

PARCO COMMUNICATION ON PROGRESS 2020





COMMUNICATION ON PROGRESS 2020



Message from the Managing Director

I am pleased to share our 10th Communication on Progress report 2020. The report provides an in-depth view of PARCO's contributions towards implementing the UNGC's Ten Principles while pursuing our Sustainable Development Goals.

In 2019, PARCO has again been recognized nationally and internationally, for its professional and social contributions through President of Pakistan Award, FPCCI Achievement Award, Employer of the Year Award, UNGC Best Practices Sustainability Award, CSR Leadership Award and Environment Excellence Award. PARCO has also been active with the local bodies in reiterating its commitment towards women empowerment and gender equality. The Company has done so by creating an equal opportunity for females in all spheres of its operations.

Being part of the UN Global Compact fraternity, PARCO is committed to advancing Sustainable Development Goals and creating new opportunities for its surrounding communities to flourish and be a productive segment of the society. We believe, our journey towards a brighter future has begun with more exciting milestones to be achieved.


Tariq Rizavi
Managing Director
Pak-Arab Refinery Limited

March 2020



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 and marketing. 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 Pakistan Limited (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 engaged in countrywide marketing of LPG under the brand name of Pearl Gas and 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 sourcing, transportation, storage, filling and marketing/distribution of LPG.

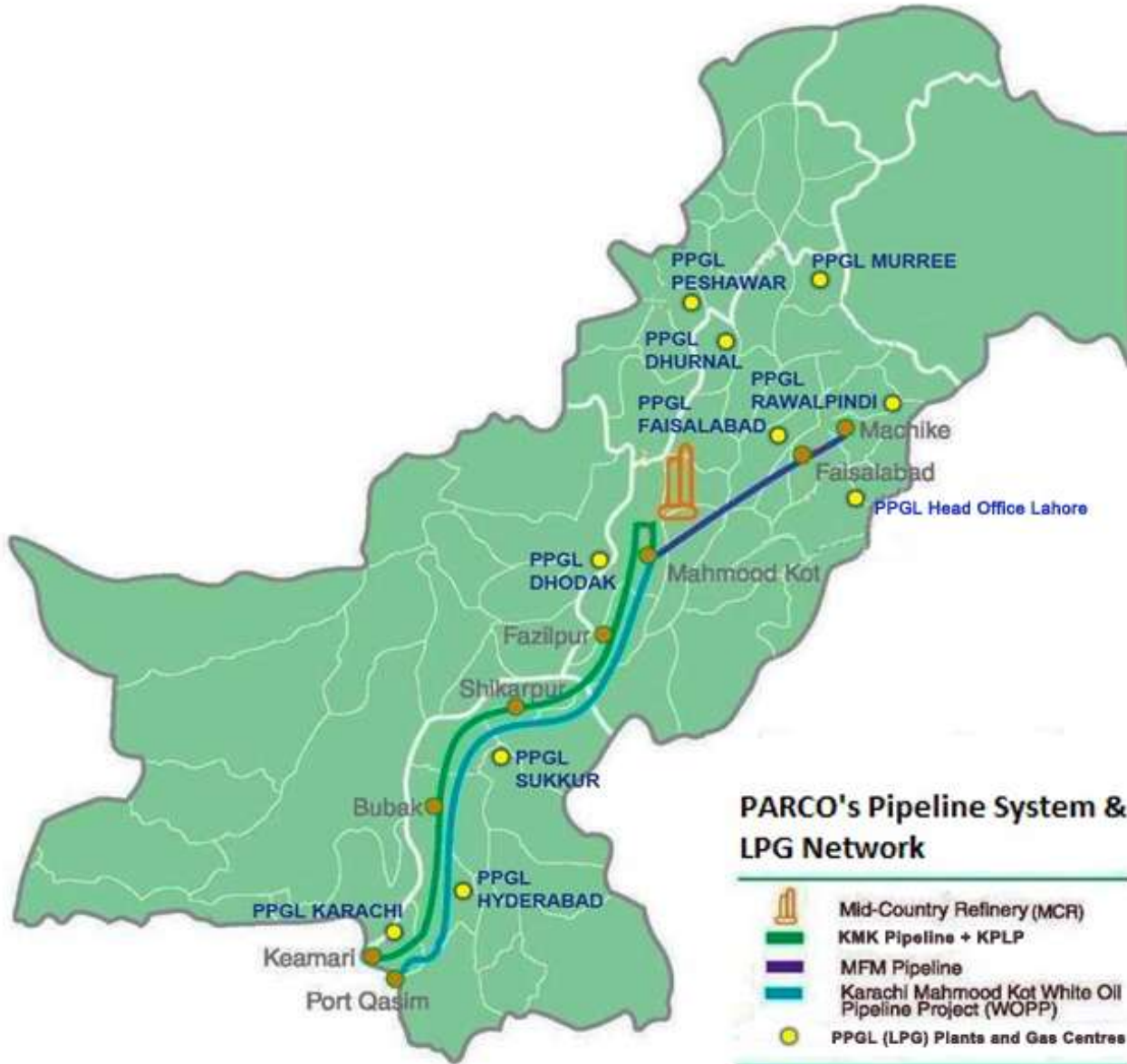
PARCO's performance can be judged by the fact that it has maintained its AAA and A1+ long and short term credit rating by Pakistan Credit Rating Agency (PACRA) for twenty two consecutive years. The company set another first in Pakistan when it obtained three simultaneous international certifications: 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 sustained help for infrastructure development and delivering first –hand services that are fundamentally required by the surrounding communities which 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.



CORPORATE RECOGNITION DURING 2019

PACRA Maintains “AAA” Entity Ratings of Pak-Arab Refinery Limited for the 22nd Consecutive Year

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 22 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 2019

The Federation of Pakistan Chambers of Commerce and Industries (FPCCI), the apex body representing Pakistan's Industry and Services, held its 43rd 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 eighth consecutive time for its outstanding services in refining and transporting of petroleum products. In the distinguished award ceremony, Honorable President of Pakistan, Dr. Arif Alvi presented the Award to Mr. Tariq Rizavi, Managing Director, PARCO.



Honorable President of Pakistan, Dr. Arif Alvi, presenting the Award to Mr. Tariq Rizavi, MD-PARCO

FPCCI Achievement Awards 2019

The Federation of Pakistan Chambers of Commerce and Industries (FPCCI) held its 7th FPCCI Achievement Awards 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 seventh consecutive year.

Honorable President of Pakistan, Dr. Arif Alvi, presented the Gold Medal to MD-PARCO, Mr. Tariq Rizavi in a prestigious ceremony held at Aiwan-e-Sadar, Islamabad. The award ceremony was attended by diplomats, business fraternity, FPCCI members and Government officials.



The Honorable President of Pakistan, Dr. Arif Alvi, presenting Gold Medal to MD-PARCO, Mr. Tariq Rizavi.

PARCO Wins Best CEO and Best Company Awards

PARCO continued its run of recognitions when it claimed the Best CEO Award as well as the First Prize announced by Employers' Federation of Pakistan in its 7th Employer of the Year Award 2018. Triumphant over many illustrious business organizations within and outside the Oil & Gas industry, PARCO bagged following awards in the category of large organizations;

- **Best CEO Award**
- **First Prize in the category of Large National Companies**

The EFP announced the Awards in three categories namely Large, Medium and Small enterprises for their contribution towards employment and organizational policies.

The EFP is a constituent of ILO and is a member of Organization of Employers – Geneva and Confederation of Asia Pacific Employers.

The awards were conferred in a prestigious award ceremony held on September 26, 2019 at Pearl Continental Hotel, Karachi. Managing Director, PARCO, Mr. Tariq Rizavi received the Best CEO Award whereas the First Prize in Large National Category was received by General Manager Corporate Affairs, Ms. Sharon Dias.



