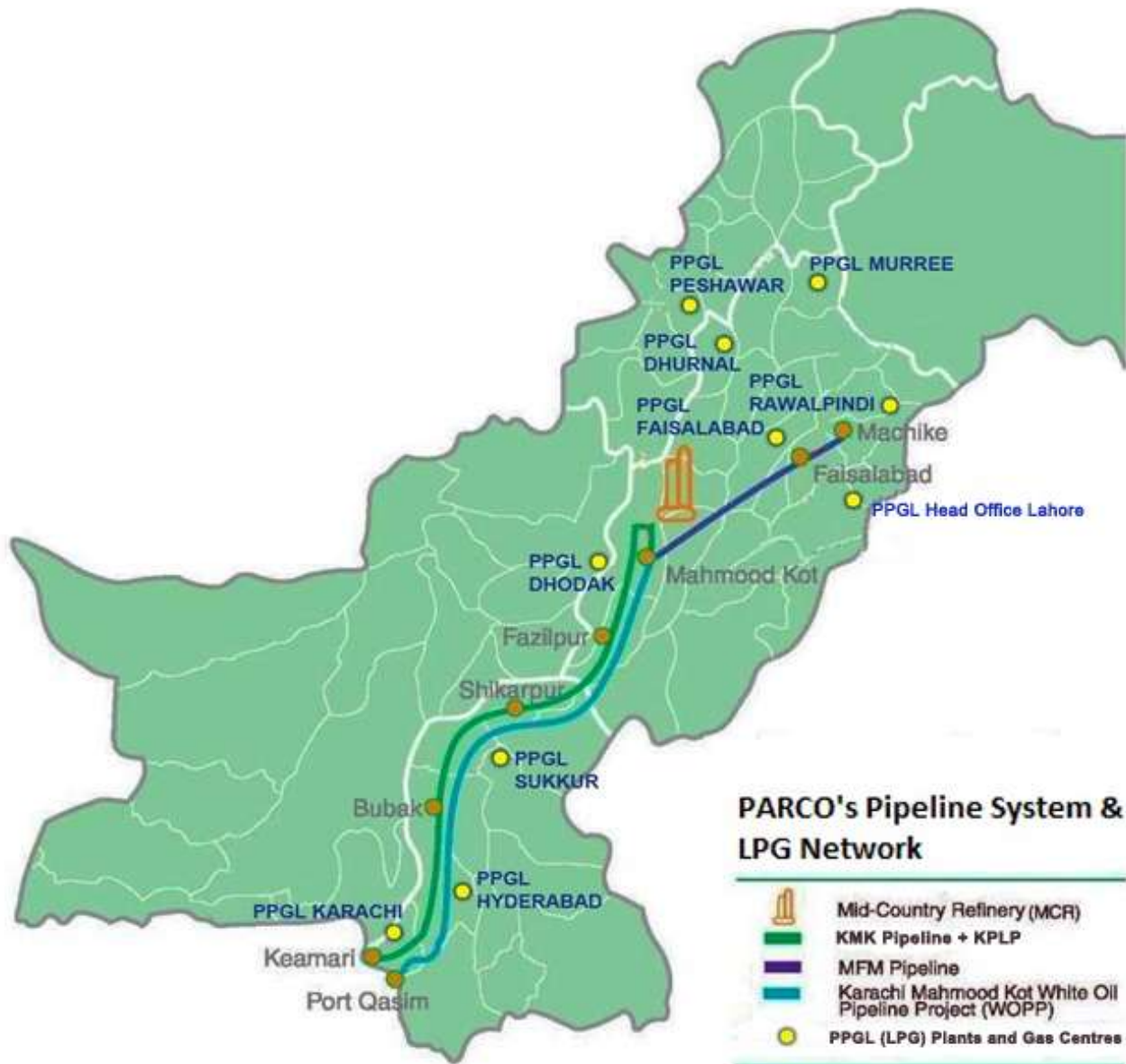
As a good corporate citizen, the company focuses on meeting the expectations of its internal and external stakeholders in a professional and strategic manner. PARCO not only invests in its employees, makes efforts for customer satisfaction and operates ethically, but also undertakes a wide range of projects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

PARCO has always responded passionately to the nation's distress calls during natural calamities such as earthquakes 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 2018

PACRA Maintains “AAA” Entity Ratings of Pak-Arab Refinery Limited for 20 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 20 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 2018

The Federation of Pakistan Chambers of Commerce and Industries (FPCCI), the apex body representing Pakistan's Industry and Services, held its 42nd FPCCI Export Awards Ceremony to recognize the services of organizations contributing in the progress of Pakistan.

PARCO is honored by the esteemed President of Pakistan award for the seventh consecutive time for its outstanding services in refining and transporting of petroleum products. In the distinguished award ceremony, Honorable Prime Minister of Pakistan, Mr. Imran Khan, presented the Award to Mr. Tariq Rizavi, Managing Director, PARCO.



Honorable Prime Minister of Pakistan, Mr. Imran Khan, presenting the Award to Mr. Tariq Rizavi, MD-PARCO

FPCCI Achievement Awards 2018

The Federation of Pakistan Chambers of Commerce and Industries (FPCCI) held its 6th FPCCI Achievement Awards 2018 Ceremony to recognize the services of organizations in various sectors contributing towards the progress and prosperity of Pakistan. PARCO was selected by the FPCCI's jury in the category of Energy, Power and Petroleum Sector for the 6th consecutive year.

The then President of Pakistan, Mr. Mamnoon Hussain, presented a Gold Medal to CEO PAPCO, Mr. Shujauddin Ahmed in a prestigious ceremony held at Sindh Governor House.



Former President of Pakistan, Mr. Mamnoon Hussain, presenting the Gold Medal to Mr. Shujauddin Ahmed, CEO-PAPCO

PARCO Wins EFP's Employer of the Year Award 2017

PARCO has won First Prize in recognition of its Best Employment Practices, for the sixth consecutive year. PARCO was included in the category of Large National Companies.

The Employer of the Year Awards were introduced by the Employers' Federation of Pakistan in 2012. This year, EFP announced the awards in the categories of Multinationals, Large National Companies and Medium & Small Enterprises for their contribution towards creation of skilled human resource, respect for human rights and compliance to labor laws.

The **First Prize in Best Employment Practices** recognizes the Company's world class Human Resource strategy which is continuously enhancing its human capital, upgrading HR practices and processes, and providing a supportive workplace environment.

Deputy Managing Director (Finance & Corporate Affairs), Mr. Shahid Mahmood Khan received the award.



DMD (Finance & Corporate Affairs), Mr. Shahid Mahmood Khan receiving the 1st Prize in Best Employment Practices from Mr. Zulfiqar Bukhari, Prime Minister's Special Assistant on Overseas Pakistanis and Human Resource Development

PARCO Wins Excellence in Women Empowerment Award

The Employers' Federation of Pakistan held a ceremony on 21st March, 2018 to mark "International Women's Day". The aim was to recognize business organizations having outstanding record of contributing to gender mainstreaming and women empowerment in their organizations.

In this prestigious ceremony, PARCO was awarded with the Excellence in Women Empowerment Award in the category of Multinational Companies. Ms. Sharon Dias, General Manager, Corporate Affairs-PARCO received the award from the chief guest, Ms. Naheed Memon, Chairperson, Sindh Board of Investment.



Ms. Sharon Dias, GM (CA)-PARCO, receiving the award from chief guest, Ms. Naheed Memon, Chairperson, Sindh Board of Investment

The panel of judges voted unanimously to give The Women Empowerment Award to PARCO for the Company's vision and its Women Empowerment initiatives and practices. PARCO believes in providing equal employment opportunity and enabling a safe and healthy working environment for all its employees.

Environment Excellence Award 2018

PARCO has been awarded the 13th consecutive Annual Environment Excellence Award by the National Forum for Environment and Health (NFEH). **PARCO for the tenth 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. Hafiz Saifullah Khalid, Station In-charge, Shikarpur Station, PARCO receiving Environment Excellence Award

CSR Leadership Excellence Award 2019

The 11th International Corporate Social Responsibility (CSR) Summit was organized at a hotel in Islamabad in January, 2019. The objective of the event was to recognize and promote organizations that are making outstanding contributions for a sustainable future through CSR initiatives.

In a prestigious ceremony, PARCO was awarded with the **8th consecutive Corporate Social Responsibility Award** for its vision and implementation through contributions in the field of CSR. As a member of United Nations Global Compact, PARCO has a clear vision to implement Sustainable Development Goals (SDGs) in all its spheres of business. Ms. Saba Ahmed, Senior Management Executive, Corporate Communications received the award on behalf of PARCO from the chief guest, Mr. Arif Alvi, Honorable President of Pakistan. Prominent personalities belonging to the corporate sector, Government officials and many NGO's were also invited to the event.



Ms. Saba Ahmed, Senior Management Executive, PARCO receiving CSR Leadership Excellence Award from Honorable President of Pakistan Dr. Arif Alvi.

First Prize for PARCO's Corporate Garden

PARCO has been winning prizes for its Corporate Garden for the past several years. During the Flower Show, PARCO secured First position for its Corporate Garden in a competition held by the Horticulture Society of Pakistan. PARCO has been winning first position for several years in this competition.



Col. Retd. Salman Ahmed Khan, Section Head-Administration Department receiving the award.

