

Sustainability Report 2014

Fajr Petrochemical Company (FP co)





Page 4

Fajr Petrochemical Company (FP co)

Address : Sites 2 and 4, Imam Khomeini Petrochemical-industrial Especial Economic Zone, Imam Khomeini Port, Mahshahr, Khoozestan province, Islamic Republic of Iran

Contacts :

Public Relations : 0098 61 521 21500

Postal Code : 117

Fax: 0098 61 521 21599

Email : info@fajrco.com

Web site : www.fajrco.com

Page 5

Table of Contents

Subject	Page
Statement on Social Responsibility	4
Fajr Petrochemical Company (FP co)	8
Functions	10
Organizational Governance	12
Production Sustainability	15
Personnel of Fajr Petrochemical Company	29
Environment, Waste and Waste water	45



Page 6

Statement on Social Responsibility in Fajr Petrochemical Company:

Fajr Petrochemical Company (FAJRCO or FPC co) has been set up in 1998 in order to provide the petrochemical companies in the Mahshahr Special Economic Zone with the necessary utilities and became operational in 2002 as the first concentrated utility company in Iran . By expansion of its affiliated companies and a boost in the implementation of the plans by the National Industrial Petrochemical Company (NIPC) in sites 2 and 3, it started execution of the plan to develop Fajr Petrochemical Company in site 2 aiming to supply utilities to the new regional industries according to their announced requirements . As its mission is to provide the regional petrochemical industries with their



utility requirements, it is mainly focusing on activities such as supplying (production and distribution) of Electricity, Steam, industrial water treatment, industrial wastewaters treatment, air separation and producing oxygen and nitrogen . The company’s vision is not only to increase its revenues through further contribution in the regional energy markets, but also to go on with a sustainable production as well as meeting the satisfaction of the company’s stakeholders . Therefore, this report on the sustainability of the petrochemical company has been prepared for

this end . Hence, the prospects of Fajr Petrochemical Company are as enjoying a profitable growth that is undoubtedly the most vital motivation for any organization, making a sustainable production and meeting the satisfaction of the beneficiaries or stakeholders . We are well aware of the fact that a sustainable profit directly affects on the sustainability of production .

A sustainable production is also achievable only through an effective interaction between the company and all beneficiaries of the business especially those competent, committed and expert human work forces . Believing how much the sustainability of the production is vital for our customers who are one of the main beneficiaries of the company, we also well know that the sustainability is bond to many factors within the organization such as human work forces and the factors from outside the organization . Thus, while emphasizing on the improvement of the effectiveness of the production processes, we have focused on the functionality of the production supports or backups that in our view, social responsibility is one of them .

We in the Fajr Petrochemical Company, for example believe that a dynamic, progressive and flourishing work force grows only in a dynamic context or environment; in other words, an environment within which he or she can flourish economically and attain a qualified employment . At the end, we trust that an environmentally healthy, safe and secure working atmosphere serves as a necessary layer for development and flourishing of the society .

Hence, we approach to social responsibility, not merely as a slogan, but as a reality which is there, based on our needs and due to the situations, conditions and the environment in which we work . We also keep a strategic eye on social responsibility and consider it both as a tool to create values in the society and as a means to create some common values for ourselves and for all the beneficiaries of the company . We fully trust that improvement of social responsibility in a workplace or company depends on a sustainable business and creation of long term shared values for all beneficiaries of the organization . This will not come true, except through financial and spiritual investments, creativity of the beneficiaries of the company and productivity of its whole working system . As stated in our mission based on the organizational values of the company's vision, we are fully determined to go ahead with the strategy as before .

We in this very first report of the sustainability of Fajr Petrochemical Company, tried to cover the most important approaches to sustainability and its various social, economic and environmental achievements . As this is the first of such reports, we will not only concentrate on what achieved

last year, but also refer to the actions done previously in this regard . The most important of such achievements are as follows :

- **Sustainable production** : Sustainability of the production is undoubtedly the most important demand of the group of beneficiaries, especially Fajr Petrochemical Company's clients and investors . The losses they endure from an unsustainable production system will not be limited only to those direct economic ones resulted from the failures in this regard, but to other losses such as damages from accidents, as well. Hence, sense of responsibility for the quality and sustainability of the production made us apply mechanisms of sustainable production as an important measure in this regard. This report is to show the measures .
- **Improvement and empowerment of human resources** : Fajr Petrochemical Company enjoys the staffers and employees who are very competent, talented and skillful personnel and could well lead this very important industry with self-reliance and self-sufficiency . Its senior managers are doing their best to improve the career development and skills development of its staffers and managers with an eye to future horizons and perspectives . They have programmed and implemented the training of competent managers and skillful personnel for the future of the economic zone and (Khoozestan) province, the important parts of measures taken will be covered in this report .
- **Environmental protection** : Fajr Petrochemical Company has done a great deal to protect the environment, the most important of which is the setting up of the largest pilot of the waste water treatment in the country's oil industry . Although waste water treatment is a part of the main operations of FPC, it is worth mentioning that the mechanism saves 65 percent of the water required for irrigation of 89 hectares green areas of Especial Petrochemical Economic Zone followed by the optimizing irrigation of the zone by the river, as well .
- **Assisting the development of local communities' infrastructures** : Fajr Petrochemical Company has an effective role on the developing process of the cities and villages . Its activities are based on the guidelines of its strategic council of regional managers to establish the corner stones and lay infrastructures of the cities and villages according to the announced priorities and needs .

It must be finally noted that the report is an essential step forward to achieve the prospects of the company and to provide an honest report for all its beneficiaries . Therefore, we pledge

commitment to take some effective steps toward sustainability from different aspects such as business and job sustainability, economically, socially and environmentally, too .

Ali Reza Shamim

Managing Director

Page 8

Extract of Important Issues :

Two important sustainability-related issues from Fajr Petrochemical Company and stakeholders points of views would be reflected in this report . From the stakeholders’ points of view, the effects of studied cases on taking the decisions are very vital . In another word, some pivotal topics including collecting and classification of stability-related issues would be discussed in this approach . The effects of each of these issues would also be considered in Fajr Petrochemical Company’s analysis and a table will be presented to elaborate the most significant issues.

The past and current performances of Fajr Petrochemical Company are among the important subjects to be addressed in this report. Since this report is considered at the first statement in terms of elaborating the sustainability of this company, its results would be measures as a footstone for other approaches of this company .

It is also worth mentioning that, the exact scrutinizing of some sustainability-related fields is not achievable in Fajr Petrochemical Company . At present, we have decided to illustrate the sustainability-related issues in annual reports. In case of receiving the unexpected feedbacks from the report, we would decide later on .

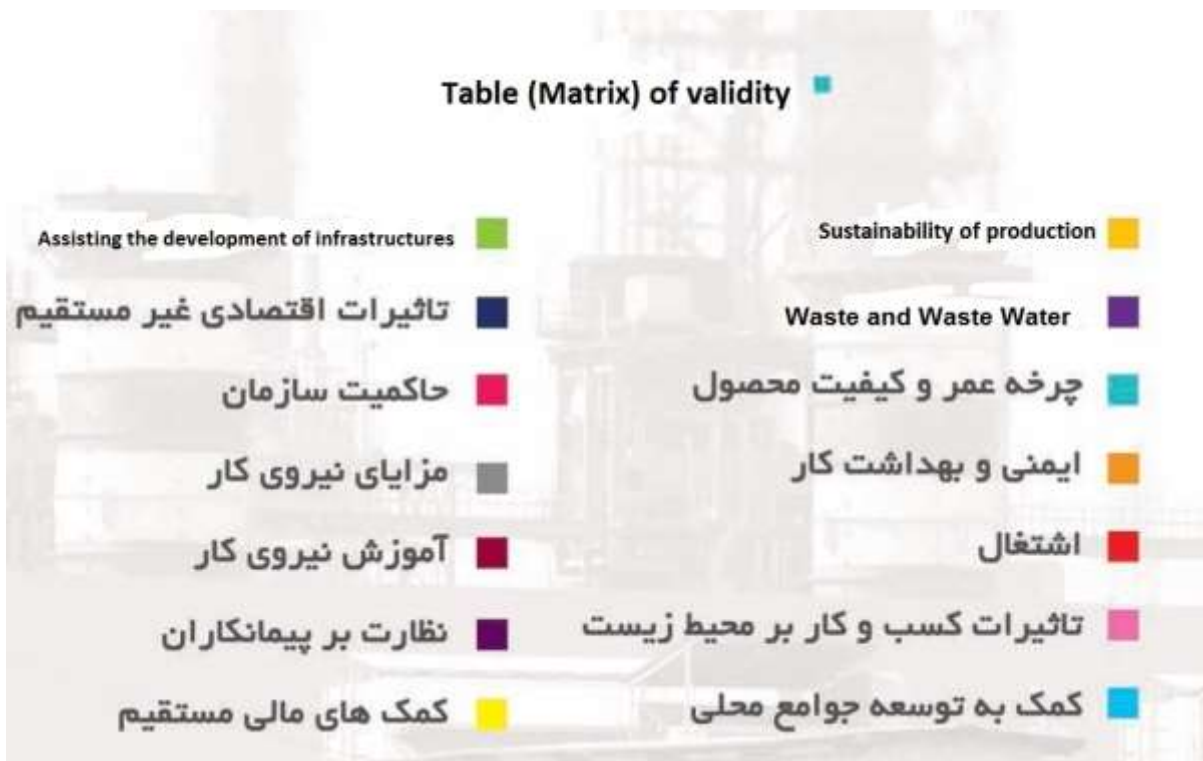
Addressing the logical concerns of stakeholders in sustainability field is considered as the pivotal case in this report . The view points of stakeholders including the staffs, shareholders, contractors, social and local communities, private and state sections, customers and partners are fully reflected in this report .