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



Ms. Sharon Dias, General Manager-Corporate Affairs, PARCO receiving the First Prize in Large National Category

PARCO Won Corporate Social Responsibility Award 2020

The National Forum for Environment and Health (NFEH) along with Sustainable Development Policy Institute (SPDI) and CSR Club of Pakistan organized the 12th Annual CSR Summit-2020 at Serena Hotel, Islamabad on January 22, 2020. 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 9th consecutive Corporate Social Responsibility Award for its 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 spheres of its businesses. Mr. Shahid Mahmood Khan, Deputy Managing Director-PARCO, received the award from Mr. Malik Amin Aslam, Adviser to Prime Minister of Pakistan for Climate Change.

Special Assistant to Prime Minister on Poverty Alleviation and Social Protection, Dr. Sania Nishtar inaugurated the conference. Prominent personalities belonging to the Corporate Sector, Government Officials and many NGO's were also invited in the event.



Mr. Malik Amin Aslam, Adviser to Prime Minister of Pakistan for Climate Change presenting an award to Mr. Shahid Mahmood Khan, DMD (F&CA), PARCO

Environment Excellence Award 2019

PARCO has been awarded the 14th consecutive Annual Environment Excellence Award by the National Forum for Environment and Health (NFEH). **PARCO for the eleventh 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. Adil Aziz Khan, General Manager-Pipeline, PARCO receiving Environment Excellence Award

Fire and Safety Award 2019

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 2019. This is the seventh consecutive award that the Company has won.

Mr. Tariq Saeed, Manager HSE-PARCO 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. Tariq Saeed, Manager-HSE, PARCO receiving the Fire and Safety Award

Occupational, Safety, Health and Environment Award

PARCO was recognized by the Employers Federation of Pakistan at its 14th EFP Annual Awards Ceremony in the area of Occupational Safety, Health and Environment (OSHE) for the year 2018.

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 consistently maintaining highest standards on safety. It shows company's commitment to follow best practices and remain a preferred employer as a successful company. Mr. Tariq Saeed, Manager-HSE, PARCO received the award.



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

PARCO Receives UNGC Best Practices Sustainability Award 2019

PARCO has won the First Prize for 'Living the Global Compact Best Practices Sustainability Award 2019', in the category of national companies and declared a Sustainable Development Goal (SDG) Champion at the business sustainability moot and award ceremony, hosted by the UN Global Compact Network Pakistan.

This is the sixth consecutive time that PARCO has been recognized for its continuous commitment towards the SDGs and the ten principles of the UN Global Compact embedded in the way it conducts business. 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.

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. Ms. Sharon Dias, General Manager-Corporate Affairs, received the award on PARCO's behalf at a prestigious ceremony. 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.



Ms. Sharon Dias, GM Corporate Affairs, PARCO receiving the 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.



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 one-year 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 according to Company needs and talents required. Training programs are aimed at bridging the talent gap. Last three 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 employee’s death or disability occurring as a result of illness or accident under the ‘Death & Disability Benefit Plan’.
- Under the Company Wellness Program, employees in the age bracket 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 in MCR Housing Colony in Qasba Gujrat.
- The Company also covers medical/traveling expenses of employees and their dependents if the patient is suffering from a disease which requires treatment which is not available 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 several years.
- 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 2019, WOTS-1 at Port Qasim was awarded the Best Station Trophy.
- PARCO continues to provide a healthy and green working environment to its employees. During 2019, 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 sports facilities to its employees including Cricket (Flood Lit ground), Hockey, Football, Volleyball, Swimming, Tennis, Basketball 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 10 million man-hours without Lost Time Accident (LTA) in October 2019.
- All the incidents and near-misses of Pipeline Division are being reported and recorded through online IRS system. Benefits such as timely information to senior management, investigation by cross functional teams, root-cause analysis and recommendations and lessons learned are also being extracted from this system for sharing with all employees.
- 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.
- 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.



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 2019.

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 Basic and Rural Health Centers, Primary, Middle and Secondary Schools, being run by Government of Pakistan.
- Since 2007 till 2019, PARCO has helped more than 100 schools and clinics 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 2019, PARCO has continued its support to various institutions for mentally challenged, blind 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.



- In October 2019, PARCO partnered with the Teachers Resource Center (TRC) and sponsored several children from Markaz-e-Umeed School for Special Children to witness the stage play. The TRC is a reputable institution working in the area of training school teachers. The institution had organized a theatrical play for school children by recreating a famous story “Ali Baba Chalees Chor”. The children from Markaz-e-Umeed thoroughly enjoyed the play and had an amazing time engaging with the actors. The school management appreciated PARCO’s efforts towards creating an opportunity for these underprivileged children to experience art and live theatrical performance.



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.



Results

- PARCO ensures a balanced work environment to all employees to allow them rest and relaxation, recuperation after sickness and for attending to personal matters.
- An employee proceeding on Annual Leave may request for advance salary payment for the 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 perform duty for 20 days consecutively and then enjoy 8 days paid leaves with their families.
- 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.
- Every year, PARCO organizes an Annual Family day for all employees and their families, where they enjoy fun rides, puppet show, magic show, games, food, etc. In February 2019, 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 whole day with their families and socialize with 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’s performance is monitored / guided by the School Board which includes School Administration and PARCO management.
- PARCO has also been supporting the educational endeavors of its employees and their children. ‘Scholarship for Children of Employees’ policy 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 Examinations. This recognition helps motivate children to further enhance their educational performance. During 2019, 99 children of PARCO employees were provided Educational Awards.

Increasing Self-Reliance through Vocational Training

- Under the Vocational Training and Entrepreneurship Program, PARCO has been supporting various vocational training centers to inculcate employable skills among youth. PARCO helps these institutions in improving their infrastructure and equipment for quality training and skill development. During 2019, PARCO provided latest desktop computers to Government Technical Training Institute, D.G. Khan. PARCO has been supporting VTI Mahmood Kot for the past several years.
- The Company has also distributed electrical toolkits, sewing and embroidery machines amongst the graduating students to further help them achieve self-reliance. Such contributions earlier have helped several people in developing their own startups and sharpen their skills.
- PARCO Sewing & Display Center (S&DC) was established in Qasba Gujrat under CSR Program with the objective of facilitating and empowering underprivileged local women to learn the craft of professional sewing and embroidery under a six-month on-the-job training program. Since the inauguration of the center in 2015, more than 100 women have graduated in five batches. The 6th batch comprising of 25 participants commenced its training at S&DC in March 2019 and are being trained in skills such as sewing, stitching, cutting, drafting, designing, hand & machine embroidery, folding, housekeeping, etc.
- PARCO is operating a center for vocational trainings for the inmates at Women Central Prison, Karachi under its CSR Program. The center is helping the female inmates to gain employable skills and become a contributing citizen of the society upon release.
- In order to inculcate entrepreneurship in Pakistan, PARCO partnered with reputable Vocational Training Institutes throughout the country like Aman Foundation, SOS Technical Training Institute and Hunar Foundation. The main objective is to encourage jobless men and women seek self-reliance through their own business. Several hundreds of men and women are being trained through these vocational training institutes in different trades. Upon completion, the candidates will be equipped with the required quality technical skills.

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.

- 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.



- Under the umbrella of Schools and Clinics Support Program, PARCO has supported several Basic and Rural Health Centers based in small villages near PARCO cross-country pipeline and Stations and Terminals. The clinics are providing basic healthcare to the local communities within their villages. As a result, community members are no longer required to travel for long hours to the cities for basic treatment.
- PARCO’s Mid-Country Refinery at Qasba Gujrat is surrounded by many underprivileged communities, which are deprived of the basic education and health facilities. PARCO operates a Community Welfare Clinic in order to provide basic health facilities to the domestic workers working at the Mid-Country Refinery, their families and other people from nearby areas. The clinic is being run successfully and treats hundreds of patients annually. In order to ensure sustainability of its operations, the clinic is supervised by the Company doctor and provision for its operation is kept in yearly CSR budget.
- In Pakistan, there are various hospitals that serve the underprivileged who cannot afford medication, hospitalization etc. Hospitals that are selected are run by NGOs with transparent operations, supervised by a proper Board of Directors and regular external audits. PARCO has helped several such hospitals through philanthropic contributions in capacity building.