Fire and Safety Award 2018

PARCO's safety initiatives, policies and practices have been recognized by the National Forum for Environment and Health (NFEH) and Fire Protection Association of Pakistan (FPAP), awarding the company with Fire and Safety Award 2018. This is the sixth consecutive award that the Company has won.

Mr. Parvaiz Ahmed, Manager Stations & Terminals received the award on behalf of PARCO. PARCO is one of the leading energy providers in the country. Due to the nature of our business, the Company has always given priority to occupational health, safety and environment protection. Our policies and practices ensure safer modes of business and operations for the betterment of our internal and external stakeholders specially the environment. The role of HSE in PARCO is crucial for eliminating and mitigating all occupational hazards and risks involved in handling hydrocarbons. All procedures and processes are timely revisited to avoid unforeseen events proactively. The Company gives special importance on the safety trainings and has an extensive program that runs throughout the year.



Mr. Parvaiz Ahmed, Manager Stations & Terminals, PARCO receiving the Award

PARCO Receives UNGC Best Practices Sustainability Award 2018

United Nations Global Compact Network, Pakistan organized "Living the Global Compact Business Sustainability Awards 2018" to acknowledge organizations demonstrating the UNGC Principles and SDGs in action through Best Practices, not just a specific CSR project or program. Reputable Pakistani companies and institutions are signatories to the United Nations Global Compact and have committed themselves to adopting its universal Ten Principles.

PARCO, an active member of the UN Global Compact (UNGC), has been awarded the UN Global Compact Best Practices Sustainability Award 2018 for the fifth consecutive time. 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. Saba Ahmed, Senior Management Executive-Corporate Communications, PARCO receiving the Award

The UN Global Compact Award not only acknowledges PARCO's commitment towards strategic and sustainable CSR, but also appreciates its efforts in reporting globally the practical implementation of SDGs through its various CSR projects. On this prestigious occasion, Ms. Saba Ahmed, Senior Management Executive, Corporate Communications, received the Award from the chief guest, H.E. G.L. Gnanatheva, The Consul General of Sri Lanka. The Jury appreciated PARCO's efforts in making important and substantial investments in Society, especially the initiatives pertaining to Community Engagement, Women Empowerment and Employee Care.

Occupational, Safety, Health and Environment Award

PARCO was recognized by the Employers Federation of Pakistan at its 13th EFP Annual Awards Ceremony in the area of Occupational Safety, Health and Environment (OSHE) for the year 2017.

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 expertise.

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 won the “Overall Platinum Award”. Mr. Tariq Saeed, Manager HSE, received the award.



Mr. Tariq Saeed, Manager HSE-PARCO receiving the OSHE Award



HUMAN RIGHTS

- PRINCIPLE 1** Businesses should support and respect the protection of internationally proclaimed human rights; and
- PRINCIPLE 2** make sure that they are not complicit in human rights abuses.

HUMAN RIGHTS

PRINCIPLE 1

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

Our Commitment

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

Management Systems

HR Management, Administration

HR Management, HSE, Security

Communities

Actions

Education

Health

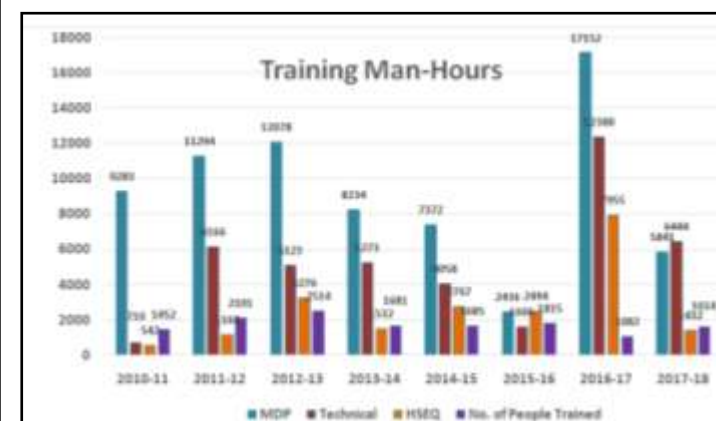
Work Safety

Stakeholder Involvement & Community Investment

Results

Employee Development

- PARCO has been continuously endeavoring to enrich its human capital by adopting new techniques and methods for developing its people. PARCO helps and guides its employees, through appropriate training, to make the best use of their talents.
- Training Needs Analysis, Personal Development Plan and Career Planning are formalized processes for all employees.
- PARCO provides its employees with developmental opportunities to acquire knowledge and build up skills through training and self-development, to the mutual advantage of the employees and the Company. The ‘Educational Refund Plan’ is one such initiative intended to provide financial assistance to eligible employees who wish to undertake studies or trainings 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.
- PARCO has an extensive Management Development Program (MDP) for employees. All trainings are planned and coordinated in a systematic manner by the Company in terms of the needs and the talents required. The training efforts are not confined to a few formal classroom courses but extend in all directions to remove employees’ weaknesses and accentuate their strengths. Last six years of Training Man-Hours data is given below.



Employee Care

- PARCO provides 100% free medical cover to its employees, their spouses, dependent sons (up to 21 years, dependent daughters (till their marriage) and reimbursement of 60% medical costs of employees’ parents. For employees who are offered Monetized Compensation Package, PARCO offers a fixed monthly medical allowance as well as Hospitalization coverage through insurance.
- All female employees including trainees are eligible for maternity leave of 12 weeks.
- PARCO helps its employees and their families with economic protection against loss of earnings in the event of 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 ISO 45001:2018 (Health and Safety Management System) certified Company. The Company has been receiving National Environment Excellence Awards for the past 13 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 2018, TS-4 at Machike was awarded the Best Station Trophy.
- PARCO continues to provide a healthy and green working environment to its employees. During 2018, 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 which results in better living conditions but also protects employees from unexpected accidents.
- PARCO has also instituted an annual ‘Safety and Housekeeping Award’ which is awarded to the 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 had successfully completed more than 9 million man-hours without Lost Time Accident (LTA) in October 2018.
- As 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 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.
- Marketing Department of PARCO conducts regular meetings with Motorway Police and different cartage contractors to discuss various issues regarding fuels’ transportation. Mr. Munawar Ahmad, Manager Marketing, and Mr. Bashir A. Swati, Section Head-M&C, PARCO, participated in these sessions to amicably address the issues related to transporters and Oil Marketing Companies.
- Emission testing of vehicles, diesel driven engines and generators is carried out periodically to avoid any environmental hazard.
- Medical tests of all employees of different age groups are carried out periodically and respective treatment (if required) is prescribed by Company Doctor.

The social contribution by PARCO in the society it operates, has been well received since the past several years. The company is striving towards making a positive impact in the lives of the communities by adopting the Sustainable Development Goals (SDGs). The SDGs have already been embedded in our CSR strategy and are playing significant role in shaping a better future. Following initiatives were undertaken in the year 2018.

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 managing 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 2018, PARCO has provided assistance to more than 118 institutions along its pipeline and refinery across Pakistan. Thousands of 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 2018, PARCO has continued its support to various 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 operations and create a positive difference in the lives of special children.



- This year, PARCO distributed school bags along with stationary items and note books to the children at PARCO supported government schools in Ibrahim Hyderi near PARCO Corporate Headquarters and nearby its Mid-Country Refinery at Qasba Gujrat. The initiative has helped the schools in improving attendance and the schools have reported increased enrollment as well. Such initiatives motivated children to choose education over child labor.



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 professionals from other walks of life. To facilitate this inter-relation, the Company sees that the employees have the facility and use of a reputable club in the city where they are posted. This is called the ‘Club Membership’ policy.
- Employees posted at remote stations, work on ROTA System, where they work for 20 days and then enjoy 8 days paid leaves with their families.
- During 2018, PARCO sponsored 6 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 spouse’s death, the Company provides transportation of the deceased and ‘Funeral Assistance’ to the family.
- PARCO has a cafeteria for employees where healthy 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 January 2018, 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 2,500 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 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 2018, 114 children of PARCO employees were provided Educational Awards.



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. PARCO provides assistance for funeral, daughter’s marriage and medical support on case to case basis. Educational awards are given to children of employees including non-management staff in recognition of their performance in Secondary Education. The Company also supports its service providers’ 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.

Increasing Self-Reliance through Vocational Training

- PARCO had been keen in investing and fostering the culture of vocational training and entrepreneurship under its CSR Program. During Phase I, the Company provided operational support to government vocational training centers in Sindh and Punjab. Currently, there are 23 centers being aided by PARCO to fulfill their infrastructural needs and equipment requirements. This support has resulted in students getting better training on modern equipment and increasing their chances of employment.
- In 2015, PARCO had 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, which also includes additional courses on personal development and building entrepreneurial skills. These courses will educate them on how to use technology to get better access to markets, advertise their products to reach a wider customer base and remain updated on modern trends. The Center is helping the rural women in developing profitable business models, uplifting them economically. During the year 2018, a total of 37 students have passed out in two batches.
- The 23 vocational training centers supported by PARCO 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 and embroidery 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.