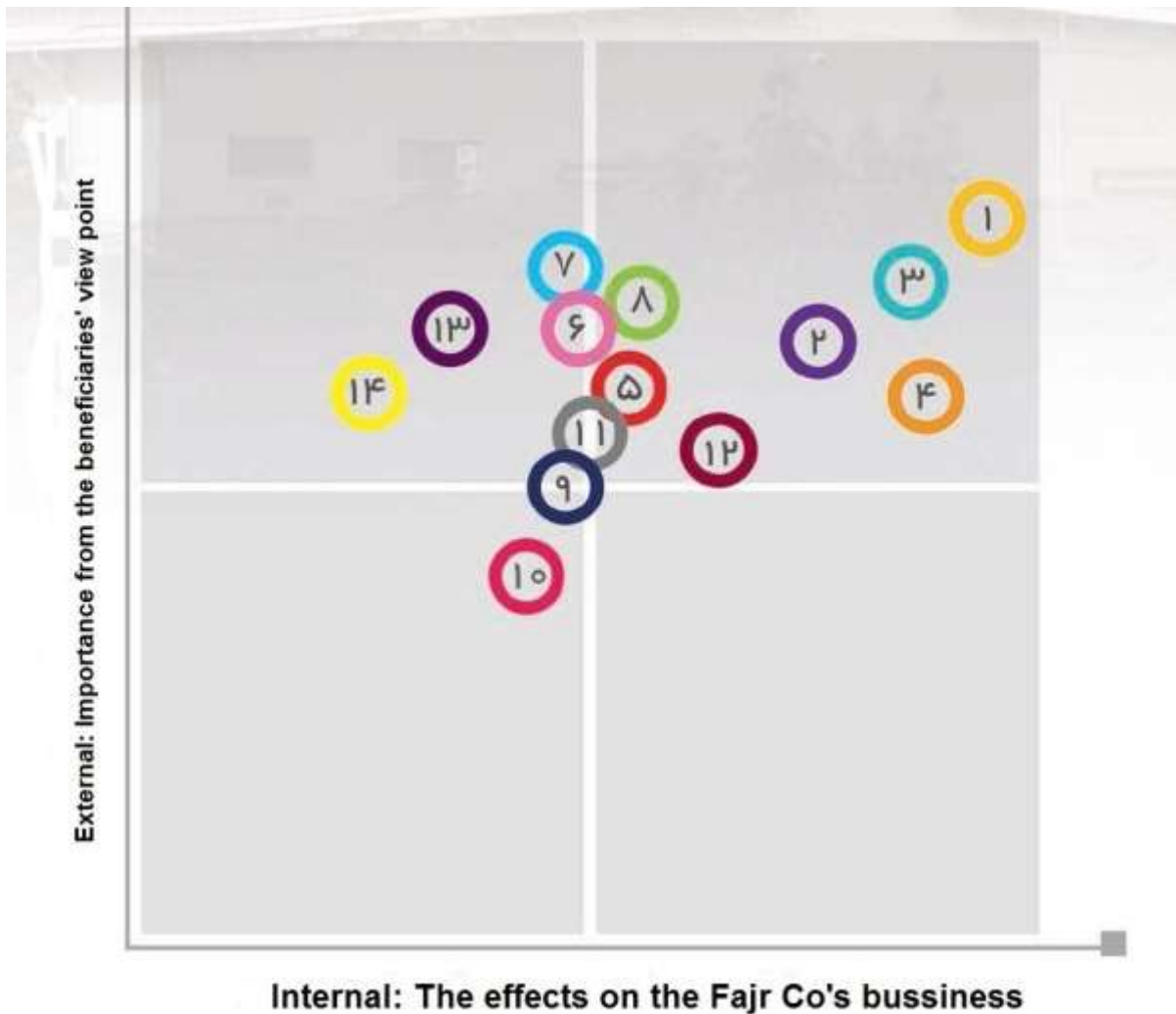
Meanwhile, our direct effects on sustainability issues have been considered in Fajr Petrochemical Company and later on, the indirect effects will be revealed in future reports .

The topics of this report had been extracted via a systematic approach . Thanks to the Fajr Petrochemical Company’s social responsibility committee, the list of all stakeholders and their expectations has been extracted and its results have been classified in a table . This requires a correct understanding of stakeholders, their expectations and their needs, which have been collected from the company public relations and stakeholders committee .

Table (Matrix) of validity

- Sustainability of production * Assisting the development of infrastructures
- Water waste and waste * Indirect economic effects
- Life cycle and the product quality * Organization's governance
- Immunity and healthcare at work * Benefits of the work force
- Employment * On- the job training
- Job effects on the environment * Supervision of contractors
- Assisting the development of local communities * Direct financial aids





Fajr Petrochemical Company

The FPC was established in 1998 based on a Cabinet Act of Special Economic Zones in the Iranian Supreme Council in 1997 . It operated as the supplier of utility requirements for new industrial companies existing in the zone, in order to utilize the infrastructural capabilities and facilities and enlarge the volume of necessary investments in the region . By establishing of two air separation units in autumn of 2002, it had also set up a water treatment unit in the winter of that very year . Fajr Company's petrochemical products are being distributed through an off-site network among some active and operating companies and some other under construction complexes such as Amir Kabir and Bu'Ali . These companies are currently treating the received wastewaters from especial complexes, which are being used to irrigate the green areas of the economic zone after recycling .

It also supplies the electricity requirement of the complexes stationed in the Special Economic Zone through the transmission of about 100-megawatt electricity to the Iran-wide power distribution company in Khozestan .

The Iranian Supreme Council of Special Economic Zones also approved the execution of several projects in "Site 1" . The establishment of another concentrated utility company implemented under the name of "Site 2" in order to meet the needs of the regional companies to further ancillary services and supply their utility demands, especially when the projects increased in the Especial Petrochemical-Economic Zone by National Petrochemical Industry Company and other private investor's investment in the region .

It developed its utility projects in site 1 by establishing and planning unit 3 in the air separation unit in 2006. While increasing its valuable products of Argon, it improved the production capacity of Nitrogen and Oxygen up to 30 percent in order to meet the needs and demands of the industrial complexes in the zone and to deliver these products to Razi Company and those companies located in Imam Khomeini port .

Adding a number of new units, FPC successfully expanded the production capacity of reverse osmosis (RO) water and demineralized water known as deionized (DM) water up to 30 percent. It also improved the steam production up to 120 tons per hour, executed number 2 wastewater treatment factory in an area of 5 acres in the South-East of Maroon Industrial Complex, which was set up in the early summer of 2007. Other important project of Fajr Petrochemical Company is to increase the production capacity of power plant units which was successfully implemented in summer of 2008 through installation of two new generator turbines with capacity of 125 megawatts .

The project for region 2 has also been implemented in an area of 35 acres in Site 2 . It is programmed to increase the capacity of electricity, steam, reverse osmosis (RO), de-mineralized water (DM), drinking water, fire pump water, toilet water (Service Water) . On the other hand, the implementation of clean water and cooling water tower could meet the utility demands of those industrial complexes stationed in sites 1, 2 and 3 in the SEZ .



Page 11

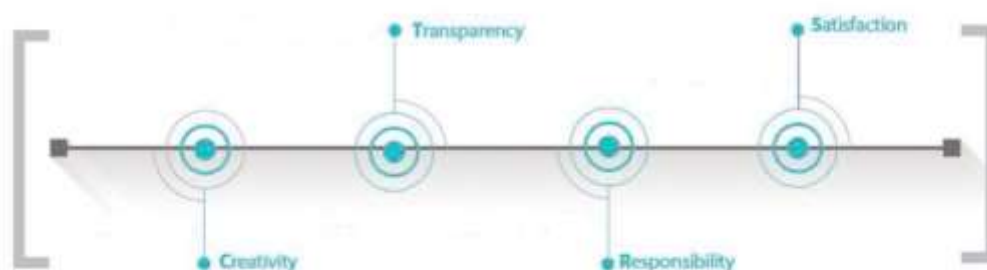
- **Prospects and mission :**

As the first producer of ancillary services concentrated in Iran, Fajr Petrochemical Company has always done its best through well understanding of its sensitive role on the development of the country's petrochemical industry . In this regard, its missions are to apply the updated management systems, assess the business environment, identify the strength and weakness of the business, empower its personnel and work forces, apply new technologies, be environmentally friendly and set up an innovative culture of supporting elites in order to present a sample of a sustainable, profitable, green, dynamic and sublime .

Prospects : To contribute and be active in the regional countries energy markets in order to make more profits, to enjoy a sustainable production and to meet its beneficiaries' satisfaction until 2019 .

Mission : Fajr Petrochemical Company has supplied utilities to the companies stationed in the Special Petrochemical Economic Zone in Imam Khomeini Port from 2003 . It has sold the electricity surplus of the companies in the Special Economic Zone to some neighboring countries in order to make more profit, enjoy larger shares of the target markets and finally, further meet the satisfaction of its stakeholders .