Support for Sports

- PARCO has a decade long history of promoting sports within and outside the Company. Sports’ events like Cricket, Squash, Hockey, Volley Ball, Swimming, Water Polo, Badminton, Table Tennis, Lawn Tennis and other tournaments are supported by PARCO. Over the past several years, PARCO has been a major sponsor of the Squash tournament that has helped in promoting young talent.



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. Companies may have technology, but it is people who can make it work.
 - PARCO believes that valid profits are made by good businesses through efficient services, productivity of operations, value addition, innovative financing and strategic management of its assets and skills, contributing to the wellbeing of the Society.
 - PARCO believes in the value of transparency, openness and self-examination, and consider them as safeguards against potential faults.
 - We consider our Suppliers, Contractors and Service Providers as our business partners and deal with them with the same fairness that we reserve for our employees and customers.

- All appointments in PARCO are based on merit and all the positions are advertised in reputable newspapers. 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 at key positions in the Company. The company has females working in Engineering, Finance, Projects, IT, Telecom, Marketing, HR, and Medical functions. PARCO's target is zero discrimination in a male dominated society and industry.
- Management and Engineering Trainees, upon successful completion of their traineeship, are considered on merit against vacant positions, as permanent employees without discrimination, in case if there is vacant position.
- 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 1,080 children receiving quality education at PARCO TCF schools.
- Since 2007 till 2019, PARCO's Schools and Clinics Support Program has reached more than 100 institutions, with 80 percent schools and rest are basic and rural health centers. Out of these 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 majority patients treated are women and children.
- At the PARCO Mid-Country Refinery, the female spouses of the Company employees have formed a Ladies Club which is financially supported by PARCO. The club undertakes several social activities and events organized by the women residing at the Refinery Housing Complex. At 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 2019, 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 several 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 operates a center for vocational trainings for the inmates at Women Central Prison, Karachi under its CSR Program. The aim is to help them develop skills for several traits like industrial sewing, cutting, stitching, embroidery and beautician. These skills create opportunities for them to achieve self-reliance and become an independent member of the society after their release.
- In 2019, the fifth batch of trainees successfully completed their course among which certificates were distributed by PARCO. IG Prisons, Sindh, Mr. Nusrat Mangan and DIG, Ms. Sheeba Shah appreciated PARCO's efforts in imparting necessary vocational skills to inmates. With employable skills at hand, these women feel encouraged that they can also become a handy member of the society.

International Women's Day Celebrated at PARCO

- Although women comprise a portion of the talent pool that makes up the oil and gas industry, historically, more men occupy roles within the sector. PARCO being the largest fully integrated energy company in Pakistan's corporate sector has made progress in bridging this gap. During the course of past few years, the Company has been able to increase the percentage of women in its talent pool in several areas of technology which traditionally women never used to opt. International Women's Day is a time to reflect on progress made, to call for change and to celebrate acts of courage and determination by ordinary women who have played an extraordinary role in their countries, communities, etc.
- PARCO celebrated the International Women's Day, marking the progress towards Sustainable Development Goal 5, gender quality. The Company provides a conducive working environment to its workforce. All females belonging to various divisions / departments of PARCO participated enthusiastically on this occasion. Engaging activities and interactive sessions were organized at the event and souvenirs were distributed amongst all participants.
- In her welcome address, General Manager, Corporate Affairs, Ms. Sharon Dias reiterated PARCO Management's commitment, to provide equal opportunities to the workforce across all levels in the organization. She also shared the achievements of PARCO in maintaining gender diversity such as Women Empowerment Award and Best Employer Award. She highlighted PARCO Management's vision to promote gender quality companywide in particular. A big round of applause was heard from the participants to recognize Company's efforts in this regard. PARCO as a member of United Nations Global Compact endeavors to implement Sustainable Development Goals (SDGs) through various CSR Projects for communities around its operating centers.



Mr. Nusrat Mangan, IG Prisons, Sindh and Ms. Saba Ahmed from Corporate Communications, PARCO distributing the certificates





- 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.
<i>Management Systems</i>	HR Management, Industrial Relations, Operations, CSR
<i>Actions</i>	<div style="display: flex; justify-content: space-between;"> <div style="width: 30%; text-align: center;">Freedom of Association</div> <div style="width: 30%; text-align: center;">Collective Bargaining Negotiations and Union Charter Signing</div> <div style="width: 30%; text-align: center;">Proactive Focus and Redressed Employee Grievances to Maintain a Good Organizational Climate</div> </div>
<i>Results</i>	<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 are held every two years.
	<ul style="list-style-type: none"> Employees are encouraged to voice their suggestions for improving the Company’s performance and efficiency through an ongoing ‘Employee Suggestion 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, exit interview of all exiting employees is conducted and remedial actions are taken accordingly. For answering queries/suggestion/complaints of employees, the PARCO HR Department has a dedicated Helpdesk. 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. The objective of these discussions is to gather information pertaining to issues faced by the employees.

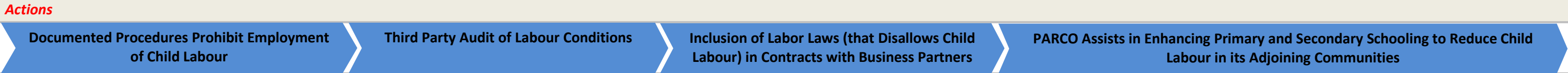
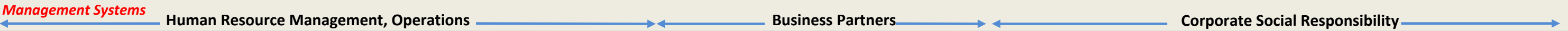
LABOUR																			
PRINCIPLE 4	BUSINESSES SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR																		
Our Commitment	PARCO completely disallows any form of forced or compulsory labour in all its functions.																		
<i>Management Systems</i>	Human Resource Management Business Partners, Operations																		
<i>Actions</i>	<div style="display: flex; justify-content: space-between;"> <div style="width: 30%; text-align: center;">Maintaining Industry-competitive Compensation and Benefits</div> <div style="width: 30%; text-align: center;">The Terms of Employment at PARCO Provide Maximum Freedom to Employees to Voluntarily Enter or Leave the Organization on Free Will</div> <div style="width: 30%; text-align: center;">Compliance by checking of Vendors/Suppliers/Service Providers</div> </div>																		
<i>Results</i>	<ul style="list-style-type: none"> PARCO’s policy is to pay salaries to employees commensurate with their duties and responsibilities. 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. 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 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, House and Furniture Loans to its employees. Employees who are availing the residence facility at the Mid-Country Refinery benefit from allotment of Company-owned 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 202 long service awards which have been given to employees in November 2019. 																		
	<ul style="list-style-type: none"> PARCO’s employment contracts do not violate human rights or labor laws. PARCO does not follow the 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 border="1"> <thead> <tr> <th>Years of Service</th> <th>No of Employees</th> </tr> </thead> <tbody> <tr><td>7</td><td>35</td></tr> <tr><td>10</td><td>48</td></tr> <tr><td>15</td><td>18</td></tr> <tr><td>20</td><td>47</td></tr> <tr><td>25</td><td>35</td></tr> <tr><td>30</td><td>13</td></tr> <tr><td>35</td><td>4</td></tr> <tr><td>40</td><td>2</td></tr> </tbody> </table>	Years of Service	No of Employees	7	35	10	48	15	18	20	47	25	35	30	13	35	4	40	2
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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.