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 2018, 18 Trainee Engineers, 12 Management Trainees and 75 Trainee Technologists 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, as harassment is considered misconduct, liable to disciplinary action. No case of harassment against women has been registered since the inception of the Company.
- 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 1,069 children receiving quality education at PARCO TCF schools.
- PARCO's Schools and Clinics Support Program has reached upto total of 118 institutions compared to 110 during last year, with 96 schools and 22 clinics. Out of these 96 schools, majority are situated in the rural areas, with maximum female staff.
- The Community Welfare Clinic at the PARCO Mid-Country Refinery caters to more than 3,000 patients a year of which
- 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 its 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.
- PARCO's Sewing and Embroidery Center at its Mid-Country Refinery is playing an instrumental role in training women on latest fashion design and marketing techniques to become successful entrepreneurs. During 2018, 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 23 centers at Machhike, 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.

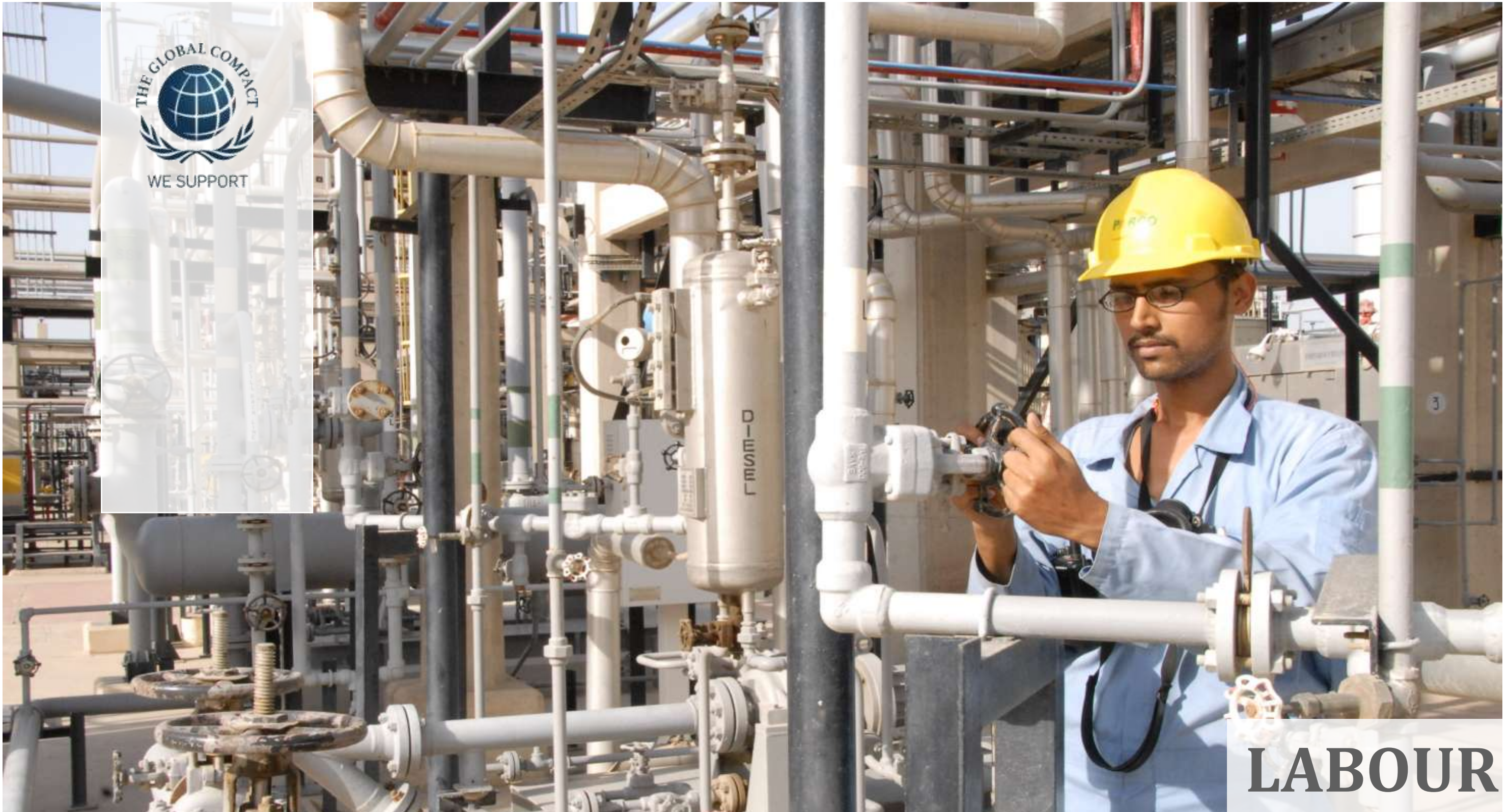
- PARCO is providing Vocational Trainings to the inmates at Women Central Prison, Karachi under its CSR Program. The aim is to help them learn various vocational training skills like sewing, cutting, stitching, embroidery and beauticians' courses. It provides them an opportunity to achieve self-reliance and become an independent member of the society after their release. This year the 5th batch of trainees successfully completed their course among which certificates were distributed by PARCO. Jail Superintendent, Ms. Sheeba Shah appreciated PARCO's efforts in imparting necessary vocational skills to inmates which give them the courage that they can also become useful member of the society.
- A Breast Cancer Awareness Campaign was organized by Shaukat Khanum Memorial Hospital & Research Centre at Total PARCO Pakistan Limited, Karachi. Pakistan has one of highest incidences of breast cancer in Asia, therefore, the purpose of the session was to create awareness among women regarding breast cancer and the measures that can be taken to control it. More than twenty ladies from PARCO participated in the event. A month later, similar session was arranged at PARCO Mid-Country Refinery (MCR) by Ibn-e-Sina Hospital in collaboration with Shaukat Khanam Memorial Hospital (SKMH). The title was "5 Minutes for Me". The session was attended by female staff of MCR along with other females residing in PARCO Housing Colony. During these sessions Dr. Kashifa from SKMH gave detailed presentation on breast cancer, its stages, early detection, prevention and treatment. Everyone took keen interest in the discussion and actively participated in the question and answer session. In the end, all ladies took oath that they will take all precautionary measures to prevent the risk of breast cancer.



- On 21st March, 2018 Employers' Federation of Pakistan held a ceremony to mark "International Women's Day". The purpose was to recognize business organizations having outstanding record of contributing to gender mainstreaming and women empowerment in their organizations.
- In this prestigious ceremony, PARCO was awarded with the Excellence in Women Empowerment Award in the category of Multinational Companies. On this occasion, GM (CA)-PARCO, Ms. Sharon Dias received the award from the chief guest, Ms. Naheed Memon, Chairperson, Sindh Board of Investment. PARCO believes in providing equal employment opportunity and enabling a safe and healthy working environment for its female employees.



Ms. Sharon Dias, GM (CA)-PARCO, receiving the award from chief guest, Ms. Naheed Memon, Chairperson, Sindh Board of Investment



- 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">PARCO workers are free to form or join a trade union of their choice without fear of intimidation or reprisal.The Company complies with Industrial Relations Ordinance 2012. PARCO has one registered trade union comprising of all non-management employees represented by 10 Collective Bargaining Agents (CBA).Management and CBA work together on many Employee Development and Welfare Programs.		<ul style="list-style-type: none">PARCO has a history of good management – employee relations. There has never been a labor strike since PARCO’s inception, and all CBA agreements have been negotiated in a friendly atmosphere.Free and fair elections of CBA were held during May 2017. Next elections will be held in May 2019.		<ul style="list-style-type: none">Employees are encouraged to voice their suggestions for improving the Company’s performance and efficiency through an ‘Employee Suggestion Program’, which is an ongoing program. The objective of this initiative is to provide employees an opportunity to come up with innovative and creative ideas for process improvement, cost savings, operations effectiveness, safety and efficiency. Under this program, employee suggestions towards improving organizational efficiency are recognized and rewarded. Suggestions made by the employees are reviewed by the Managing Director and the Executive Committee Members which Include Company’s top management.In order to obtain feedback from exiting employees on the problem areas in the Company and on the employee’s concerns, complaints and suggestions, an exit interview of all exiting employees are also conducted and remedial actions are taken accordingly.For answering queries/suggestions/complaints of employees, the PARCO HR Department has a dedicated Help Desk.The Human Resource Department at PARCO regularly conducts visits of PARCO installations at remote locations, to gather employee feedback, complaints and suggestions. The HR department also conducts Employee Focus Group sessions and Organizational Climate Survey 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. Station visits and Focus Group sessions for the financial year 2018-19 have been planned for February – March, 2019.