Values



Page 12

Functions :

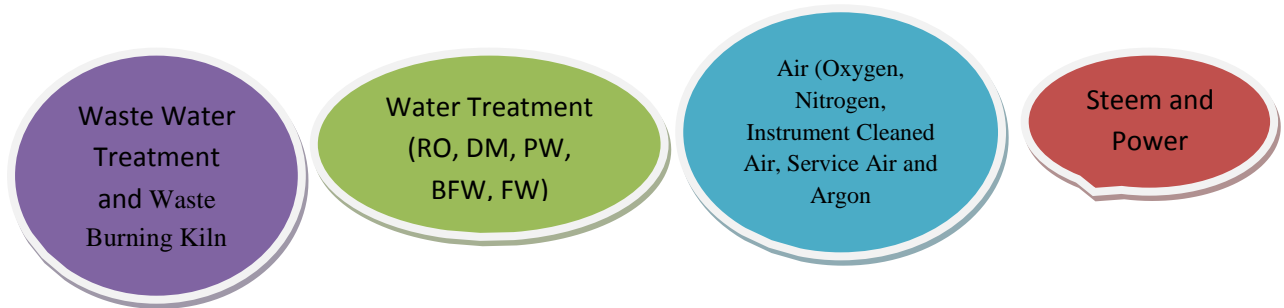
Financial Results

Fajr Petrochemical Company's productions and services are categorized in several main grouping such as electricity, steam, water, air, water treatment and wastes that pumps blood into the veins of most petrochemical companies in the Special Economic Zone . Therefore, the sustainability or stability of the productions and the production quality of Fajr Company as the sole utility provider of regional companies play an important role in the industry . Thereby, it concentrates mainly on both promotion of production and its quality based on the parameters embedded in the contracts and the sustainability of productions, itself .

		2014	2013	2012
Fajr Company's Financial Results	Net sales and the income for provision of services	14,671,631	7,622,119	6,110,017
	Operational profits (and losses)	9,517,066	3,644,676	3,337,707
	Net profits (and losses)	6,532,158	3,079,675	1,346,286
	Total assets	26,973,387	23,525,350	23,840,375

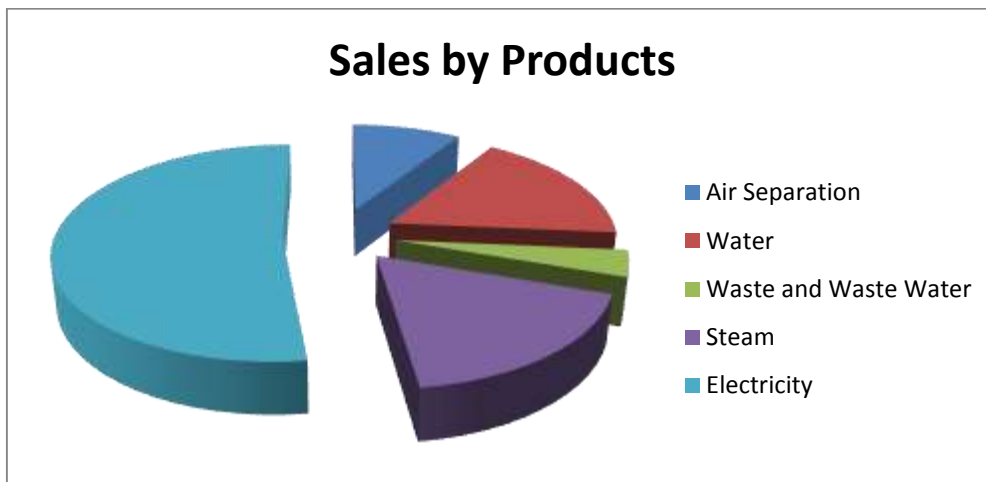
	Total debts	17,891,667	20,371,741	23,297,274
	The shareholder's equity	9,081,720	3,153,609	543,100

• **Products and Services**



Page 13

Sale rates based on the products (Sales by product)



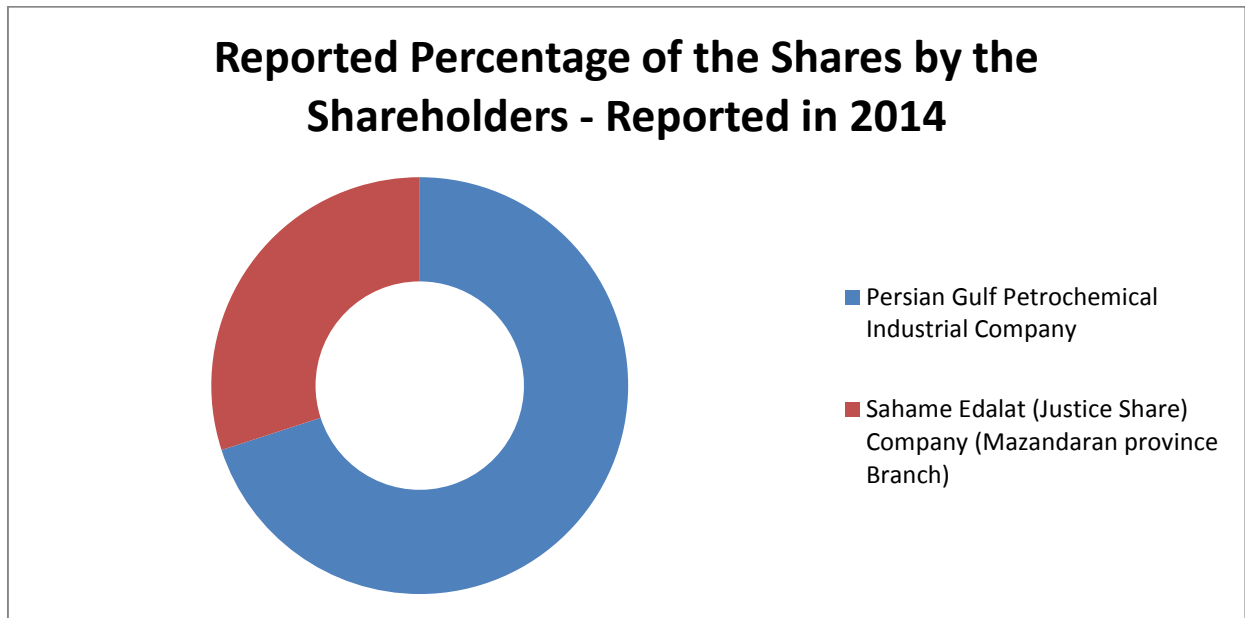
Grouping of products	Products	Units of measurement	2014	2013	2012
Electricity	Electricity	Mega watt / Hour	3,917,442	4,011,771	4,132,774

Steam	Steam	Ton	5,048,493	4,662,484	4,689,372
Air Separation	Oxygen Gas	<i>NM3</i>	204,239,919	204,863,492	155,289,370
	Nitrogen Gas	<i>NM3</i>	282,087,262	256,451,048	243,348,777
	Liquid Nitrogen	<i>Ton</i>	1,941,085	211,970	-
	Instrument Cleaned Air	<i>NM3</i>	151,871,023	144,538,750	126,920,677
	Service Air	<i>NM3</i>	123,375,679	113,222,408	94,111,946
	Argon	<i>Ton</i>	1,813	2,080	2,328
Water	Demineralized Water	<i>M3</i>	8,639,956	8,019,057	8,222,798
	Osmosis Water	<i>M3</i>	12,912,483	12,528,702	13,188,615
	Tower Cooling Water	<i>M4</i>	14,976,712	13,332,103	11,816,475
	Pure Water	<i>M3</i>	956,812	896,811	832,836
	Service (Toilet) Water	<i>M3</i>	946,341	783,501	793,750
	Boiler feeding Water	<i>M3</i>	806,406	755,891	805,466
	Fire Pump Water	<i>M3</i>	-	-	-
	Waste And Waste Water	Low TDS Waste Water Treatment	<i>M3</i>	3,516,874	3,555,960
High TDS Waste Water Treatment		<i>M3</i>	1,014,608	734,356	
Pure Waste water Treatment		<i>M3</i>	534,127	493,247	
Waste Burning Kiln		<i>Ton</i>	92	122	

Corporate Governance

Persian Gulf Petrochemical Industry (PCI) and Saham e Edalat (Justice Shares) companies are the main shareholders of Fajr Petrochemical Company. While the Persian Gulf Petrochemical Industries Company holds 70 percent of Fajr shares, Saham e Edalat owns 30 percent . Persian Gulf

Industry also enjoys 4 out of 5 seats of the Fajr's Board of Directors, while only one seat of the board is allocated to Saham e Adalat (its Mazandaran province branch) . The board's meeting takes place every other week .



Structure and the combination of the Board of Directors :

Fajr Company's Board of Directors is composed of 4 duty-bound members and one non duty-bound member or the Managing Director . The shareholders composed of either the board members according to their management records and professional activities or the ones in PCI and Saham e Adalat . Thereby, all member managers enjoy technical backgrounds. Whenever the Board Members need someone with a professional financialbackground, the Secretary of the Board plays the role who is also the Chief of Financial Affairs at Fajr Petrochemical Company . He participates in the Board Meetings but do not hold a signatory position . Performance evaluation of the Board is done at the end of the financial year in its Annual Meeting according to its overall performances .

Page 15

Hosein Shahriari



Board Member of the Directors

Saham e Edalat (Justice Share)'s Branch in Mazandaran province

Unbounded Member

Hamid Fani

Board Member of the Directors

Persian Gulf Petrochemical Industry Company (PCI)

Unbounded Member



Jamshid Sabzkar

Chairman of the Board of Directors

Development Management Company

Petrochemical Industry

Unbounded Member



Ali Reza Shamim

Vice Chairman of the Board of Directors

Imam Khomeini Port Petrochemical Company

Unbounded Member



Seyyed Rahim Sahrif Mousavi

Vice Chairman of the Board of Directors

Mobin Petrochemical Company

Unbounded Member



Board of Director's role of Monitoring and leadership

The Board of Directors is the highest monitoring element of the Fajr Petrochemical Company. Its Managing Director as the highest executive element is in charge of responding to the board

members about the quantitative and qualitative performances in the company . The board of directors not only keeps the monitoring role, but also presents consultative assistance to the Chairman and the executive manager to determine macro strategies of the company and also to show the solutions and mechanisms of attaining the achievements . Hence, the board member meetings start by both setting the agenda and presenting a report of the activities done within the company including the macro-economic and socio-political changes . It is normally the duty of the Managing Director or the Secretary of the Board to present a report that consists of aspects of sustainability of production, etc .