Results

<ul style="list-style-type: none"> No child labor has ever been employed by PARCO. Despite the fact that under the labor laws of Pakistan, the minimum age of hiring is 14 years, PARCO's minimum age limit for induction is 18 years, which is thoroughly checked by birth certificates, educational testimonials, national identity card by NADRA (National Database and Registration Authority) and other age verification documents, thus ensuring that there is no child labor across the company. 	<ul style="list-style-type: none"> Regular third party audits are conducted by the Labor Directorate's labor department and health & hygiene department, Employees Old Age Benefit Institution (EOBI), Social Security Department, Workers Children Education, Sindh Employers Social Security Institution and other authorities which ensure elimination of Child Labor and compliance of other requirements of Labor Laws. 	<ul style="list-style-type: none"> By asking Suppliers and Service Providers to adhere to the laws of the country, they are required to comply with all labor laws, meet security and human rights requirements as well as eliminate employment of underage workers. 	<ul style="list-style-type: none"> 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 2019, more than 100 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 institutions, about 80 percent 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 and secondary education, raising the literacy rate. The Company has also helped many of these schools by providing the enrolled children with free school bags and stationary as they cannot afford them. PARCO has also provided them with interesting story books that helps children in creating awareness towards personal hygiene, daily stuff that surrounds us, etc. Such stories also help children in thinking creatively.
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PARCO and TCF (The Citizens Foundation) – A Partnership Making Differences

- PARCO in partnership with 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 1,080 children. These schools are making a great difference in the lives of the underprivileged in many ways.
- PARCO-TCF Primary Campus (morning and afternoon shifts) has been operational since 1997. The total current enrolment is 364. The operational utilization of the campus is 102%. The campus is very popular in the area for providing the education to deserving children who are unable to afford private education. The attendance of this campus is 92%.
- PARCO-TCF Primary Campus (morning shift) has been operational since 2003. The current enrolment is 386. The operational utilization of the campus is 107%. The campus is very popular in the area for providing education to deserving children. The attendance of this campus is 95%. Due to the overwhelming response to the campus a few students have been shifted to other campuses in the same area.
- PARCO-TCF Secondary Campus (morning shift) has been operational since 2011. The current enrolment is 330. The operational utilization of the campus is 92%. The campus is very popular in the area for providing the education to deserving children who are unable to afford private education. The attendance of this campus is 95%.



A Story of Positive Change

- It was the summers of 2014 when the PARCO Pumping Station-1 (PS-1) team at Korangi, Karachi approached the CSR team with an observation. A school, established just behind the boundary wall of PARCO PS-1 plant area, Government Boys/Girls Primary School, Bhangar Goth was in shambles. The approach to the school was challenging as small lanes snaked through the Bhangar Goth towards the backside of the PARCO boundary wall. The overall population of this area lives below the poverty line and have no access to health and education. This is the only school for a large part of this area. The school itself had 4 classrooms with half the ceiling which too could fall any time. Several bricks in the walls had holes with no sign of concrete to support the structure.
- The teachers at the school were still motivated to make a difference in the lives of their students. PARCO CSR Team and PS-1 staff jointly visited the school and met the teachers who informed about declining children enrollment and crumbling infrastructure. The team by now knew what was needed to be done. PARCO then demolished the whole school and constructed new classrooms with spacious veranda. The previous structure had no toilets for the children or the staff. Realizing basic needs for proper sanitation, toilets were built. Underground water tank was also constructed to make the water available at the school.
- When the construction was completed, we saw an entirely different school, with spacious classrooms, a veranda for assembly and proper sanitation facilities. Since its reconstruction in 2015, the school has witnessed a staggering growth in children enrollment. In 2017, PARCO extended the building vertically and built one more classroom to accommodate the ever increasing enrollments. Last year, there were 90 children enrolled in the school. But after witnessing the positive change in the school, the enrollment has jumped to 155 in 2019.
- With the encouraging numbers, PARCO is building another classroom to accommodate more students. This story of positive change supports PARCO's CSR vision towards making an impact through Sustainable Development Goals. This initiative supports quality education, gender equality, reduced inequalities and sustainable cities and communities. PARCO's mission continues.



Before PARCO's contribution

After PARCO's support

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



Results

- PARCO offers equal opportunities to all qualified applicants, men and women, belonging to all faiths and religion, origin, ethnicity, color, caste or creed.
- PARCO ensures that no discrimination is made amongst employees and 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 6 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.

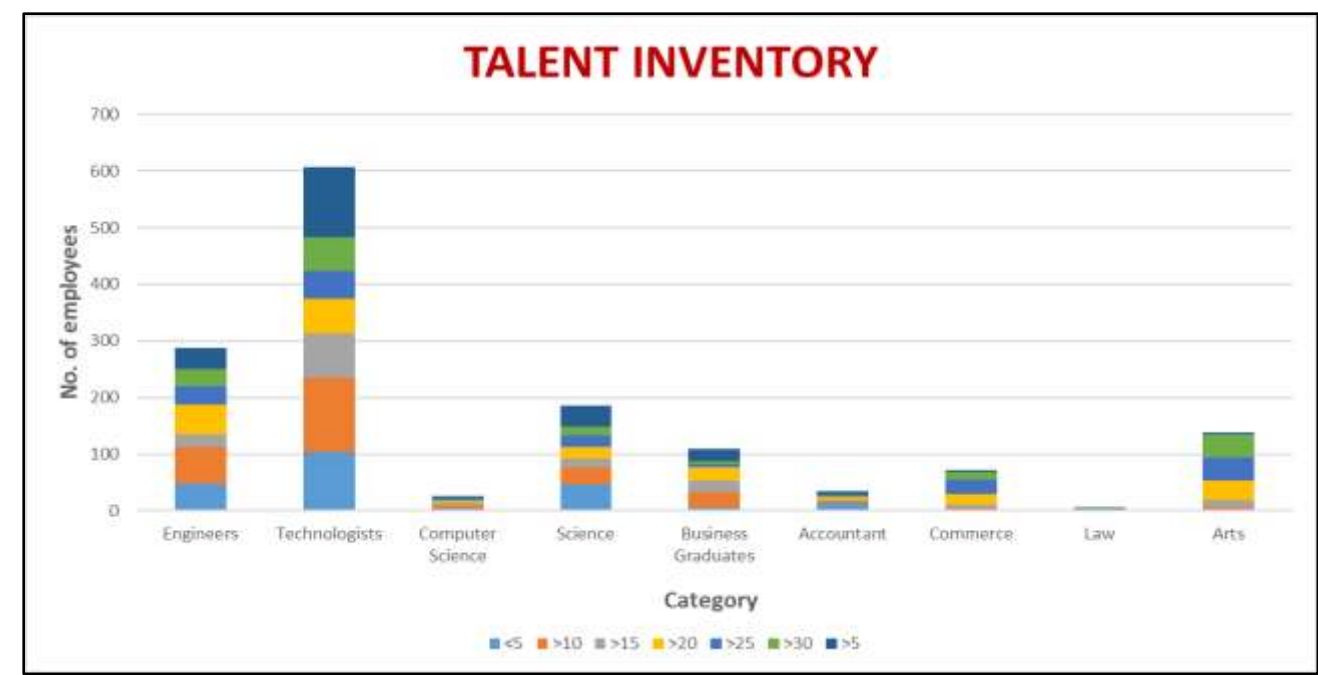
- PARCO employees come from all over the country, irrespective of domicile/origin, ethnicity, religion, gender, or any other non-job dimension. Thus there are workers of all ages, from all provinces i.e. from the northern most cities to the southernmost areas.
- PARCO is a national employer, employing people without discrimination and strictly on merit, from all parts of the Country.
- Despite being a petroleum engineering organization, PARCO encourages women for employment at the Mid-Country Refinery, which is located in a remote area, by providing separate accommodation for single women.