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">PARCO’s policy is to pay employees at all level 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 75th percentile of the industry.PARCO benefits its employees with economic protection against loss of earnings in the event of separation from service through ‘Gratuity Fund’. Besides this, PARCO also benefits its retired employees with ‘Pension Funds’. The widow/children of a deceased employee are also entitled to receive pension.PARCO also has a ‘Transfer of Ownership of Company Assets’ policy aimed at increasing employee satisfaction and retention. Under this scheme, employees are allowed to purchase Company vehicles and household appliances at a nominal cost.To assist employees in solving their transportation, housing problems and in acquiring hard furnishings for their homes, PARCO grants Car, Housing and Furniture Loans to its employees.Employees who are availing the residence facility at the Mid-Country Refinery site benefit from allotment of Company–owned residential housing, hard and soft furnishings, household appliances, world class sports, club facilities, schooling, mosque, shopping centers, etc.PARCO places utmost importance to the continuous service of its employees as being a factor to be recognized in terms of granting reward and recognition. The Company recognizes long and dedicated service rendered by employees and in recognition thereof has instituted suitable awards commensurate with the length of service. The table beside shows the distribution of 225 long service awards which have been given to employees in November 2018.		<ul style="list-style-type: none">PARCO’s employment contracts do not violate human rights or labor laws. PARCO does not have a practice of service bonds.Separation process, payment of outstanding dues, post-retirement benefits, etc. are done expeditiously.Upon induction, all employees are provided an employee handbook which includes Human Resource policies and procedures about hiring, training and development, compensation, benefits, leaves, medical benefits and much more. Furthermore, an electronic version of the book is also placed on PARCO’s Intranet Portal for instant access by the employees. The electronic version is updated as soon as amendments are made in the policies.	<ul style="list-style-type: none">Vendors/Suppliers/Contractors are checked by PARCO, 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.PARCO conducts open competitive bidding for services and materials procurement to provide equal opportunity to all qualified vendors/suppliers.																		
		<table><tr><td>Years of Service</td><td>No of Employees</td></tr><tr><td>7</td><td>68</td></tr><tr><td>10</td><td>87</td></tr><tr><td>15</td><td>19</td></tr><tr><td>20</td><td>24</td></tr><tr><td>25</td><td>12</td></tr><tr><td>30</td><td>10</td></tr><tr><td>35</td><td>4</td></tr><tr><td>40</td><td>1</td></tr></table>		Years of Service	No of Employees	7	68	10	87	15	19	20	24	25	12	30	10	35	4	40	1
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LABOUR

PRINCIPLE 5 BUSINESSES SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR

Our Commitment PARCO forbids engagement of any form of child labour in its operations or by any of its business partners.

Management Systems

Human Resource Management, Operations

Business Partners

Corporate Social Responsibility

Actions

Documented Procedures Prohibit Employment of Child Labour

Third Party Audit of Labour Conditions

Inclusion of Labor Laws (that Disallows Child Labour) in Contracts with Business Partners

PARCO Assists in Enhancing Primary and Secondary Schooling to Reduce Child Labour in its Adjoining Communities

Results

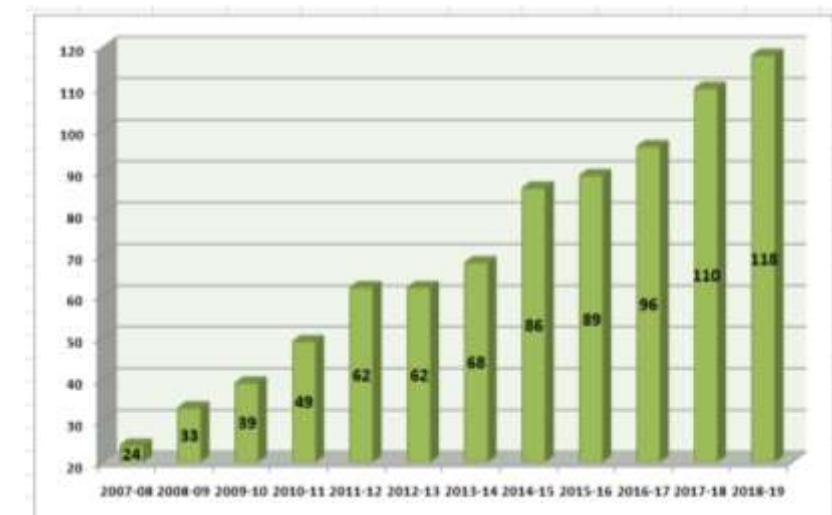
- No child labor has ever been employed by PARCO. Minimum age limit for induction is thoroughly checked by birth certificates, educational transcripts, national identity card issued by NADRA (National Database and Registration Authority) and other age verification documents; thus ensuring that there is no child labor across the company.
- Regular third party audits are conducted by the Labor Directorate's labor department, health and hygiene department, Employees Old Age Benefit Institution (EOBI), Social Security 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.
- 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.
- PARCO has been conducting a comprehensive Schools and Clinics Support Program since 2007. The program is focused on supporting schools and clinics at rural communities located near PARCO's Mid-Country Refinery and its Stations & Terminals in the Sindh and Punjab provinces of Pakistan.
- Till 2018, 118 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 118 institutions, 96 are schools where thousands of children are receiving education. PARCO's assistance to these institutions has raised the communities' interest to enroll their children in these refurbished and well-maintained schools diverting them from child labor to primary education, raising the literacy rate.

PARCO and TCF (The Citizens Foundation) – A Partnership Making Differences

PARCO in partnership with the TCF (The Citizens Foundation) – a reputed NGO in Pakistan - has developed three campuses i.e. two primary and one secondary school at Qasba Gujrat and Karachi. These campuses are built in underprivileged communities and impart quality education to around 1,069 children. These schools are making a great difference in the lives of the underprivileged in many ways.

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:

- Teacher training workshops were conducted during the summer holidays. They focus on refining the techniques and skills of the teaching staff.
- Staff development days during the academic year were meant for teachers and principal to review their class and school plans and discuss their curriculum priorities.
- Formal parent-teacher meetings were held thrice in a year. However, parents and teachers maintain an open dialogue and meet informally as well to discuss their concerns.
- Regular physical education classes and sports were held during Students Week. These co-curricular activities encourage teamwork, group participation and enhance the students' learning progress.
- TCF celebrated Independence Day in its schools nationwide. The objective was to inculcate the spirit of patriotism and a sense of national pride in our younger generation.
- International awareness days had also observed during the school year. The purpose was to develop an understanding of students on various humanitarian, cultural and social issues around the world.



PARCO supported Schools and Clinics since 2007 till date



PARCO's Investment in Quality Education

- The SDG 4 i.e. Quality Education has been PARCO's priority since the inception of the Company's CSR program. 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.
- Our Teachers Training program, that continued for 5 consecutive years 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 maintaining interest in the school and above all, improvement in the attendance culture.
- PARCO's contributions through school bags, stationeries and caps distributions are being carried out since the past five years. They 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 education over employment in early age.

LABOUR

PRINCIPLE 6

BUSINESSES SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

Our Commitment

PARCO provides equal employment opportunity and supports diversity of human capital in all its functions.

Management Systems

Human Resource Management

Corporate Social Responsibility

Actions

Ensuring Equal Employment Opportunities for All

Enforcing Code of Ethics

Workforce Diversity

Merit-driven Appointments and Promotions

Expand PARCO's Interaction with Educational Institutions

Technology Transfer

Results

- PARCO offers equal opportunity to all qualified applicants on merit base, irrespective of gender or their belonging to various faiths, religion, origin, ethnicity, color, caste and 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 to-date, 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 set of guidelines on avoiding discrimination, ensuring fair and ethical dealings with all internal and external stakeholders, 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 industry and engineering organization, PARCO encourages women for employment in all business areas including the Mid-Country Refinery, which is located in a remote area, by providing separate accommodation for single women.

- PARCO discourages nepotism and every form of favoritism. Very conducive learning environment is provided to all employees for their career growth. 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.

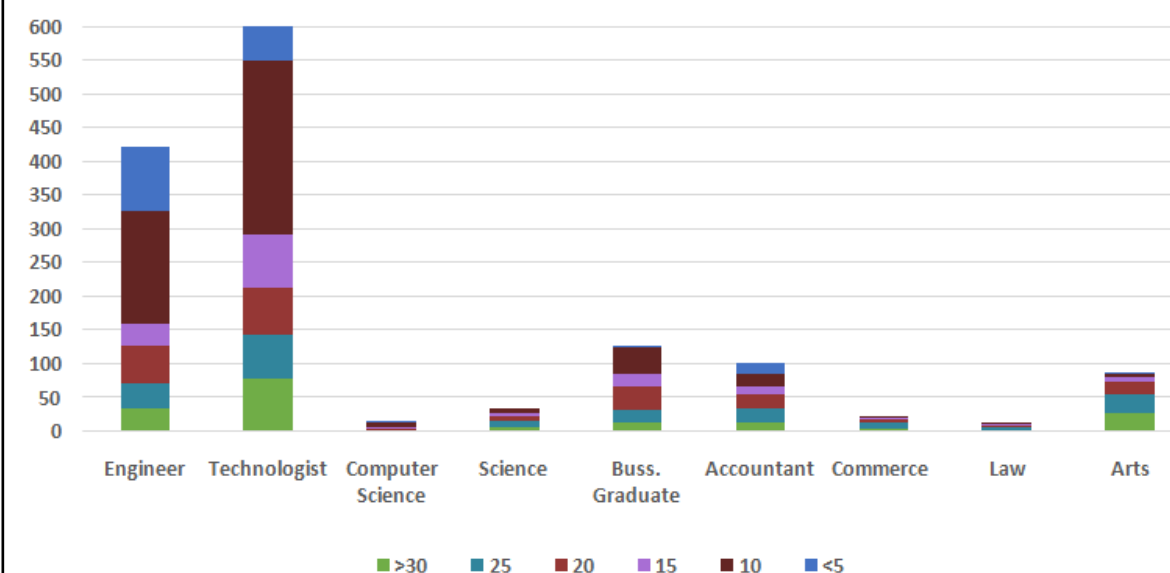
- PARCO undertakes regular summer and winter internship programs for students belonging to business and engineering disciplines where the selection of internees is done on merit. During 2018, PARCO inducted 63 interns and provided them workplace exposure with challenging projects.
- Universities show keen interest in visiting PARCO's facilities and the company organizes plant visits for petroleum, chemical, civil, electrical, electronics, telecommunication, and other engineering and business students belonging to different universities.