Board of the Directors and social responsibility

It is the secretary's responsibility to present a report concerning the security and health of the staff and the environment besides the health conditions of the company . The report that is usually prepared by the Health, Safety, and the Environment (HSE) section of the company, covers such cases as physical health for instance, the average blood cholesterol levels and nutrition of the staffers . One of the most important issues of the company is the environmental, which is a sensitive and vital case for both the board member and the managing director . For example, issues such as wastewater management and the industrial used oil are not only environmental concerns of the company, but they should be controlled by the Board of Directors, as well .

Board of Directors and the issue the conflict of interests

Fajr Petrochemical Company has a clear and transparent solution regarding the conflict of interest among Board Members . According to Article 129 of the Commercial Code, Board Members are responsible to disclose any of his / her conflict of interest with the company's economic activities . In case of such conflict of interest for any member of the Board of Directors, he / she can refrain from any voting to any subject related to the very subject .

Risk Management

Fajr Petrochemical Company's risk management has been defined in 2013 by five specialized expert committees to identify risks against people, processes, and equipments . After passing some necessary training and defining the risk management mechanisms, the committee members follow the risk cases in their regular meetings . The specialized committees also consists of experts from the operational group, administrative – financial, marketing, support and the Health, Safety,

and the Environment (HSE) section of the company from 29 units of the relevant organization who have tried to identify the organization's risks and completed the task .

The working groups of the Risk Management Committees as the next step of the process try to prioritize and identify the visible risks of the company . In the Fajr Petrochemical Company's risk assessment methods these factors are getting identified, graded, classified and prioritized as follows :

Severity of the risk results- environmental damage (S), the severity - human damage (S), the severity - Capital (S), the probability of occurrence of the risks (O), The credibility or reputation (R).

The report of the working groups of the risk is usually transferred to the Managing Director, and through him it will be announced to the members of the Board of Directors to be reviewed and decided on .

Page 16

Fajr
Petrochemical
Company
2014
Sustainable Report
Sustainable Production



Sustainability

of

Production

**Sustainable
Production**



Sustainability of Production in Fajr Petrochemical Company

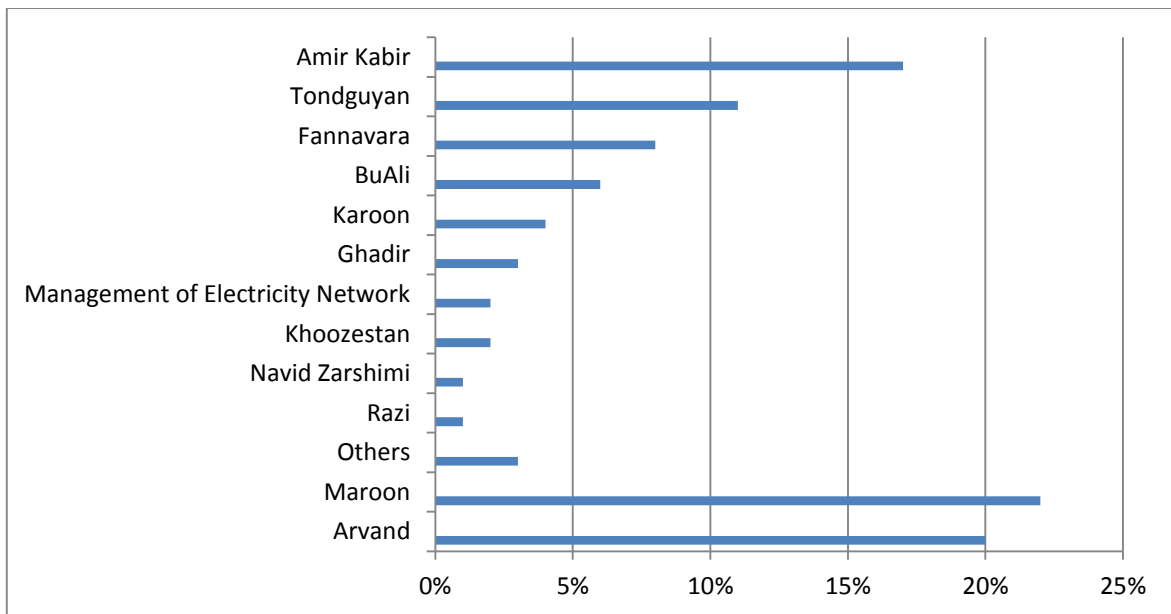
Fajr Petrochemical Company has been established in order to save costs of production and reduce the final costs of energy required by those petrochemical industries stationed in the region . In fact, it has been built in an area of 2000 acres of the Special Economic Petrochemical Zone to efficiently use the infrastructural possibilities and capabilities . On the other hand, it is to reduce the volume of investments to provide utility (electricity, steam, air, wastewater and solid wastes) for the whole region .

The establishment and the operation of the Fajr Petrochemical Company made it possible to develop petrochemical industries in the Especial Economic Petrochemical Zone . It also helped to flourish and develop local economy, enhance local employment and contribute to the improvement of energy infrastructure development in the province . Currently, there are more than 12 petrochemical complexes and 30 petrochemical and non petrochemical companies located in and out of the Especial Economic Petrochemical Zone which are the customers of Fajr Petrochemical Company's products .

Customers of the Fajr Petrochemical Company

Row	Petrochemical Companies	Row	Other Companies
1	Maroon Petrochemical	1	Shahid Rasooli Petrochemical
2	Razi Petrochemical	2	Eksir Shimi Petrochemical
3	Bu Ali Sina Petrochemical	3	Company of Ab e Niroo Petrochemical
4	Tondgooyan Petrochemical	4	Organization of Especial Zone
5	Khoozestan Petrochemical	5	Shimitex Ariya
6	Fanavaran Petrochemical	6	Novid Zar Shimi Industrial Company
7	Amir Kabir Petrochemical	7	Management of Iran Electricity Network
8	Karoon Petrochemical	8	Pajoohesh and Fanavari Petrochemical
9	Arvand Petrochemical	9	Terminal Companies and Petrochemical Store houses
10	Ghadir Petrochemical	10	Mahshar Tube Covering Industrial Company

11	Rejal Petrochemical	11	Mahshar Tubing Industrial Company
12	Bakhtar Petrochemical		
13	Takht e Jamshid Petrochemical		
14	Shimi Baft Petrochemical		
15	Company of Petro Pack Rapping Industry		
16	Esfahan Petrochemicals		
17	Kharazmi Petrochemicals		



Shares of consumers of the total sales of utilities in 2014 (In Rials)

Sustainability of productions is the most important aspiration of Fajr Petrochemical Company in order to keep its entire shareholders stable, especially with regard to the economic and non-economic values that the company saves for its customers, shareholders and the companies in the province . Therefore, sustainability in the Fajr Petrochemical Company means a non-stop production of utilities to the extent which the qualitative parameters permit . Since the meaning of sustainability differs for each of the Fajr Petrochemical Company's main products such as

electricity, steam, water and wastes, thereby the expectations of the shareholders for the sustainability will differ, as well . Here in Fajr Company, some separate measures have also been taken for each of the products in order to achieve the desired objectives in terms of sustainable production . The measures are discussed in the relevant section . Some other macro measures have also been defined such as risk management, taking new approaches to the maintenance and repairing of all manufacturing processes of the company .

	Shareholder's expectation for the sustainability of production	Risks resulted from an unsustainable production
Shareholders	<ul style="list-style-type: none"> • Sustainable profitability • Effective use of capitals • Protecting the assets 	<ul style="list-style-type: none"> • If we do not care about the sustainability of production, it affects the company's income and also add to the opportunity costs of shareholders
Customers	<ul style="list-style-type: none"> • Permanent and in time provision of utility • Production's excellent quality • Commitments to the agreements and contracts 	<ul style="list-style-type: none"> • Sustainability of Fajr Petrochemical Company means the sustainability of production in all client petrochemical companies . Non-sustainable production of the petrochemical companies in Especial Economic Petrochemical Zone is but an increase in all production expenses and a loss of productivity and their utility returns . • Beside the category of utility returns, neglecting the qualitative production which is one of the defined categories in the sustainability of production in the Fajr Petrochemical Company, can lead to any misfortune in the client petrochemical companies . The case can entail both financial losses and even any life casualties .
Staffers	<ul style="list-style-type: none"> • Suitable salaries and benefits (privileges) • Welfare facilities and resources • An immune and healthy work environment 	<ul style="list-style-type: none"> • Focusing on the principle of sustainability of production will ensure utility returns of the company and ensure the staffs to be confident of their salaries and wages . • Moreover, attention to the sustainability of production through applying management systems of maintenance and repair will lead to a reduction of accidents in the workplaces and the enhancement of immunity and security in the working environment .

Suppliers	<ul style="list-style-type: none"> On time salary payment and sticking to all working commitments 	<ul style="list-style-type: none"> All suppliers of Fajr Petrochemical Company expect the company to pay on time and to stick to its business commitments. Because an on time payment is dependent on a stable profitability of the company and the stability in the profitability is in turn dependent on the sustainability of the production .
Ministry of Labor and Social Security / The provincial Governorship	<ul style="list-style-type: none"> Jon creation Grating a safe, secure and healthy working environment 	<ul style="list-style-type: none"> Job creation of employment in the Especial Economic Petrochemical Zone is completely related to the production and profitability in the nominal capacity of the regional petrochemical companies . This important can be achieved only through a stable supply of utility to the petrochemical complexes . Hence, the sustainability of production in Fajr Petrochemical Company is directly connected to the employment conditions in the whole Special Economic Petrochemical Zone . Of the important elements in the management of the accidents in the workplaces both in the Fajr Petrochemical Company and all companies in the Special Economic Petrochemical Zone is the reduction of utility production fluctuation or swing in the Fajr Company, itself .