- PARCO discourages nepotism and every form of favoritism. The way up the PARCO ladder is open to everybody. The policy of the Company is to develop and promote employees from within the organization through career and succession planning.
- Hiring and promotions are done on merit, performance and ultimate potential of each employee through professional and transparent HR processes. If any employee exerts external pressure of any sort s/he is automatically disqualified and faces disciplinary action.

- PARCO undertakes regular summer and winter internship programs for students belonging to business and engineering disciplines where the selection of internees is done on merit. During 2019, PARCO inducted 58 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 Traineeship Program in the fields of management and engineering. This one-year traineeship provides the candidate learning and exposure to different aspects of a real life working environment. Upon demonstrating satisfactory performance at the end of the traineeship period, the Trainee is inducted as an employee if a suitable vacancy exists.
- Since 1975, PARCO has trained 1396 Engineering and Management Trainees. This number is ever increasing and shows that PARCO has not stopped inducting fresh talent even at times when the Country faced challenging external environment.
- To address the issue of scarcity of trained manpower in the country, an 'Apprenticeship Program' has been introduced. The objective of this six-month program is to provide technical training to fresh graduates and upgrade their skills.
- PARCO has a sizeable reservoir of highly skilled and experienced human capital. Please refer to the below graph showing our Talent Inventory in different areas.





- 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 all Provincial Environment Quality Standards and ensures minimal impact on the environment.



Management Systems

HSE, Operations and Administration

Actions

Environment Friendly Supply-Chain

Efficient Effluent Management

Environmental Auditing, Certification and Awards

Solid Waste Management

Results

- 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 2019, approximately 3.47 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 2019, the 362 km Mahmood Kot-Faisalabad-Machhike (MFM) pipeline transported approximately 1.28 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 2019, the 786 km WOP (White Oil Pipeline) transported approximately 3.27 Million Metric Tons of HSD (High Speed Diesel) from Karachi to Mahmood Kot.

- 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 PEQS 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 PEQS.
- 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 environmental testing from 2007 till 2019 are within the SEQs (Sindh Environmental Quality Standards) limits conducted by renowned EPA (Environment Protection Agency) certified laboratories.
- SEQs Tests of Liquid Effluents: Temperature, pH, COD, BOD, TSS, TDS, Oil & Grease, Chlorides, Phenolic Compounds; SEQs Tests of Air Emissions: 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, had been well within permissible limits.



Effluent Testing at the PARCO Mid-Country Refinery

- Corporate Headquarters (CHQ) has successfully achieved renewal of IMS Recertification of the ISO 14001:2015 (EMS), ISO 9001:2015 (QMS) and ISO 45001:2018 standards till September 2022 following an external Re-certification Audit conducted by a third party certification body in June 2019.
- PARCO Mid-Country Refinery had its second IMS surveillance audit conducted based on revised ISO standards by a third party in December 2019.
- 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 on regular basis.
- Daily operational site visit and work permit compliance audits are conducted by HSE teams to ensure on site Health, Safety and Environmental controls during maintenance and construction activities.
- 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 126 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 15 major units and 30 audit teams to conduct management audits on monthly basis. Action points are identified and sent to concerned departments for implementation. Overall performance in 2019 remained 97%. This objective shows a high management commitment and communication with employees.
- EMS & OHS Risk Assessments are carried out in a timely manner. The purpose of risk assessment is to define mechanism and responsibilities to identify OHS hazards and assess their risks in respect of normal and ascertained activities performed in the premises of PARCO. It also aims to provide mechanism and responsibilities to identify EMS aspects and assess its impacts.
- In 2019, two individual and one consolidated OHS risk assessment was conducted as per requirements of ISO 45001: 2018. Similarly, one consolidated EMS Aspect Impact was carried out as per requirements of the standard ISO 14001:2015, in which significant aspect and their impacts were also identified at corporate level.
- PARCO has been awarded the 14th consecutive Annual Environment Excellence Award by the National Forum for Environment and Health (NFEH). PARCO for the eleventh consecutive time has been placed amongst the 10 best organizations of Pakistan in Environment Management.
- Recognizing PARCO's 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 2019. Mr. Tariq Saeed, Manager, HSE received the award. This is the seventh consecutive Fire & Safety award given to PARCO.



Mr. Adil Aziz Khan, GM-Pipeline receiving Environment Excellence Award



Mr. Tariq Saeed, Manager-HSE receiving the Fire and Safety Award

- Disposal of solid waste at PARCO is done in such a way that it does not harm the environment. 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.
- Three types of drums (yellow, red, green) are positioned in each zone, i.e. field, maintenance building, truck loading and laboratory etc. Yellow drum is used for storing hazardous waste while the green drum is used for non-hazardous waste; red drum is used for storing pyrophoric material.
- Solid Waste Management Yard is established near the north side boundary wall of the refinery. All forms of solid wastes are collected in this 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.
- In the Solid Waste & Scrap yard, all waste produced at stations & terminals and MCR is also stored. Environment section holds the Solid Waste Management Yard record. Hazardous waste yard gate is closed and the keys are accessible round the clock with the Fire Station.
- The Non-hazardous waste is dumped in the green drums. It is shifted to the non-hazardous waste yard by the contractor. Administration department keeps the record of all the municipal waste and submit the record to the HSE Engineer. The hazardous waste shall not be dumped in the green drums. For increasing the awareness regarding waste disposal methodology training is organized in routine.
- In 2018, approximately 82,180 Kgs of hazardous waste was disposed-off and incinerated through EPA approved facility.

PARCO's Guidelines for Disposal of Hazardous Waste

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.

- 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.



ENVIRONMENT

Principle 7 (Contd.)

BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES

Our Commitment

PARCO is committed to comply with all Provincial Environment Quality Standards and ensures minimal impact on the environment.



Management Systems

HSE, Operations and Administration

Actions

Efficient Effluent Management

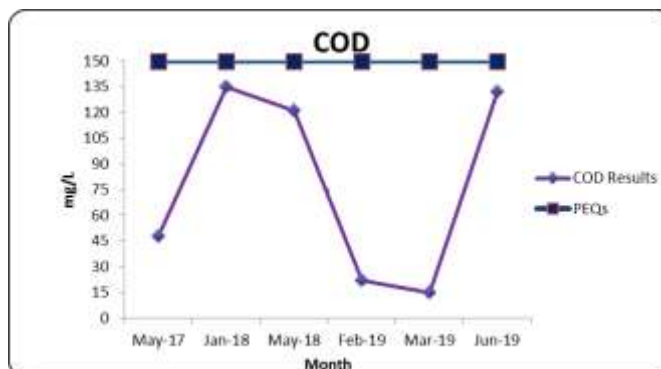
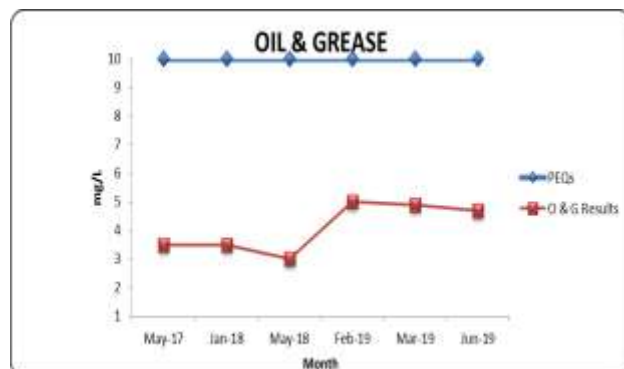
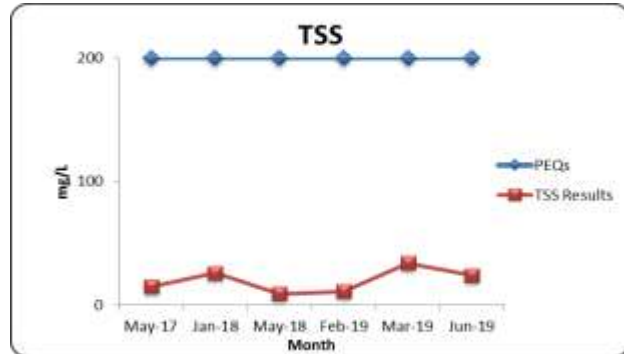
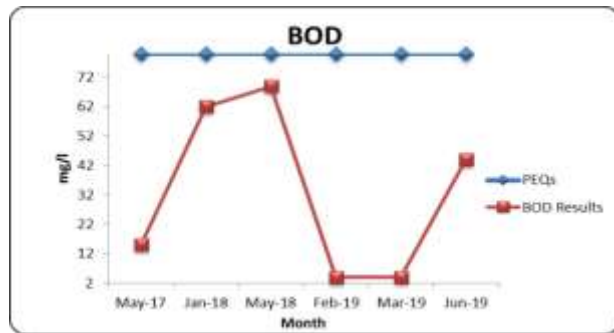
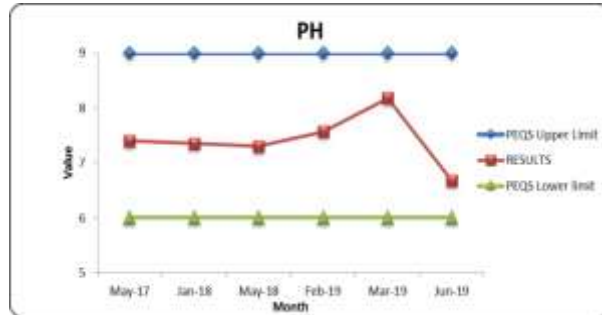
Environmental Auditing, Certification and Awards