- PARCO possesses competent specialists in many areas and in order to utilize their expertise, these internal training resources develop and deliver training programs.
- PARCO offers Trainee Program in the fields of management and engineering. The training ranges from 1 to 2 years and provides the candidate learning and exposure to different aspects of a real life working environment. Upon demonstrating satisfactory performance at the end of the training, the Trainee is inducted as an employee if a suitable vacancy exists.
- Since 1975, PARCO has trained 1360 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 economic challenges.
- 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/upgrade their skills.
- PARCO has a reservoir of highly skilled and experienced human capital. Please refer to the graph below, showing our Talent Inventory in different areas.



PARCO Talent Inventory





ENVIRONMENT

- PRINCIPLE 7** Businesses should support a precautionary approach to environment challenges;
- PRINCIPLE 8** undertake initiatives to promote greater environmental responsibility; and
- PRINCIPLE 9** encourage the development and diffusion of environment friendly technologies.

ENVIRONMENT							
Principle 7	BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES						
Our Commitment	PARCO is committed to comply with the National Environment Quality Standards (NEQS) and ensures minimal impact on the environment.						
<div>Management Systems</div> <div>HSE, Operations and Administration</div>							
Actions							
Environment Friendly Supply-Chain		Efficient Effluent Management		Environmental Auditing, Certification and Awards			
Solid Waste Management							
Results							
<ul style="list-style-type: none">Crude Oil is the basic raw material in any oil refining industry. Environmental stewardship is a prime motivation while PARCO manages 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.We have Leak Detection System, Emergency Shutdown System, intelligent pigging, corrosion protection, and microwave towers for communication, SCADA (Supervisory Control and Data Acquisition) system to avoid leakages, thefts and intermediate storage tanks at 5 different pumping stations.During the year 2018, approximately 4.04 Million Metric Tons of crude oil was transported from Karachi to PARCO's Mid-Country Refinery (MCR) at Mahmood Kot through an 870 km long pipeline network, ensuring safe and secure transportation. This efficient supply chain eliminates the movement of oil tankers significantly contributing in reduction of air pollution.In 2018, the 362 km Mahmood Kot-Faisalabad-Machhike (MFM) pipeline transported approximately 2.25 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.Similarly, during 2018, the 786 km WOP (White Oil Pipeline) transported approximately 2.22 Million Metric Tons of HSD (High Speed Diesel) from Karachi to Mahmood Kot.		<ul style="list-style-type: none">Effluent monitoring is carried out at all Stations and Terminals and the Mid-Country Refinery (MCR). Reports are sent to Environment Protection Agency (EPA) against SMART Program.Impact on the environment from the refining process is controlled by treating and managing emissions. Low NOx (Nitrous Oxide) burners and Sulfur removal from fuel gases are examples.Effluents are treated in a state-of-the-art Effluent Treatment Plant having capacity of 340m³/hr involving extensive chemical and biological treatment. The waste water from 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.All effluents are checked and verified regularly before discharging by third party EPA (Environment Protection Agency) approved Labs to comply with NEQS.All contractors' equipment is checked for compliance to NEQS.Various chemicals in use are stored in a well-ventilated warehouse and it is ensured that a minimum level of inventory is kept to minimize the hazard. The chemical warehouse is equipped with deluge valve system to suppress any kind of contamination. Plastic trays and HDPE sheets have been placed under the chemical drums to meet the required level of protection.The results of the past eleven years from 2007 to 2018, are within the NEQS (National Environmental & Quality Standards) now SEQS (Sindh Environmental & Quality Standards) limits conducted by renowned Laboratories which are EPA (Environmental Protection Agency) certified Bodies.SEQS Tests of Liquid Effluent: Temperature, pH, COD, BOD, TSS, TDS, Oil & Grease, Chlorides, Phenolic Compounds. SEQS Tests of Air Emission: CO, No, CO2, Sox, H2S, Smoke & Noise. Air Quality Tests: SO2, CO, Oxides of Nitrogen as (NO & NO2), Ozone (O3), Particulate matter PM10, Oxygen level.		<ul style="list-style-type: none">PARCO is a fully IMS Certified Energy Company and amongst the first in Pakistan to simultaneously achieve three international certifications. Two ISO standards 9001:2008 (QMS), ISO 14001:2004 (EMS) are revised while OHSAS 18001:2007 was obsolete and a new standard ISO 45001:2018 was launched by ISO in replacement of OSHA Standard. There were major changes in all these standards requirements which needed various revisions in documentation and processes to align with the revised standards. All the necessary phases are completed according to the plan and PARCO CHQ and Pipeline Division have acquired the certification against the revised standards of ISO 9001 & 14001 as well as ISO 45001.Corporate Headquarters (CHQ) have successfully achieved renewal of IMS Recertification of the ISO 14001:2015 (EMS) and ISO 9001:2015 (QMS), first time certification of ISO 45001:2018 standards till September 2018 following an external Re-certification Audit conducted by a third party certification body in May 2018.PARCO Mid-Country Refinery had its first IMS surveillance audit conducted based on revised ISO standards by a third party in December 2018. They would be revising the OHSAS standard to ISO 45001 in 2019.During IMS Certification Audit, risk assessments were conducted in which high risk areas/activities were identified and objectives were established to eliminate, reduce and minimize the risks. The process is now continued through IMS objectives.Audits of housekeeping, gas masks, noise, work permits, closed sampling box, regular 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.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. To-date 120 Plant Safety and Housekeeping Audits of MCR have been conducted.Annual Pipeline HSE and Housekeeping Audits ensure the same commitment towards housekeeping and clean environment both in operational areas and office buildings at all stations and terminals. Senior Management Audit is carried out on monthly basis in which the Senior Management visits the plant and conducts its audits based on their expertise and also interacts with employees to gain insights.The refinery has been divided into 12 major units and audit teams to conduct management audits on monthly basis. Action points are identified and sent to concerned departments for implementation. Overall performance in 2018 remained 90.6 %. This objective shows a high management commitment and communication with employees.PARCO has been awarded the 13th consecutive Annual Environment Excellence Award by the National Forum for Environment and Health (NFEH). PARCO for the ninth 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.Recognizing our HSE initiatives, procedures, safety measures and business processes throughout our installations across Pakistan, the National Forum for Environment and Health (NFEH) and Fire Protection Association of Pakistan (FPAP) bestowed upon PARCO the Fire and Safety Award 2018. Mr. Parvaiz Ahmed, Manager, Stations & Terminals operations received the award on behalf of PARCO. This is the sixth consecutive Fire & Safety award given to PARCO.The Top Management Review is a continuous monitoring process of IMS in order to maintain and enhance IMS activities as per standards to ensure its continuity, suitability, adequacy and effectiveness as well to determine an opportunity for improvement and the need for change. Last Management Review meeting was held in April 2018. This review includes,<ul style="list-style-type: none">results of internal / external audits, environmental performance of the organization,status of corrective and preventive actions,internal / external Customer Feedback,trend analysis,status of compliance with HSEQ legislative and legal requirements,follow-up actions from previous management reviews,risk assessments,major issues discussed in the departmental HSEQ meetings,EMS Training Status Review,analytical reports, results of effluentsrecommendations for improvement.		<ul style="list-style-type: none">Disposal of solid waste at PARCO is done in such a way that it does not affect the ambiance. All the Hazardous waste from Refinery, different Stations & Terminals is collected at Hazardous Waste Yard present at MCR. The SOP has been devolved to disposed-off Hazardous waste. An online waste disposal procedure has been launched in MCR with more influence regarding the proper maintenance of data with respect to segregation of waste and it also helps to prompt the paper less environment.Two drums (yellow and green) are placed in each area i.e. plant, maintenance building, truck loading and laboratory etc. Yellow drum is designated for dumping the hazardous waste and the green drum is for non-hazardous waste.The Solid Waste Management yard is established near the north side boundary wall of the refinery. It is a well-organized area catering for everything from spent catalyst and chemical drums to used batteries. A third party of international repute is contracted for disposing the waste. All types of solid wastes are collected in the waste yard and separated according to their nature. There are five separate yards according to the nature of waste.Scrap Yard is situated near the south side boundary wall of the refinery in front of Solid Waste Management Yard. All the waste generated at the Mid-Country Refinery, Stations and Terminals is stored in the Solid Waste Management & Scrap yard. Environment section keeps the record of Solid Waste Management Yard. Hazardous waste yard gate is kept locked and the keys are available with Fire Station round the clock.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. To increase awareness regarding the waste disposal methodology a training session is conducted on regular basis.In 2018, approximately 64,970 Kgs of hazardous waste was disposed of and incinerated through EPA approved facility. This is an annually recurring activity.	
<div>PARCO's Guidelines for Disposal of Hazardous Waste</div> <div>The hazardous waste is disposed-off 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">EPA's No Objection Certificate (NOC) for disposal of hazardous waste.Safe handling and transportation of hazardous waste methods and statements.Incineration through EPA approved facility.Recycling of used lubricant oils through government approved reclamation plant.Safety of workers for handling of hazardous waste.Necessary packaging and labeling requirements.Provision of waste disposal/recycling certification and undertakings.</div>							