Local Communities	<ul style="list-style-type: none"> • Assisting local employment • Assisting the development of the infrastructures • Promotion of the economy in the Special Economic Petrochemical Zone and over the province, as well . 	<ul style="list-style-type: none"> • Job creation of employment in the Especial Economic Petrochemical Zone is completely related to the production and profitability in the nominal capacity of the regional petrochemical companies . • This important can be achieved only through a stable supply of utility to the petrochemical complexes . Hence, the sustainability of production in Fajr Petrochemical Company is directly connected to the employment conditions in the whole Special Economic Petrochemical Zone . • Promotion of the economy in the Special Economic Petrochemical Zone and over the province is possible through an increase in economic value outputs and increasing the governmental taxes and also through directly assisting the petrochemical companies of the Special Economic Petrochemical Zone . Therefore, instability of the production in both Fajr Petrochemical Company and the regional companies well endangers the local community, as well .
Country	<ul style="list-style-type: none"> • Stable promotion of the country's economy 	<ul style="list-style-type: none"> • Petrochemical companies' performances are all to create an economic value increase through transforming row materials to valuable productions . Petrochemical complexes such as the Special Economic Petrochemical Zone, have been established in order to further optimize the economic value increase, and this also depends on a stable utility supply of the regional companies, as well .

- **Maintenance and Repairing in Fajr Petrochemical Company :**

Touching upon the sensitivity of the sustainable production within the parameters announced in Fajr Petrochemical Company, maintenance approach, preventive, reaction and predictive repairmen are imperative .

- **Preventive Maintenance and Repairing :**

The Fajr Petrochemical Company's sustainability products are fully related to the effective functioning of the apparatus . In other words, the devices should be ready, not stop working during the operations, work with high performances, their downtime for repairing and services should not interfere in the timetable of the devices and finally the downtime caused by the failure of the devices should be minimized .

Paying due attention to all these issues would led to sustainability of production, decline of downtime, satisfaction of Fajr Petrochemical Company's shareholders and the society and ultimately it would reduce the environmental impacts .

Meanwhile, the company has carried out several measures aimed at protecting the infrastructure facilities including the pipelines and mechanical equipment . Some examples of which are as follows :

Cathodic Protection of Underground Pipeline : Due to exposure of saline soil and underground water with high saline, the pipeline would be corroded from the outer space . The corrosion process would reduce the pipeline thickness and finally would perforate them . This incident would cause the leakage of fluids that contains hazardous volatile hydrocarbons, endanger the human health and the environment . Although the pipelines have been covered with two layers of polyurethane, but their efficiency is not fully preserved and the cathodic protection system could be used as covering of the pipelines.

Monitoring the inspection cycles on cooling water unit and power plant systems : The cooling water systems which their nature are based on pretreatment would be employed in different kinds of heat exchangers and has corrosion in its nature . In an aim to prevent the fluid corrosion of pipeline, special chemical materials should be used to prevent the corrosion of the inner parts of the metal heat exchangers . The leakage of water to exchangers and the compressors would reduce the efficiency of equipments and finally lead the stoppage of production . Referring to the sensitivity of the devices in the cooling systems, monitoring the corrosion of fluid after their

exposure to chemical materials via monitoring cycles should be conducted within two to four months .

In 2012, Fajr Petrochemical Company's R&D section in collaboration with Oil Industry Institute performed a research project for evaluating the water corrosion in firefighting and the ways for preventing . The results indicated the public and the pipeline corrosion that could be fully prevented via preventive injection and biosound .

Thickness Measurement of Pipeline : Measuring the thickness of pipeline will be carried out to estimate the general corrosion of the pipelines, evaluating the physical conditions and the instruments .

- **Reactive Maintenance and Repairing of Equipments :**

The reactive maintenance and repairing of equipments is aimed at answering the unplanned needs and the emergency cases in Fajr Petrochemical Company, as soon as possible .

Page 22

- **Predictive Maintenance :**

This approach consists of three techniques including : 1 -Vibration analysis 2 -Oil analysis 3- Thermography . This topic like the two previous approaches would enhance the stability of Fajr Petrochemical Company, reduce the unplanned stoppage of the operation, spare parts and human resources .

- **Prevention of Accidents and Risk Management :**

The prevention of accidents and risk management are considered as another measure for reducing the risks of instability of productions . In this approach the dangers and reasons of accidents will be recognized to prevent the actual and potentials risks . Preventing the accidents and repetition of them plays a pivotal role in stability production in Fajr Petrochemical Company .

Prevention of accidents is consists of several processes including :

1- Risk management :

A- Risk management process and equipment

B- Risk management of staff

2- Discovering the unsafe conditions

A- Safety Audit

B- Discovering human errors

3- Report events,investigate and discover the root causes

Page 23

Quality and Processing Measures Related to Sustainable Production :

Fajr Petrochemical Company believes that processing approach is the best measure for achieving the organizational goals and fulfilling the compiled strategies . For this reason, the company pays due attention to scientific and modern approaches in management systems . In an aim to prohibit the progress of univalent attitude, the company established the Integrated Management System (IMS) in 2004 for efficiency the outcome of every process considering the interaction and sequence among them to meet the satisfaction, needs and demands of clients . Pointing to the strategies of the company, this approach was started for establishing the quality management system; ISO 9001 via holding several training courses in 2004 . This approach also extended to IMS after institution of environmental management system; ISO 14001, occupational health and safety management (OHSAS); ISO 18001, Energy Management (EN), ISO 50001/EN16001/M and SE 2000 . Inline with the macroeconomic policy, Fajr Petrochemical Company managed to initiate the excellence model based on EFQM to implement this model. The company also received a five-start certificate of appreciation from the third Petrochemical Industry Excellence Festival in 2013 . Following the realization of "implementing strategies process", this measure came in the top agenda of the company in 2013 .

Reviewing Management :

So far several measures including assurance of the short-term and long-term goals achievement, identifying opportunities for establishing value added sustainability and stability production has

been made in Fajr Petrochemical Company . The results immerged from the internal and surveillance audit, monitoring process, process changes, received feedback of clients, evaluating dangers and etc will be addressed in several reviewing management and special measures would be defined for them .

Measurement and Continuous Improvement Processes :

In an aim to improve its constant process in line with its goals and short-time programs, Fajr Petrochemical Companies has compiled its IMS approach and has defined different methods in that end .

Identification and Risk Assessment :

As per the ISO 14001 and OHSAS 18001 systems, assessment of environmental activities, services and its dangers have been considered as necessities of these systems .

Assessment and Evaluating the Energy Management Aspects :

As per the energy management system in 2009, evaluating the aspects of energy management has been considered as necessities of this system .

Accident Report, Survey and Identifying the Root Causes :

Compiling this executive method is aimed at analyzing the notification and registration of safety events including staff, technical, machinery, fire accidents and semi-accidents .

Evaluating, controlling and reducing the environmental and oil leakage accidents, release of gas and sudden explosion of chemical materials are considered as other measures of this approach .

Fajr Petrochemical Company's

Plaques of honor and certificates

Awards, Certificates and Acknowledgements

- 1- Acknowledgement by Khoozestan Province Regional Electricity Department

- 2- Crystal Statue on Project Management from International Society of IPMA-2011
- 3- Certificate of Quality Management Standards on Energy, Immunity, Health and Environment
- 4- A Four-Star Certificate of Eminence from Iran's Petrochemical Industry-2013
- 5- Acknowledgement of Industrial Unit of the Lovers of the Environment by the Environmental Protection Organization- 2009
- 6- Statue of Top Workshops on Safty-2008
- 7- Award for the Selected Green Industrial Units – 2009
- 8- A Level 3 Certificate of Green Commitment- Award by Green Management Association
- 9- Acknowledgement plaque by the Provincial City Governor of Mahshar
- 10- Acknowledgement Plaque by Emam Khomeini Relief Foundation
- 11- Acknowledgement Plaque by Mahshar Basij
- 12- Certificate of Top Immunity Company in 2009

افتخارات پتروشیمی فجر



Page 24 - 25

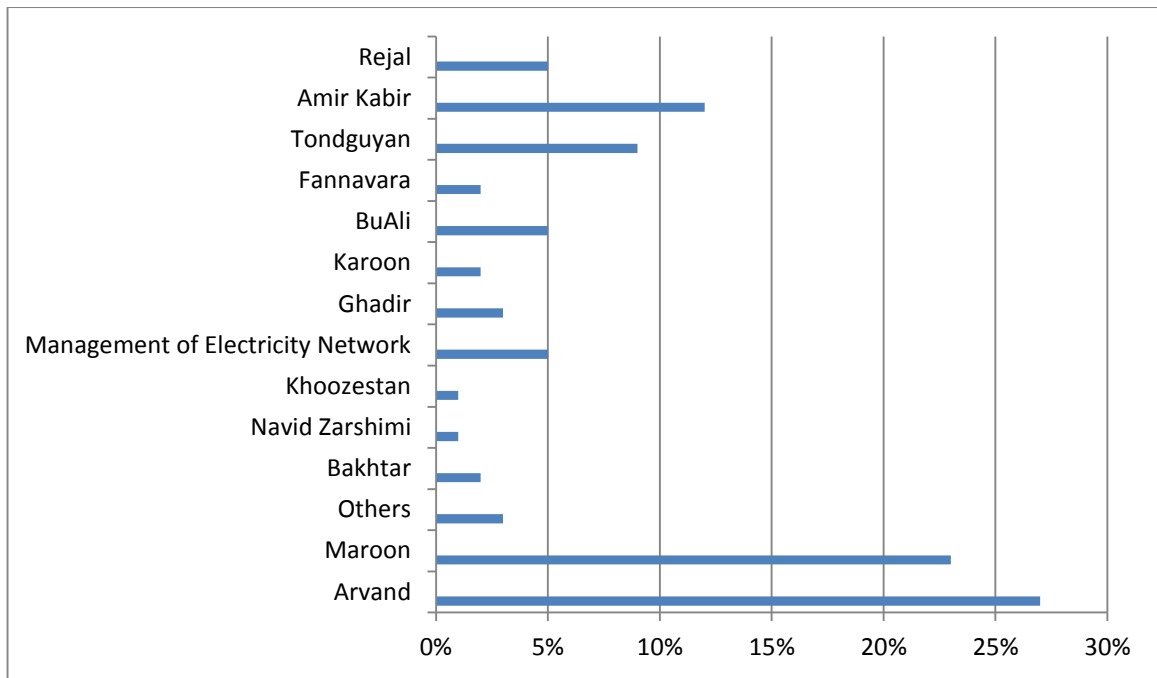


- **Executive Measures in Line With the Sustainability Production :**

In an aim to achieve qualitative and quantitative sustainability products, the Fajr Petrochemical Company is also fully active in planning and defining the strategic and non-strategic projects in addition to defining the mentioned process measures . The strategic projects of the company consist of electricity and steam sustainable production and transfer of the mentioned products. Meanwhile, most of the company's non-strategic projects are to achieve sustainable products in line with the defined parameters .