Air Emissions Monitoring

Environment Friendly Products

Results

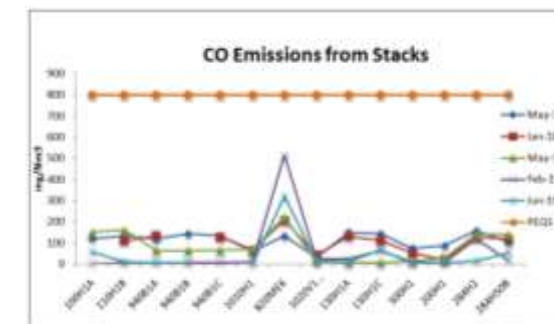
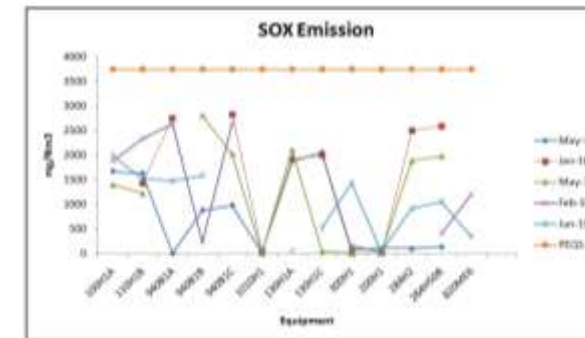
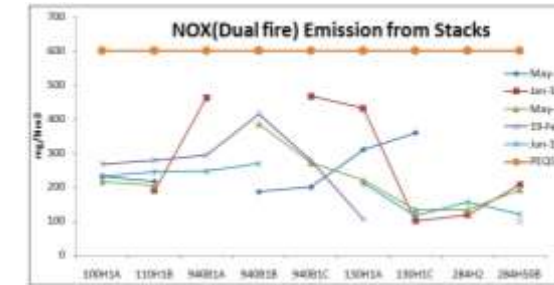
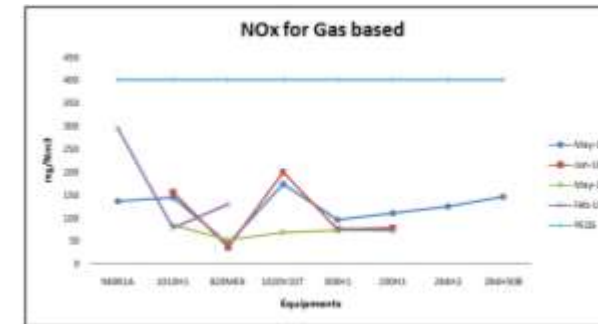
- Results of some key parameters are shown below.



National Safety Council (NSC) Award 2019

- The United State's leading safety advocate for more than 100 years the National Safety Council is a non-profit organization with the mission of eliminating preventable deaths at work, in homes and communities, and on the road through leadership, research, education and advocacy. NSC advances this mission by engaging businesses, government agencies, elected officials and the public.
- The Council recognizes organizations that focus on safety as a critical part of their business operations. The group focuses on areas where the greatest number of preventable injuries and deaths occur, including workplace safety, prescription medication abuse, teen driving, use of cell phone while driving and safety in homes and communities.
- NSC works with the U.S. Occupational Safety and Health Administration (OSHA) and the U.S. Department of Labor, to strengthen workplace safety and help reduce the number of unintentional injuries and fatalities. NSC is an affiliate of the World Health Organization's (WHO) Safe Communities program. Communities apply for the Safe Communities designation by indicating their long-term commitment to the promotion of safety.
- In the year 2019, PARCO has won awards in two categories, Occupational Excellence Achievement (OEA) Award and Significant Improvement Award (SIA) from National Safety Council (NSC).
- The criteria for winning OEA Award depends on the Lost workday case incident rate better than or equal to 50% of the BLS (Basic Life Support) rating, Zero fatalities during previous calendar year and based on self-reported data. PARCO has successfully maintained and recorded the data of past years related to incident and near-miss reporting which helps in maintaining the workplace safety. SIA depends on 20% reduction in injuries and illnesses over previous calendar year, maintenance or reduction in number of fatalities over previous calendar year, maximum allowable injuries and illnesses for eligibility. As the reporting of near-misses has improved over past years, the rate of incidents and the frequency of workplace hazard identification have reduced, significantly.

- PARCO conducts air emissions monitoring through its laboratory every monthly and through EPA approved third party twice a year for NOx, SOx, CO, Particulate Matter etc. The results always fall within PEQS limits of all the parameters entire year. Graphical representation of some results is as follows:



- As per Government of Pakistan directive, refineries in Pakistan are likely to revise their Gasoline product specifications of RON, benzene and aromatics in gasoline along with HSD Product specification decreasing sulphur contents to 350 wt. ppm. In order to meet the market requirement, it will be required to produce gasoline and HSD of Euro-III specification in future.
- PARCO works hard to ensure that its products are environmentally friendly. Lead free gasoline meets the sulfur content of less than 150 ppm level.
- With the investment of 132 million USD on a Diesel Hydro Desulfurization unit, Parco has become capable of producing Diesel of Euro II specifications i.e. less than 500 ppm. The recovered sulfur is solidified and sold afterwards as a byproduct. During 2019, the DHDS plant at PARCO has processed more than 0.96 million metric tons of High Speed Diesel on EURO II specifications.
- PARCO is moving towards the completion of project for the production of Euro III compliant gasoline products, PARCO is planning to upgrade its existing refining capabilities with the installation of Isomerization Unit (Penex Unit) with new storage tanks and Hydrogen purification unit (Polybed™ PSA) System along with major equipment modifications of few existing units to process the additional feed. Isomerization (Penex) Unit will reduce gasoline Benzene contents from 5% to 1% and Aromatic contents to 42% (by volume) as well as high RON to meet the Euro III gasoline specifications.
- Hydrogen purification system i.e. Pressure Swing Adsorption (PSA) is proposed to 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
- PARCO/PAPCO Board HSE Reviews
- 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. Considering the environmental factors, PARCO is implementing a robust soil and groundwater monitoring plan to ensure that no pollution of soil and water has occurred as a result of PARCO operations and is actively developing the database for trend analysis of past years. It includes following monitoring twice a year:
 1. Ambient Air Quality monitoring at 8 points inside and outside refinery.
 2. Ambient Particulate Matter monitoring at 8 points inside and outside refinery.
 3. Offsite Ground Water monitoring at 10 different locations.
 4. Noise Level monitoring outside the boundary wall.