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

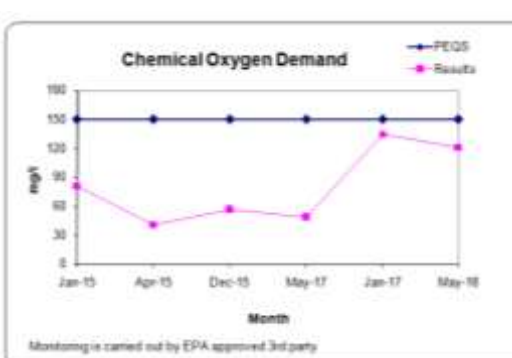
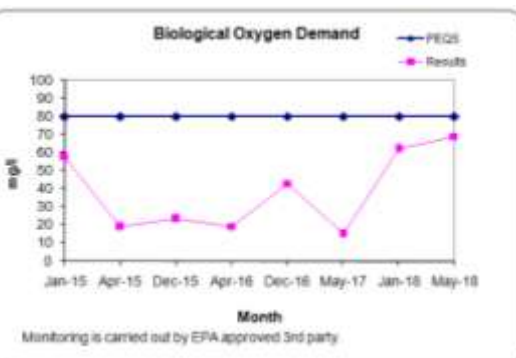
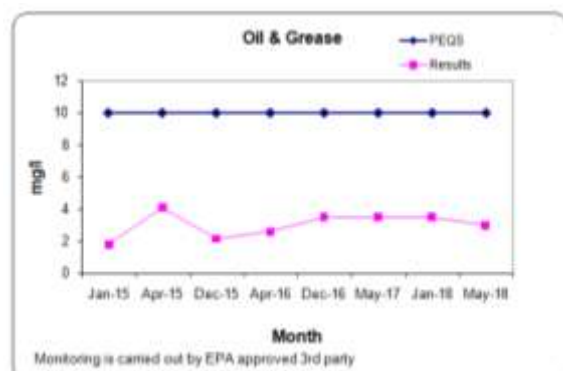
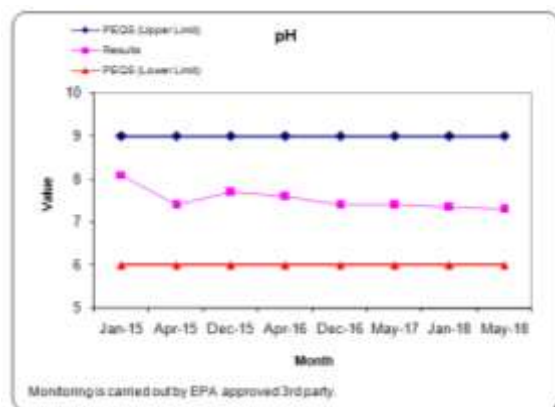
Environmental Auditing, Certification and Awards

Air Emissions Monitoring

Environment Friendly Products

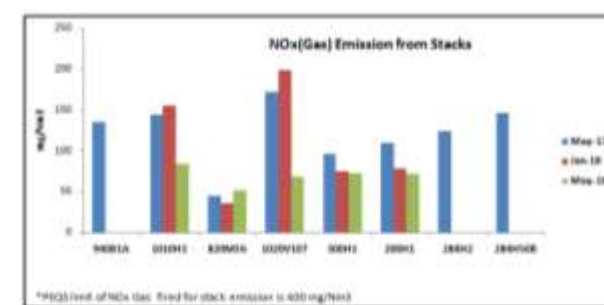
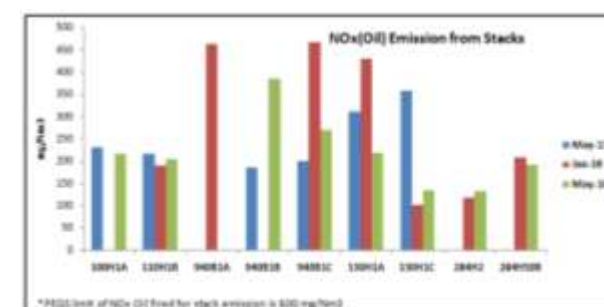
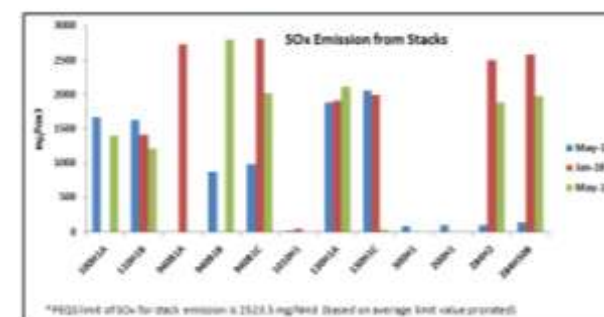
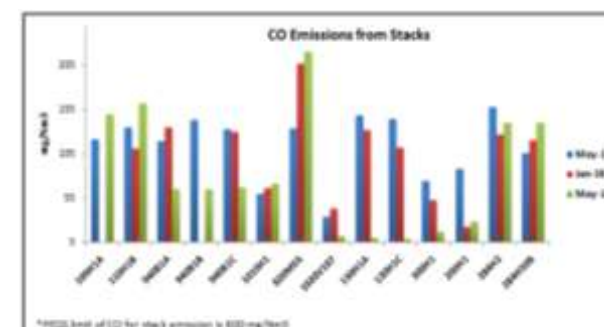
Results

- Results of some key parameters are shown below.



- During this year, 5 OHS risk assessments and one consolidated EMS Aspect Impact were carried out as per requirements of the new standard ISO 14001:2015, in which significant aspect and their impacts were also identified at corporate level. Moreover, Risk Assessment procedure is revised to include Life Cycle perspective and Significant Aspect Criteria.
- 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.
- About 21 HSEQ Internal Audits have been conducted since 2017 till 2018. The 20th Internal Audit was held in February 2018. A total of 12 observations were raised, out of which 11 have been closed while 1 observation is in the closing process. The 21st Internal Audit was carried out in November 2018 by PARCO's Certified Auditors. A total of 28 observations were raised on which concerned departments are working for their closing. In-house Gap Assessment of ISO 45001:2018 prior to re-certification audit was conducted in April 2018. All the identified gaps are addressed and certification of ISO 45001:2018 is successfully obtained.
- During the year, one new procedure "Context of Organization" is developed. Six IMS Procedures have been revised, which include "Non-conformances, Corrective and Preventive Actions", "HSEQ Internal Audits", "Measurement & Monitoring", "HSE Laws & Regulations", "HSE Communication & Consultation" and "HSE Assessment Procedure".
- Eight forms have been revised during this period, which includes Environmental Aspects & Impacts Register, Master list of HSEQ Documents, Master list of HSEQ Forms, Master list of HSEQ Documents of External Origin, Legal and Legislative Requirements Register, Context of Organization, Process KPIs Monitoring and Corrective / Preventive Action Request.
- In order to meet the revised ISO standards requirements, HSEQ Legal Aspect study was conducted in Dec 2018 to evaluate the requirements of Laws related to HSEQ and their compliance. At the end of the study a workshop was conducted in which all observations related to compliance are shared with concerned department representatives / HODs and HSEQ Legal Register is updated.

- 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. Graphical representation of some results are as follows:



- 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.
- The MCR Revamp Project is the capacity enhancement in the existing units to facilitate processing of 120,000 BPSD of the crude blend from existing 100,000 BPSD to reduce the burden of foreign imports and meeting the increasing demand of fuel in the market.
- Isomerization Unit is the environment friendly project that will reduce benzene contents of gasoline from 5% to 1% and Aromatic Contents to 42% (by volume) as well as high RON number and decreasing sulphur contents to 350 wt ppm in HSD Product Specifications to meet the Euro III gasoline specifications imposed by Government of Pakistan. Hydrogen purification system i.e. Pressure Swing Adsorption (PSA) will recover hydrogen and purify it to 99.9% by volume, meeting downstream processing requirement.



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

Increasing Health & Safety Awareness and Performance

Reduction in Pollution and Community Environment Monitoring

Initiatives Promoting Greater Environmental Responsibility

Results

- Fire, rescue and emergency drills with different scenarios are regularly conducted at all Pipeline Stations and Terminals to ensure preparedness for emergencies. An active participation is ensured from Pipeline Division to train its employees on Emergency Response.
- 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

Occupational Health Safety and Environmental Management System are implemented through well-structured management review program at all levels in the company.

- Corporate Executive committee meetings
- Mid-Country Refinery safety committee meetings
- Departmental Safety committee meetings
- Turnaround core committee meetings
- Technical review meetings
- HAZOPs Review Meeting
- Pipeline Inter-station meetings
- 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 and emails are sent 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.

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. Moreover in the recent past; many oil depots have been constructed and are operational in the vicinity around PARCO. Realizing this environmental aspect, a comprehensive ground and soil monitoring plan has been developed to ensure that no contamination in soil and water is done, and created a base line data for continuous monitoring. It includes following monitoring twice a year:

- Ambient Air Quality monitoring at 8 points inside and outside Refinery.
- Ambient Particulate Matter monitoring at 8 points inside and outside Refinery.
- Offsite Ground Water monitoring at 10 different locations.
- Noise Level monitoring outside the boundary wall.

Community's Ground Water Monitoring

- With respect to CSR initiative, surrounding ground water of refinery premises is being monitored biannually through third party laboratory certified by EPA in order to ensure safe usage of water by local community. There are 16 different parameters i.e. pH, color, TDS, taste and odor, total hardness, coliform organism, arsenic, chloride, sulfate, iron, cyanide, lead, elenium and manganese are being tested from different locations outside the Refinery as per PEQS standards.