- **Electricity and Steam Sustainability Production :**

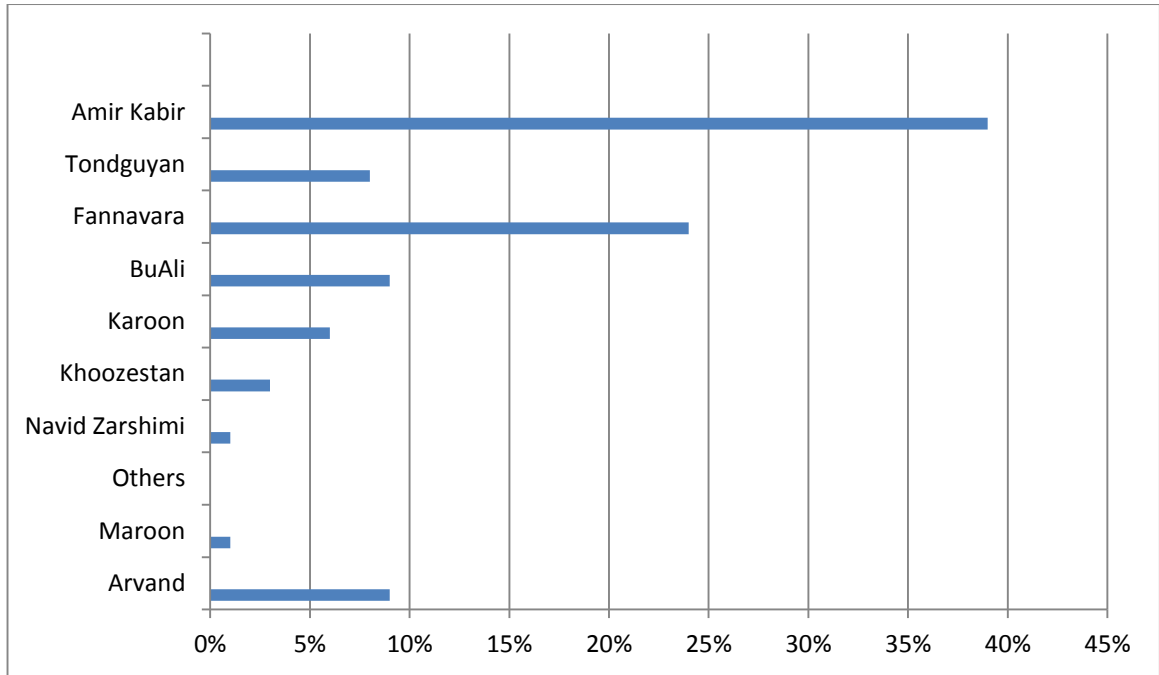
Electricity production is considered at the most important operation in Fajr petrochemical Company in a way that more than fifty percent of this company's sales come through selling the electricity production . The company's electricity sold is considered as the most important products for other companies in special economic zone . Stoppage and lack of electricity production would increase the opportunity cost of electricity sales of Fajr Petrochemical Company and the opportunity cost of production of several petrochemical companies in the region . Several products including steam, separated air and the electricity related by-products are produced in Fajr Petrochemical Company and stoppage of electricity production would impede the whole process . For instance, lack of sending instrument cleaned air would hinder the controlling systems of petrochemical companies which would lead to happenings of possible accidents .



Shares of the consumers of the sales of electricity in 2014 (In Rials)

Page 27

Based on the received information the most important task of Fajr Petrochemical Company is to ensure the sustainability of the production of electricity within the parameters of the contracts signed with clients . Because to make sure of the sustainability, not only ensures the shareholders to be confident of a sustainable benefit from their due share(s), but also assures the customers of the safety and the continuity of the products; consequently, it ensure the economic empowerment of the Especial Economic Petrochemical Zone and help the development of the Zone, as well . In fact, it can be stated that all stakeholders of Fajr Petrochemical Complex consider stability of the power generation as the most important of their wishes because the fulfillment or the non-fulfillment of the demand will influence directly or indirectly on their business and life, too



Shares of the consumers of the sales of steam in 2014 (In Rials)

نیروگاه برق ناحیه یک

نیروگاه ناحیه ۱ مجتمع پتروشیمی فجر دارای ۷ واحد توربین گازی به ظرفیت مجموع ۸۳۵ مگاوات می باشد که وظیفه تولید و توزیع برق به صنایع پتروشیمی منطقه را به عهده دارد. برای تولید این میزان انرژی الکتریکی، امکانات دریافت و مصرف ۲۲۰ هزار مترمکعب گاز طبیعی در ساعت فراهم شده است. همچنین از گاز وویل به عنوان سوخت پشتیبان در مواقع کاهش فشار یا قطع جریان گاز استفاده می گردد.

اکسیدهای نیتروژن 20 ppm
اکسیدهای گوگرد 4 ppm

۹۲٪ بازده حرارتی بویلرها

مهم ترین ویژگی نیروگاه برق سازگاری آن با محیط زیست است.

کنترل تمام سیستم های مربوط به فرآیند توسط نیروهای بهره برداری در ۲ بخش سایت و اتاق کنترل نیروگاه صورت می گیرد.

نیروگاه برق ناحیه ۲

بخش بخار ناحیه ۲، برای تولید ۷۴ تن بر ساعت، بخار طراحی شده است. با تزریق فشار و مواد شیمیایی اکسیژن زدایه آب بدون املاح آب تغذیه بویلر (Boiler) تولید می گردد و به کمک پمپ های پرفشار جهت تغذیه بویلرها ارسال می شود. سپس در بویلرهای بازیافت حرارت، گازهای خروجی از توربین گازی پس از گشوده شدن دایورتورهای دامپر (Divertor Damper) با آب تغذیه بویلر تبادل حرارت می نماید و این انتقال حرارت از گازهای داغ به آب، باعث تولید بخار و کاهش دمای گازهای خروجی از دودکش شده و در نتیجه مصرف بهینه انرژی را به دنبال دارد.

• **Measures done for production sustainability of electricity and steam :**

Electricity production is considered at the most important operation in Fajr petrochemical Company in a way that more than fifty percent of this company's sales come through selling the electricity production .

The company's electricity sold is considered as the most important products for other companies in special economic zone .

Stoppage and lack of electricity production would increase the opportunity cost of electricity sales of Fajr Petrochemical Company and the opportunity cost of production of several petrochemical companies in the region .

Several products including steam, separated air and lateral products are produced in Fajr Petrochemical Company and stoppage of electricity production would impede the whole process .

For instance, lack of sending instrument cleaned air would hinder the controlling systems of petrochemical companies which would lead to happiness of possible accidents .

Kinds of Activity	Project	Goal	Evidences of Effectiveness
Power Generating	<ul style="list-style-type: none"> Promotion of the turbines 	<ul style="list-style-type: none"> To promote the efficiency of the turbines and sustainability of the production 	<ul style="list-style-type: none"> Promoted efficiency
	<ul style="list-style-type: none"> Pre- Gas heating of the GE units 	<ul style="list-style-type: none"> To enjoy a sustainable supply of gas consumption which can lead to sustainability of power generation 	<ul style="list-style-type: none"> Prevention of the temperature reduction in the above said turbines which occurs

			because of a cold weather
	<ul style="list-style-type: none"> • Diverting LPG line to HP 	<ul style="list-style-type: none"> • To enjoy a sustainable supply of gas consumption which can lead to sustainability of power generation 	<ul style="list-style-type: none"> • Increase of the gas pressure which ensure a constant flow of the gas
	<ul style="list-style-type: none"> • Installation of GE turbines 	<ul style="list-style-type: none"> • To enjoy a sustainable production 	<ul style="list-style-type: none"> • Can be used like an island if necessary
Support and Maintenance	<ul style="list-style-type: none"> • Connecting the GIS cable post in area 1 to the 400 KWs post in area 2 	<ul style="list-style-type: none"> • To increase the sustainability of production through adding the possibility of principal repairing s in GE units • To use the potentialities of Fajr Petrochemical Company's power plants no 1 and 2 and letting them to support each other in case of any accidents • To create a higher transmission capacity for the power plant no 1 • To reduce the fuel consumption 	<ul style="list-style-type: none"> • It made possible to supply power to the complexes in Special Economic Petrochemical Zone despite a temperature and pressure reduction in winters • It also made it possible to supply power in case an unsustainable gas supply