1. Ambient Air Quality monitoring at 8 points inside and outside refinery.
2. Ambient Particulate Matter monitoring at 8 points inside and outside refinery.
3. Offsite Ground Water monitoring at 10 different locations.
4. 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 3,000 trees are planted at housing complex and refinery. In addition to this, 2,500 more trees are planted by PARCO inside MCR, various surrounding schools and PARCO chowk near Qureshi More.
- Appreciation letters 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

- The HSE department at MCR, like every year, organized safety walks at the MCR Housing complex on February 21, 2019 with the theme "Beat Plastic Pollution". Employees along with their families including children from The City School, PARCO actively participated in the walk along with Chief Guest GM Refinery, Managers and Section Heads.
- Approximately 700 people took part in walk and made the event successful. Messages and quotations on the use of biodegradable material and minimization of plastic use were displayed on banners at different locations in housing complex. The walk was followed by prize distribution ceremony in the categories of housekeeping coordinators, monthly best slogan from MCR and White Oil Terminal Station-III (WOTS-III), safety quiz winners and safety scouts and guides for the audit of housing complex.
- The aim for prize distribution is to acknowledge their efforts and to encourage them to work with more enthusiasm and devotion in future. After prize distribution, Manager HSE shared his views on environment sustainability by reducing plastic pollution. In the end, Chief Guest, General Manager-Refinery appreciated the organizing team and HSE department for a successful event. During his address, he highlighted the global concerns on the use of plastic and how it is contributing towards imbalance in environment. He advised every individual to play his part for sustainability of ecosystem.

Home Safety Awareness

- In order to promote safety culture in families, the HSE team on a monthly basis issues safety bulletins regarding various environmental concerns. Moreover presentations by HSE engineers were also aired on local cable network of housing complex.

World Environment Day 2019 Celebration at pumping/terminal Stations

- At PAPCO Stations (WOTS-1, WOTS-2 & WOTS-3) World Environment Day was celebrated with an aim to conserve environment by reducing "Air Pollution". In this regard, tree plantation was focused. Trees give-off oxygen and necessary shelter especially in summer days. Further they reduce pollutant from air, erosion and pollution in our water-ways and reduce the effect of flooding. The event was made more effective, especially designed banners were displayed to convey global message, and several activities were performed during the event.



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

Providing HSE training helps us to ensure employees are trained on environmental challenges, PEQS and other legal requirements, and not injured or made ill by their work, it develop a positive health and safety culture, where safe, healthy and working on environmental friendly condition becomes second nature to the individual, it find out how individual could manage health and safety better and it meet legal duty to protect environment and the health and safety of our employees. Effective training will contribute towards making employees competent in HSE, which can help to avoid the distress of accidents and ill health cause and can help to avoid the financial cost of accidents and occupational ill health. Our objectives are to take into account the capabilities, training, knowledge and experience of our staff; and to ensure that the demands of the job do not exceed their ability to carry out their work without risk to themselves, others and environment.

- Trainings are carried out twice a week for all PARCO employees.
- Trainings are based on the training need analysis, audits and incident reports.
- A three-day refresher training session for Senior Management was conducted on 'Safety Management System and its Importance'.
- A comprehensive two week HSE training plan is in place for all new employees and trainees.
- Emergency Response Team (ERT) was provided ERT training along with various refresher courses. These sessions were planned for over 20 days.
- All contractors before mobilization on site go through detailed Orientation & Training covering both aspects of Occupational Health, Safety & Environment.
- The contractual staff including labor also attends in house HSE training program once a week. On-site safety talks are carried out each morning before commencement of work.
- 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 internees 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 504 participants from MCR, 275 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 in two separate groups 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 conducted by HSE which shows their interest in training elements and promotion of safe working culture.

Training Statistics

- More than 6 IMS training sessions on 14001:2015 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.

Environmental Training Topics

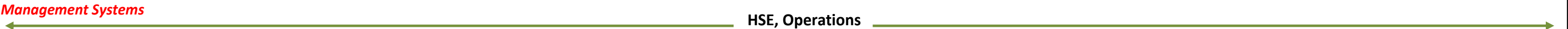
- Environmental protection act 1997 to understand legal requirement and fulfill company's obligation for companywide legal compliance
- ISO 14001:2015 requirements and implementation across the company
- Punjab Environmental Quality Standard (PEQS) for front line workforce to fulfill legal compliance 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
- Sharing of HSE control plans with contractors during projects which includes their environmental responsibilities



ENVIRONMENT

Principle 9 COMPANIES SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

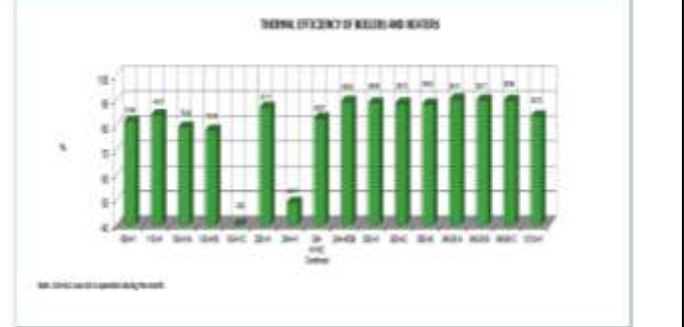
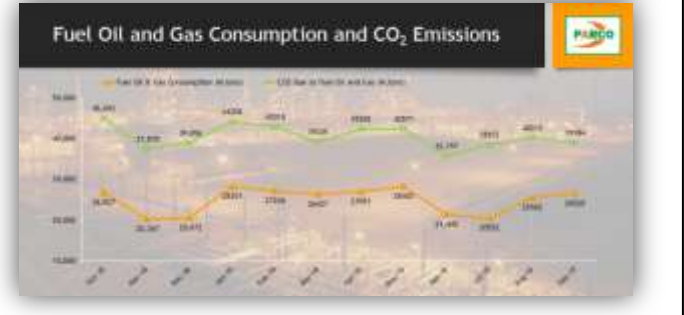
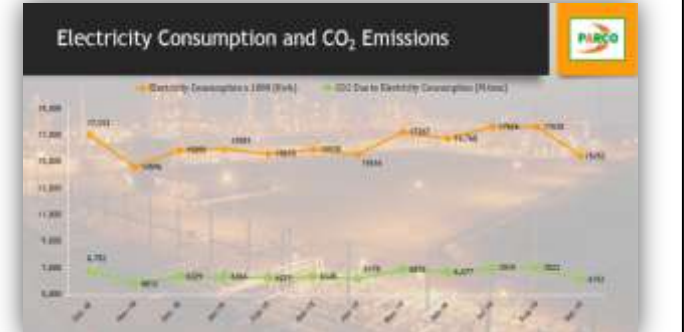
Our Commitment PARCO makes all efforts to minimize the impact of its operations on environment by utilizing technologies that are environment friendly.



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 for key performance indicators:
 - Manpower utilization
 - Energy Index
 - Operation efficiency



Carbon Dioxide Emission Monitoring

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

Energy Savings at Stations and Terminals

Company ensures saving of energy resources by adopting economical pipeline pumping configurations, gravity transfer and electrical load management. Total Energy savings on account of electricity is about 3,750,000 KWH during 2018-19.