Noise Survey

- Comprehensive noise surveys are also carried out within all operational areas, Stations & Terminals and Refinery. Ear muffs and ear plugs are made mandatory accordingly. Generator/ turbine housings, fired heaters, compressors and similar potentially high noise equipment are monitored periodically. In addition to these internal surveys, noise monitoring is also conducted by third party outside boundary walls just to make sure that communities surrounding our facilities are not affected by any noise generated due to operations.

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 practices. Environmental standards and our activities are also shared in the articles being published in these publications. During turnaround, 3 daily newsletters are printed and displayed at prominent locations of MCR for employee's awareness and updated information regarding Occupational Health, Safety and Environment.

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 producing 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 conducted among the employees residing in the MCR housing complex to promote green environment. More than 20 awards were given in 6 different categories on this occasion.
- Tree plantation activities on Environment day by employees and children. Approximately 5,000 trees are planted at housing complex, refinery and by pipeline division.
- Appreciation Letter are given to employees on promoting environmental stewardship.
- Environmental quizzes on yearly basis.
- Appreciation letter to the employees on preventing spills and fires.
- Plantation day is organized to celebrate Environment day at PARCO.

Environmental Safety Walk

- Safety Walk was celebrated at MCR on May 15, 2018 with great zeal and enthusiasm. The theme of this walk was "Fire prevention is the best control, as what burns never returns". Children from school within PARCO housing complex as well as the families of employees actively participated in the event. More than 600 people participated in the safety walk.
- Mr. Syed Ali Abid Naqvi, then General Manager-Refinery was the chief guest. All senior management from the refinery also participated in this very important event. Banners were placed at different locations on the Safety walk route to enhance safety awareness among participants in terms of Safety Behavior, Driving Safety, Fire Safety, Home Safety and Environment.
- 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 2017-18. Prizes were also given to the housekeeping coordinators. PARCO efforts and capacity for prompt response was highly appreciated by civil government in preventing a major disaster. Refreshment was distributed among the participants after the address of Manager HSE Tariq Saeed.

Home Safety Awareness

- In order to enhance safety culture in the Housing Complex, HSE organized a Safety Awareness Session in the Auditorium on 15th February, 2018. Its objective was to provide awareness to children and families about the safety hazards in the housing complex.
- Children are the future of our community and thus developing safety culture among them is necessary. This one-hour session highlighted the importance of safety practices while working at homes and workplace. Different potential hazards and the safety precautions against them were discussed. Awareness on the importance of cleanliness with respect to increasing environmental pollution was also highlighted. General knowledge based quiz activity was also the part of session for kids and prizes were distributed among them. Families and children participated in the event with great zeal. Overall feedback and response was good. Active participation of HSE team in arranging this session was appreciated.



ENVIRONMENT

Principle 8 (Contd.)

COMPANIES SHOULD TAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

Our Commitment

PARCO and its employees show responsibility by keeping its operations safe and in protection of adjoining communities in case of any emergency.

Management Systems

HSE, Operations, CSR

Health Safety Environment (HSE) Training Programs

HSE Training Overview at PARCO Mid-Country Refinery

Regular HSE trainings help to ensure employees are trained on environmental challenges, NEQS and other legal requirements. It also helps to ensure that the employees are well aware of their personal safety as well. The Company has developed a positive health and safety culture, where safe and healthy working environment becomes second nature of the individual. This also reduces the cost that would be incurred in case of accidents or occupational ill health of an employee.

The main objectives are to take into account the capabilities, training, knowledge and experience of employees; and to ensure that the work-life does not causes any risks to themselves, others and the 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.
- HSE trainings were also provided to other refineries of Pakistan such as Attock Refinery Limited, Enar Petrotech's refining facility, Fauji Fertilizer Company, etc.
- Mutual Aid Partners were provided trainings on Emergency drills.
- HSE trainings to the interneers and students of different institutions.



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 enhance preparedness of PARCO Employees in order to deal with the emergencies 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 in extinguishing a fire that had a potential of developing into a huge fire, if the response was delayed. These trainings were initiated in the year 2001 and till now 485 participants from MCR, 258 participants from Pipeline Division and 36 PPGL employees, as well as 15 contractor's staff members have been trained in the form of batches; thus creating a huge number of ERT members which are still increasing. The participants were provided with comprehensive two weeks ERT training followed by field trainings pertaining to Fire Management System, different types of Fire Equipment installed at PARCO, use of Emergency Equipment, Personal Protective Equipment (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 comprehensive training program for the new batch of trainees at MCR. The training program was spread over two weeks of classroom sessions and practical field trainings. 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.

Training Statistics

- More than 6 IMS training sessions on EMS14001:2004 were conducted during the last one year.
- IMS-MCR has organized a 2-day in-house training for PARCO employees as per ISO 45001:2018 "OH and SMS Standard" through Third Party Services. A total of 33 participants attended that session.
- Moreover, HSEQ policy of PARCO is also revised in September, 2018 based on revised standards of ISO 9001:2015 (QMS), ISO 14001:2015 (EMS) & ISO-45001:2018.

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
- Punjab Environmental Quality Standard (PEQS) 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 and fulfill the requirements
- Environmental and safety promotion walks in community and housing complex to educate 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



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

Automated Incident Reporting System

Energy Conservation Program

Results

- The Online Incident Reporting System (IRS) was successfully launched in January 2012. The purpose of the online system is 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.
- All leakage/ spillage incidents are followed by rehabilitation work to restore environmental condition and legal compliance.

- 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

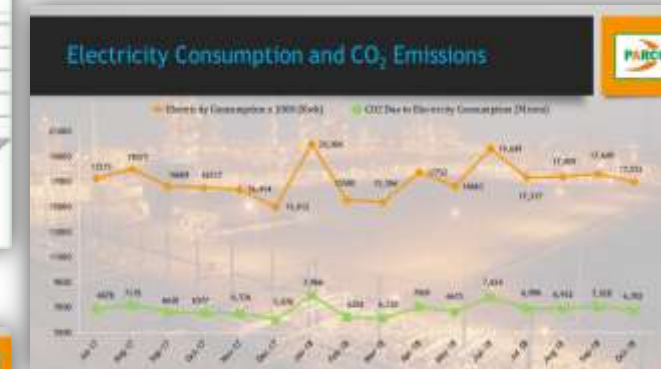
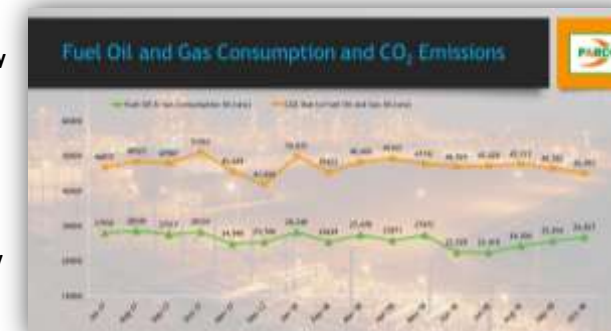
- All heat exchangers are monitored for their efficiency and energy consumption on daily basis and corrective actions are taken to maintain the highest level of efficiency
- Proper schedule for equipment inspection and maintenance
- Dismantling and overhauling of all equipment in turnaround to maintain 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



ENERGY SAVING ACTIVITIES AT PARCO		
S.No	Project/Activities	Energy Savings
1.	Online CC washing of separator liquid reactor effluent exchanger (284-E3)	Resulting in saving of 2.6 MMKcal/hr energy at 284-E3
2	External Cleaning of Crude Heater (300-H1) Radiant Section Tubes	Approx 63.55 MMKcal/Day at Crude Heater
3	Cleaning of Circulating Naphtha Exchangers (300-E1A/B)	Approx 40.8 MMKcal/Day at Crude Heater
4	Cleaning of Stripper Re-boiler (411-E9)	Approx 32.4 MMKcal/Day in terms of Medium Pressure Steam saved due to increase in Heat Transfer Coefficient
5	Cleaning of Recycle Gas Cooler (284-E4)	Approx 6.48 MMKcal/hr at Reactor Charge Heater
6	Reducing Hydrogen to Hydrocarbon Ratio at Diesel Max Unit	Approx 2.14 MMKcal/hr at Reactor Charge Heater

Carbon Dioxide Emission Monitoring

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

Energy Savings at Stations and Terminals

Company ensures saving of energy resources by adopting suitable economical pumping configurations, gravity transfer and electrical load management. Initiative for replacement of conventional lights with LED lights was also taken this year and approximately energy up to 550,000 KWH is saved every year with installation of LED Lights at Stations & Terminals. Moreover, occupancy sensors are installed to conserve more energy. Total Energy saving on account of electricity is about 2,900,000 KWH during 2017-18.

DRA Injection in Refined Products Transportation through Pipeline

In order to continuously improve and meet higher demand of customers, Pipeline Division conducted R&D of injecting Drag Reducing Agents (DRA) in refined product Pipeline. Several vendors were approached in this regard and successful test runs were carried out. As a result, Injection of DRA has started in Mahmood Kot Faisalabad Machike (MFM) Pipeline to enhance pumping capacities of refined products as well.