			situation
	<ul style="list-style-type: none"> The installation of the 3rd cooling pump 	<ul style="list-style-type: none"> To enjoy a sustainable production through developing a repairmen process 	<ul style="list-style-type: none"> As repairing of the pumps harshly increase the risks of their application because of their high sensitivity, installation of the cooling pump made the repairing possible
	<ul style="list-style-type: none"> The project of fixing the 400 KW post 	<ul style="list-style-type: none"> To fix the foundation and prevention of further leaks To level and align the equipments and normalize their operations and functions To increase the possibility, the reliability and serviceability the equipments 	<ul style="list-style-type: none"> The reduction of the risks resulting the problems in the posts' operations
<ul style="list-style-type: none"> Revising in the settings of all network protective relays 	<ul style="list-style-type: none"> To prevent or make the electrical accidents less affecting the consumers To massively reduce the damages resulted from the accidents in and out of the 	<ul style="list-style-type: none"> The Diffusion of electricity related incidents with high destructive 	

		network	potentialities
	<ul style="list-style-type: none"> • Research project to increase the network stability 	<ul style="list-style-type: none"> • To review and analyze the effects of energy exchange between the national network and the internal network • To provide implementation mechanisms for the strengthening and reinforcing a critical infrastructure network 	<ul style="list-style-type: none"> • Developing
	<ul style="list-style-type: none"> • Buying a second transformer isolation 	<ul style="list-style-type: none"> • To Reduce the severity of short circuit faults on the network • To create a defensive wall against accidents within the networks 	<ul style="list-style-type: none"> • Developing
Distribution and transmission	<ul style="list-style-type: none"> • Creating 400 KW lines 	<ul style="list-style-type: none"> • To enjoy a sustainable power transmission to the customers 	<ul style="list-style-type: none"> • Execution of the project would increase the security sustainability and possibility of selling electricity to public grid up to 250 megawatts



- Sustainable Production of Electricity and Gas Condensate :

Gas is considered as the main important input in process of generating electricity in the Fajr Petrochemical Company . The amount of the produced electricity has a direct impact on the quantity of the received gas in the company. If the input gas encounter with some problems including the pressure drop, the company would shift to alternative measure such as using the gasoil fuel . Such alternative measures would expand the production expenses, cause depreciation and would have negative effects on the environment and health of the people .

That's why the Fajr Petrochemical Company is seeking other stabilization process for supplying its own electricity . To meet that end, the company has so far surveyed several issues including the execution of the organization's capacity development projects, transferring the subscription, utilization and maintenance of gas stations from the organization to petrochemical companies, designing and implementing an independent station for Fajr Petrochemical Company from the main gas company . The Fajr Petrochemical Company as a first producer of centralized auxiliary services across the country is well aware of its sensitive mission and role in the country's petrochemical company .

The company has always tried to employ modern management systems, evaluate the business sphere, to recognize the staff strengths and weaknesses, empowerment employees, utilize eco-friendly state-of-art technologies, establish a culture of innovation, and support experts to demonstrate this company as a superior and profitable business .

***Financial losses to Fajr Petrochemical Company due to stoppage and shortage of gas
(Comparison from Iranian months of Azar to Bahman with Tir to Shahrivar) :***

Financial Losses	Product/Raw Material/Activity	Expenses in Rial
The lack of interest caused by decrease of sales	Electricity (selling to companies)	225,728,664,000
	Electricity (selling to electricity market)	58,194,450,000
	Steam	5,530,573,656
	RO Water	76,011,130,264
	DM Water	32,243,963,817
Financial losses		2,305,000,000

inflicted on other companies due to stoppage of production		
Increase of consumed gasoil	Gasoil	50,794,821,000
Receiving electricity from the public electricity grid	Receiving electricity from grid	45,000,000,000
The trip and start expenses due to sudden decrease of gas pressure	Stoppage of turbines, start of turbines and changing fusel	23,350,000,000
Total costs		519,158,602,737

Page 30

Fajr Petrochemical

Company

2014

Sustainable Report

Fajr's People

Page 31

Fajr Petrochemical

Company's Personnel



Page 32

Persian Gulf Petrochemical Industries Company (PGPIC)

Fajr Petrochemical Company

Fajr's People



"Sustainable development is a process in which human needs is met and resolved by using resources and without damaging the integrity, stability and beauty of critical systems . In other words, it cease in its balanced growththe incidence and prevalence ofproblems and issues such as the destruction ofnatural resources, destruction ofbiological systems, pollution, climate changes, increaseof population, social injustice, and any sharp decrease in thequality of human lifetoday and in the future ."

Gholam Ali Zal Khani

President of the Fajr Petrochemical Complex

In today's world, investors pay special attention to ESG performance measures and criteria or the environment, society and the governance, in addition to criteria of conventional investment such as EPS; DPS; EAV; sales, inventory turnover, market share, etc. ESG is a measurement for determining the sustainability, while sustainable investment combines financial factors with ESG factors in the investment process . This means



that the risks of future production and sales and business are getting limited by minimizing the harm and damages to people and the planet . It also means that the measure supply capitals to these users who move forward to gain a productive and sustainable results . I believe, such lack of attention to this new index is a kind of inconsiderate thoughtlessness, because ignoring such issues can endanger the company's long-term returns .

Seyyed Javad Kazemi

Chief Financial Officer

Page 33



"Sustainability could improve the employee's loyalty and commitment and would have a specific influence on company shares' value and profitability. The human resource managers should pay due attention to sustainability of the company ."

Reza Zolfaghari

**Human Resource Manager of Fajr Petrochemical
Company**



"I think sustainability of organizations such as the human beings relies heavily on codes of ethics. Honesty, transparency, accountability, trying to understand the stakeholders and holding discussions with them play a pivotal role in the future of every organization . Wisdom and ethics could guide us and control us from within ."

Behnam Seifouri

Head of Fajr Petrochemical Company's Public Relation

Page 34

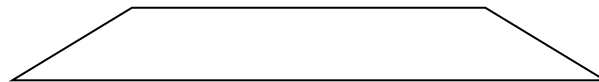
- **Personnel of Fajr Petrochemical Company**

In Fajr Petrochemical Company, we believe that human resources is one of the key elements in the main support processes for the realization of the strategy of the organization . Undoubtedly, human resources of Fajr Petrochemical Company are of the key assets of the company who can help the sustainability of Fajr business if their needs and expectations are met . For this very reason, investment in human resources, development of creativity and productivity among the employees, improvement of employee satisfaction are among the major strategic objectives of Fajr Petrochemical Company in the field of human resources management in order to empower them . On the side, we persuade the personnel of Fajr Company to be a very positive and effective force through committing some voluntarily environmental actions in the society they live, because we well know that development of human resources is possible only in the context of a healthy environment and a dynamic society .

Improvement of Personnel Satisfaction

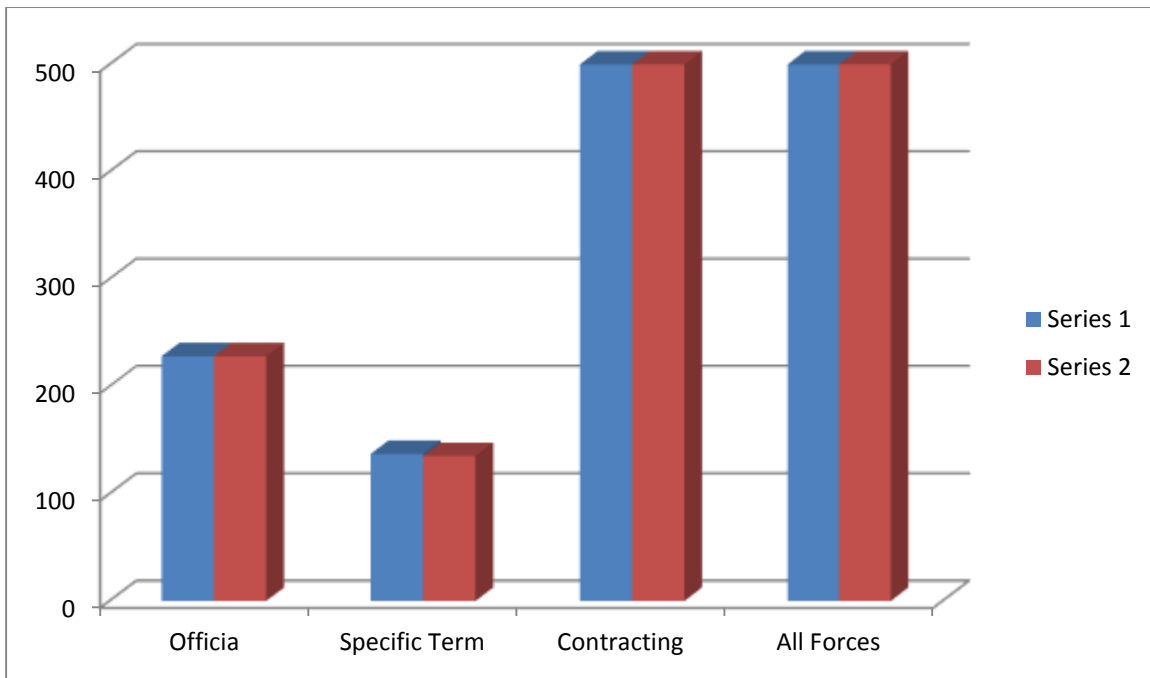


**Fajr Petrochemical Company's strategies
in the field of human resources management**



**Empowerment of the personnel and
Development of their creativity and productivity**

Fajr Petrochemical Company acts to recruit human resources according to the rules and requirements announced by Persian Gulf Petrochemical Industries Company and nowadays as notified earlier, four groups of human resources (employees) are working in Fajr Petrochemical Company as : official, specific (fixed) terms, temporary and contracting ones . The officials and fixed term employees or labor groups are different from each other just in terms of employment law applied for them . The first group of man power had always been a subset of the Oil Ministry, and the nature of the activities of the second group are different from that of the first group, as they are affiliated to the Department of Labor and Social Security . But given the nature of the activities of Fajr Petrochemical company, part of the activities are carried out through contractors who are working for Fajr Petrochemical Company to meet its human resources requirements. But Fajr Petrochemical Company, in this respect, not only watches and monitors the quality of human resources introduced by the contractors, but also controls and monitors the interactions between the said contractors and the employees . The contract between Fajr Petrochemical Company and the contractor who recruitments human resources for Fajr, entails some articles that well make the contractor to commit itself for protection of human rights, the one which Fajr Company well watches it. Moreover, Fajr Petrochemical Company takes the responsibility of ensuring the physical and mental health of its employees . Therefore it feels obliged to do its best to provide them and their families with recreational and educational facilities to enhance their morale and knowledge as much as possible . Some of these measure will be clarified afterwards .