Refurbishment of Storage Tanks

As per periodic inspection plan and compliance to API-653, Stations & Terminals (S&T)-Maintenance department performed cyclic maintenance of crude oil storage tank (A-005) at TS-1, Keamari and HSD storage tank (T-5002) at WOTS-3, Mahmood Kot. The scope included; sludge cleaning, inspection, sand blasting with epoxy coating (internal & external), replacement of top platform and pontoons top plates. Modern non-destructive techniques (NDTs) such as magnetic flux leakage (MFL), magnetic particle inspection (MPI) and vacuum box testing (VBT) were executed whereas settlement survey was also performed during these jobs. With effective compliance to HSE, tanks have been commissioned back to operation ahead of schedule.

Horizontal Directional Drilling and In-Line Inspection of Pipelines

Horizontal Directional Drilling (HDD) performed on last two Canals (Shahi Pat-feeder & RBOD) in January 2019 and overall HDD of White Oil Pipeline over-head canal crossings has been completed at all 10 locations. Pipeline Maintenance department worked days in and days out during execution phase. Now entire 786 KMs of WOP line has been buried except strategically located Ghazi Ghat.

Re-routing of MFM Pipeline at Trimmu Barrage

Trimmu-Punjab Barrages Improvement Project (TPBIP) was initiated by Punjab Barrages Authorities to extend the width of Trimmu Barrage on upstream end, by adding 13 more bays. Relocation of MFM segment was required to facilitate safe execution of civil works planned in two phases. In first phase (in 2017), MFM line was temporarily relocated to facilitate completion of barrage piers by TPBIP. In second phase (in 2019), permanent re-routing of approx. 700 meters of MFM pipeline segment over the newly constructed piers along with the installation of 1 valve assembly has been completed.

ENERGY SAVING ACTIVITIES AT PARCO		
S.No	Project/Activities	Energy Savings
1.	Optimization of high pressure velocity steam at Vls breaker Heaters (130-131A/B/C)	About 6.56 MMtcal/day energy saved in terms of High Pressure Steam due to decreased consumption at VBI Heaters
2.	Clearing of Air Fin Fan Coolers (AFCs) of process areas	About 2.58 MMtcal/day energy saved due to decrease in motor power consumption
3.	Clearing of Flash Fractionator's Bottom HP steam generator (284-E3B)	About 90 MMtcal/day energy saved
4.	Clearing of Stripper Reboiler (411-E1)	Approximately 32.4 MMtcal/day in terms of Medium Pressure Steam saved due to increase in Heat Transfer Coefficient
5.	Clearing of Recycle Gas Cooler (284-E4)	Approximately 6.48 MMtcal/day at Reactor Change Heater
6.	Online CC washing of separator liquid-reactor effluent exchanger (284-E3)	Resulting in saving of 2.8 MMtcal/hr energy at 284-H1
7.	External Cleaning of Crude Heater (105-H1) Radiant Section Tubes	Approximately 63.55 MMtcal/day at Crude Heater
8.	Clearing of Circulating Naphtha Exchangers (100-E1A/B)	Approximately 82.8 MMtcal/day at Crude Heater

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 an 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 2019, effluent water treated was 1,485,477m³ at a rate of 169.6m³/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. NOC was received from the Muzaffargarh Irrigation Department and renewed every year. All appropriate paperwork is up-to-date and the record is preserved.

Tree Plantation/Horticulture

PARCO is always talking about sustainability when it comes to protecting and improving the eco-system. PARCO Mid-Country Refinery keeps the lion's share in the budget for Tree Plantation / Horticulture annually. PARCO has planted 500 trees so far inside MCR and 1500 trees in 23 different government schools and colleges around the vicinity of MCR. Recently, PARCO has planted 500 trees on PARCO chowk near Qureshi more by pass and 2500 trees in Muzaffargarh City at various locations.



Weather Station - Weather Hawk

The PARCO Mid-Country Refinery has installed its own weather station to monitor the weather conditions on a daily basis and to keep track of historical data. The parameters measured are wind speed, wind direction, temperature, relative humidity, barometric pressure, light intensity 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. Due to further enhance the hazardous waste sludge storage capacity; PARCO MCR has successfully developed a second pit in 2019 having storage capacity of 513 M.Tons.

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.

- 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, PEQS, 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, audiometric). 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 MFM Utilization:

- 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 first phase, existing infrastructure of Kerosene / High Speed Diesel at MFM stations has been 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 Machike are being constructed.
- In addition to above, existing Gantry facility at Faisalabad is being expanded with more loading arms. Independent headers have been installed to deliver motor gasoline to OMCs through pipelines in the periphery of TS-3 and TS-4. Transmix tanks along with blending and truck loading facilities have been installed to receive transmix at TS-4 and transport it back to Mahmood Kot for processing in Transmix Process Facility / MCR.

White Oil Pipeline Optimal Utilization:

- PARCO's subsidiary company, PAPCO owns 786 km long White Oil Pipeline (WOP), which runs from Port Qasim (near Karachi) to Mahmood Kot, where it ties into PARCO owned 364 km long Mahmood Kot-Faisalabad-Machhike (MFM) Pipeline. WOP was originally designed for crude oil and HSD transportation and is presently being used for the HSD transportation and is operating below its design capacity. For optimum WOP utilization, PAPCO engaged with a reputed third party to conduct techno-economic feasibility study which concluded that Mogas can be pumped along with HSD in batches after necessary addition and modifications in WOP system.
- After completion of Front End Engineering Design (FEED), Engineering, Procurement & Construction (EPC) contract was awarded. Project activities included construction of storage tanks for Mogas along with slop tanks, sump pits, related piping works at PAPCO terminal & pumping stations (WOTS-I, WOTS-II & WOTS-III) and new Gantry facility at WOTS-2 and WOTS-3. Mechanical works have been completed. Pre-commissioning activities have been completed in November 2019. After commissioning of both above mentioned projects, we will be able to operate our pipeline system to its optimum capacity. In addition, this would reduce Mogas transportation through tank lorries resulting in reduction of heavy traffic on roads and creating positive impact on environment with cost benefits to consumers and improved road safety.

Isomerization Unit and MCR Revamp Project:

Isomerization Unit will convert and upgrade Light Naphtha into environmental friendly Benzene free gasoline with reduced sulphur and aromatic contents. This will also have an effect on increased Motor Gasoline production thus will serve as a substitution for imports, and greatly offset the necessity of unnecessarily expensive imported Motor Gasoline. Environmental NOC for construction phase of PENEX and PSA units was successfully achieved in year 2018; now the project is in construction phase and moving towards its commissioning phase in the beginning of 2020. Quarterly Environmental compliance reports are being submitted to EPA after every three months.

Environmental Impact Assessment (EIA)

PARCO is committed to meeting all EPA legal requirements at all times. Active and detailed Environmental Impact Assessment (EIA) was performed for this purpose by the 3rd Parties approved by the EPA for all projects undertaken by PARCO. National Cleaner Production Centre (NCPC) was involved in doing 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





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

ANTI - CORRUPTION



Principle 10

BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY

Our Commitment

PARCO does not allow any form of corruption and monitors its business transactions with internal and external stakeholders to eliminate this malpractice.

Management Systems

All Corporate Functions

Actions

Corporate Governance

Transactions with Suppliers, Contractors, Service Providers

Elimination of Discrimination

Results

- Compliance with Statement of Ethics and Business Practices is pursued at all levels and locations.
- All funds, assets, receipts and disbursements are properly recorded in the Books of the Company.
- Compliance with regulations of the 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, 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 and reports 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.

- 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.

- 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.



Regular safety talks are conducted at PARCO facilities to keep revising the safe practices



PAK-ARAB REFINERY LIMITED

A Pakistan-Abu Dhabi Joint Venture

Corporate Headquarters

Korangi Creek Road,

Karachi-75190, Pakistan

UAN: (021) 111-392-567, Ext: 2270/2179

Email: info@parco.com.pk

Web: www.parco.com.pk

Designed and Developed by PARCO Corporate Communications Team
For further information/queries, please email at salmanzakir@parco.com.pk