Refurbishment of Storage Tanks

Pipeline Division strives for the best possible maintenance techniques to ensure efficient operations. Accordingly, crude oil storage tank of capacity 15,000 MT at Kemari and HSD storage tank of capacity 27,000 MT at Mahmood Kot underwent cyclic maintenance involving extensive repair. Due to continuous operation, sludge accumulates at the bottom reducing the available storage capacity as well as accelerating internal corrosion rate of the tank bottom plates. Modern Non-Destructive techniques (NDTs) were performed for internal and external inspection of the tanks along with repairing of its foundation to increase equipment's life and ensure the overall integrity of the tank. Major activities included cleaning, sand and garnet blasting of external and internal shell and tanks bottom along with application of epoxy paint coating internally and externally to protect the structure from corrosion.

Horizontal Directional Drilling and In-Line Inspection of Pipelines

Pipeline Division ensures working of our pipeline network functional round the clock, avoiding breakdowns and arranging permanent safeguard, company opted for "Horizontal Directional Drilling (HDD)". Currently, HDD over ten overhead Canals has been successfully completed. Similarly, to maintain pipeline integrity, it is necessary to conduct comprehensive internal and external inspection of pipeline through In-Line Inspection (Intelligent Pigging). This method enables us to find out the degradation of pipeline with passage of time. Consequently, catastrophic failures of pipeline and environmental pollution will be prevented. Recently, inspection of MFM and Transfer Line (Keamari to Korangi) has been completed while hiring of services for In-Line Inspection of KMK pipeline is under process.



ENVIRONMENT

Principle 9 (Contd.)

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

Environmental Stewardship

Results

Effluent Treatment Plant

- PARCO has Effluent treatment plant having a capacity of 340m³/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 PEQS limits before is discharge into local Saim Nala. The laboratory tests for effluent water are carried out on daily basis and after ensuring that parameters are within the PEQS limits it is allowed to discharge. If any parameter is not within PEQS limits then the whole batch of effluent water is diverted back to diversion tank of capacity 25,400m³, and processed again.
- During the year 2018, effluent water treated was 1,473,630m³ at a rate of 168.2m³/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 2018, plantation of approximately 500 trees had been carried out. An additional 5000 trees would be added.



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. This product is helping EURO II compliant automobiles to perform better through fuel efficiency and low emissions.
- During 2018, the DHDS plant at PARCO has processed more than 1.1 million metric tons of High Speed Diesel on EURO II specifications.

- 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.

- 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.

- 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 by a third party, 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.

Enhancement of Mahmood Kot-Faisalabad-Machhike (MFM) Pipeline Utilization

- Pak-Arab Refinery Limited (PARCO) owns 364 KM long 18"/16" dia MFM Pipeline. The pipeline was originally designed for transporting High Speed Diesel (HSD) and Superior Kerosene (SK) since it's commissioning in 1997. The pipeline begins from Mahmood Kot near Muzaffargarh and terminates at Machhike near Sheikhpura.

- The MFM motor gasoline transportation project has been commenced. The main purpose of the project is to add and modify facilities for receiving, storing, pumping and delivering Motor Gasoline and make MFM Pipeline suitable for handling and transporting Mogas in batches along with HSD.

- This project has been divided into two phases. In the initial phase, existing infrastructure of Kerosene / High Speed Diesel at MFM stations is modified for handling motor gasoline. In second phase, an intermediate pumping station PS-6 at Kot Bahadur Shah along with additional storage capacities at Faisalabad and Machhike are being constructed. In addition to above, existing gantry facility at TS-3, Faisalabad Station is being expanded with more loading arms. Independent headers have been installed to deliver motor gasoline to Oil Marketing Companies through pipelines in the periphery of TS-3 and TS-4. Transmix tanks along with blending and truck loading facilities are also being built to receive transmix at TS-4, Machhike and transporting it back to Mahmood Kot for processing at PARCO Mid-Country Refinery.

White Oil Pipeline Optimal Utilization

- PARCO's subsidiary company, Pak-Arab Pipeline Company Limited (PAPCO) owns 780 km long White Oil Pipeline (WOP), which runs from Port Qasim (Karachi) in the South to Mahmood Kot in the North, where it ties into PARCO owned 364 km long Mahmood Kot-Faisalabad-Machhike (MFM) Pipeline.

- The WOP was originally 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. PARCO engaged an international consultant to conduct a feasibility study which concluded that Mogas can be pumped along with HSD in batches after necessary addition and modifications in WOP system. The Front End Engineering Design (FEED) & Bidding for Engineering Procurement & Construction (EPC) contract has been completed, contractor has been mobilized and field construction works are in progress. After commissioning of these projects, we will be able to enhance the utilization of our pipeline system to its maximum capacity. In addition, heavy bowsers traffic load on the trunk roads will be alleviated as well.

Isomerization Unit and MCR Revamp Project

The Isomerization Unit at the PARCO Mid-Country Refinery will convert and upgrade Light Naphtha into environment-friendly Benzene free gasoline with reduced sulphur and aromatic contents. This will also have an effect on increased Motor Gasoline production and will serve as a substitution for imports, and greatly offset the requirement of expensive imported Motor Gasoline. Environmental NOC for construction phase of PENEX and PSA units was successfully achieved in year 2018, subsequent hiring of contractor and construction has also been started and quarterly environmental compliance report is submitted to EPA.

Environmental Impact Assessment (EIA)

PARCO is always committed to comply with all the legal requirements of EPA. For this purpose, effective and comprehensive Environmental Impact Assessment (EIA) has been conducted by the EPA approved 3rd Parties for all the projects that are undergoing in PARCO as well as work has been monitored by Environmental Agencies / Funding Agencies.

A third party was involved in conducting the EIA for the recent revamp project:

- Capacity enhancement from 100,000 bbl/day to 120,000 bbl/day
- Installation of Penex/Isomerization unit and Hydrogen purification plant.





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"> Compliance with Statement of Ethics and Business Practices is pursued at all levels and locations. All funds, assets, receipts and disbursements are properly recorded in the Books of the Company. Compliance with regulations of the Securities and Exchange Commission of Pakistan. PARCO employees, if found involved in corruption in any form or contravening with any Company Policy on Ethics, Finance, Procurement, HR, Operations or any other function, face disciplinary action. Such deviations can lead to termination of service and are reflected in the employee's performance appraisal. PARCO has IMS, HSE, Environment, CSR, Financial, HR and other audits done to ensure compliance with best practices and ethical standards. PARCO has NEVER been involved in any court case related to corporate malpractices or corruption or bribery, etc. We adhere strictly to the internationally accepted Accounting Principles, SECP (Securities and Exchange Commission of Pakistan); the Country's Financial/Tax/Labor/Environment and other national and provincial legislations. PARCO developed and implemented a comprehensive Business Continuity Management Plan (BCP). The scope of the document is to have risk assessment of core business areas, identification of contingencies that can lead to loss of business reputation, credibility, a companywide or a national crisis and resources that need to be mobilized for business continuity while establishing the structure, responsibilities and communication necessary for crisis management. Business Continuity Management is a holistic process that a framework for building organizational resilience with the capability for an effective response. It safeguards the interests of key stakeholders, reputation, brand and value-creating activities. BCP is a documented collection of procedures and information that is developed, compiled and maintained in readiness for use in an incident and enables PARCO to continue to deliver its critical products and services. At PARCO, transparency in all our operations and management systems is considered top priority and ensured at all levels. PARCO has an independent Internal Audit Division that conducts periodic audits for compliance and business process improvements to the Audit Committee of the Board of Directors. This is achieved by bringing a systematic approach to evaluate and improve the risk management processes, making Internal Controls robust yet business friendly, and fostering a Good Corporate Governance Process. 	<ul style="list-style-type: none"> Since the commencement of PARCO's operations in 1974, there has been no instance of extortion or bribery. Compliance with the Company's Financial Authority Manual specifying fiscal limits for transactions at various levels and positions. Company Procurement Policy is approved by Board of Directors. Any form of extortion and bribery, given or taken, is a very serious misconduct according to the HR Policy of the company and the concerned employee is liable to be terminated for such misconduct. Separate committees are constituted for transparent and merit-based prequalification, quotations opening, tender opening, etc. Development of Annual Procurement Plan and plans for contractual work and services by external Service Providers which are pre-approved by the Company and subsequently monitored in monthly and quarterly management review meetings. All contracts, business activities, operations, procurement, etc., are subject to Internal and External Audit. To ensure transparency, sealed bids are invited against request for quotations, except for proprietary items. Purchase Orders are issued to technically compliant commercially lowest bidders for procurement. Centralized Procurement with due diligence. PARCO is not allowed to commit any terms and conditions with any Supplier/Service Provider against any law of Pakistan. Payment to any Supplier/Service Provider/Contractor is made after proper inspection by the concerned Department and confirmation of acceptance. The IMS department at PARCO takes periodical feedbacks from different vendors on PARCO's performance and their treatment. Vendor's grievances are heard and dealt with due care. To maintain the transparency of the process, end users are not permitted to have a direct contact with the vendors and contact is only through materials function, prior to award of procurement. In exceptional cases, where it's deemed necessary, price negotiations are carried out by a Committee approved by Managing Director. 	<ul style="list-style-type: none"> Elimination of discrimination during selection of Vendors/Contractors/Service Providers by check and balances against introduction of discriminatory conditions. Pre-qualified Vendors/Contractors list is periodically updated through advertisements placed in newspapers and evaluations based on predetermined criteria. No discrimination is made on basis of gender, religion, caste, origin, etc., while hiring an employee. HR policies are transparent and merit based where there are no influences or pressures as mentioned in Principle 6.





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