- **Empowerment of Human Resources :**

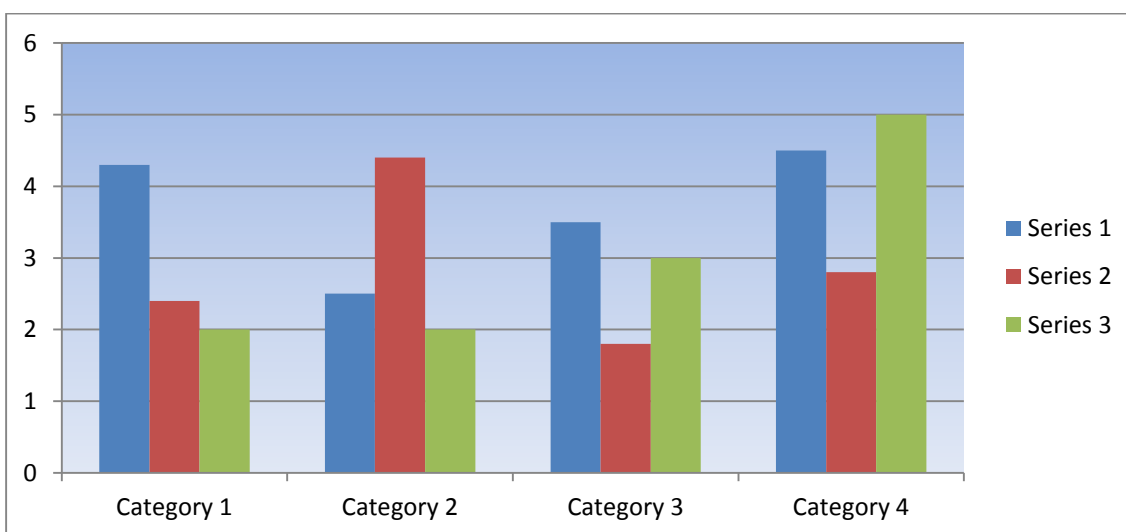
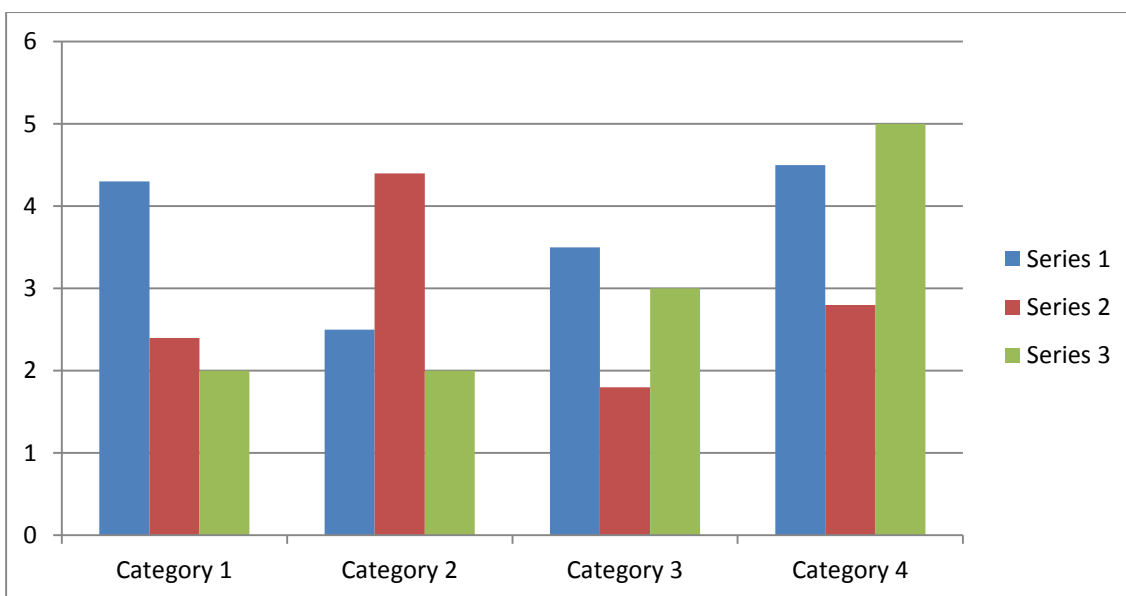
Fajr Petrochemical Company believes that employment and empowerment of human resources is one of the major pillars of sustainable production to achieve the company goals . To meet that end, first of all the company's expectations from its staffs should be fully defined to help them take effective steps for achieving empowerment . Empowering human resources through comprehensive strategies and programs is being held under supervision of Fajr Petrochemical Company's education section .

The effectiveness of training will be guaranteed via a three-part education process . First of all, the occupational needs of staffs including promotion of knowledge, skills or abilities will be assessed by themselves or the educational experts of the company . The educational needs assessment will be performed via considering the details of the compiled occupation by using the ISO 10015 standard aimed at identifying the skills, knowledge and competencies associated with each job to ensure the goals and strategy of the organization . At the second phase, planning, education and enforcement measures will be performed for enhancement of training courses . Finally, the educational assessment will be performed in two levels including "during the course"

and "one period after course". Three kinds of educational needs have been defined in Fajr Petrochemical Company including annual, special and extracurricular educational needs .

Annual education needs will be performed base on the job description and organization needs . Special educational needs would be presented by the heads of every sections based on the safety, health and environment sensitivities or the quality assurance unit for activities such as audits , organization excellence to training center of company .

Meanwhile, the extracurricular educational needs are among the special education needs that aim to introduce the organization's new goals and state-of-art technologies .



- **Training and succession planning :**

One of the major functions of education is related to succession planning in higher positions in an organization . At present, the succession process is perusing in a non- systematic manner in an organization and several programs for compiling a coherent program are being studied .

- **Course Training Evaluation :**

Evaluating the quality of training courses is carried out in two ways. The aim of first evaluation, which is called reaction assessment, is evaluating the quality of training courses. In this part of the evaluation, several questions would be asked from staffs about the professors and quality of courses, then the new problems would be extracted and they would be eliminated . The second evaluation is amid at assessing the effectiveness of the educational courses through evaluating the effectiveness of behavior change, increase of skill or vision .

- **Education for All :**

Fajr Petrochemical Company attaches great importance to educational issues for achieving the organizations' goals . In the past, only the permanent and counteract-based employees could attend the training courses, but at present the part-time employees also can attend the courses . The contractors are also obliged to introduce the expert employees for proper jobs; and in case of lack of professional incompetence employees, the contractors should prepare the ground for training them .

Learning Motivation :

Several staffs of Fajr Petrochemical Company cannot attend the training courses due to time shifts and overlapping business activities . This would reduce the incentive of shift employees to participate in training courses to some extent. In an aim to attend the training courses, some measures have been performed for the shift employees; for an instance, these people could ask some of their colleges to carry out their duties instead of themselves .

This would increase the employees' satisfaction and their participation in the training courses. Relating the staff promotion system with attending the training courses would also foster

satisfaction among the employees . Promotion of employees also has been related to their attendance in the training courses. This approach would increase the effectiveness of the courses .

Page 37

- **Health and Safety :**

We, in Fajr Petrochemical Company, believes that human resources are one of the key elements in the safeguarding the main processes for realizing the organization strategy . The company is fully committed to provide the safety and health of its employees and considers its commitment as a value for the organization . All the company's managers, members of social responsibility committee and the units affiliated to safety, health and environment affairs pay due attention to ensure safety and health of employees at work .

In an aim to reinforce this culture, each month, the employees who fully observe the safety and health and protect the environment will be introduced, and each year would receive plague of appreciation and financial awards on the occasion of national Fire prevention Day in Fajr Petrochemical Company . The company also encourages its staffs to perform voluntary activities in the environment and be influential and positive in the society; because, the development of human resources can be achieved in the context of a healthy environment and a dynamic society .



- **Offering health-care services and rotatory examinations :**

Fajr Petrochemical Company has defined a comprehensive program in its professional health care unit in order to promote the physical and spiritual health of its personnel . It examined the health conditions of the staff based on different indexes. In case any problem with any colleague, the health care unit follows the case up to the full recovery of the colleague . Fajr Company's management not only introduces the colleague to the health care unit, clinics, hospitals or a relevant specialist, but also provides him/her with the supplementary health care insurance book to reduce the financial burdens of the patients. Beside the health monitoring program, Fajr Petrochemical Company also takes a preemptive approach to the immunity and health care of its personnel and workforces, as follows :

- Identification and assessment of occupational health risks in the complex
- Measurement of harmful factors at work such as noise, light, electromagnetic radiation and chemical and biological agents, etc., and take the necessary measures to reduce them

Page 38

- Health inspectors in all industrial and non-industrial sites in Fajr Petrochemical Complex
- Auditory of the general conditions of the working environment such as lighting, chemical pollutants, etc .
- Setting up different technical protection and worker health committees and determining some corrective actions and preventative measures for the well implementation of them
- Installation of first aid kits in the area of one and two of the Fajr Petrochemical Complex
- The two specialized emergency rescue - fire units in the complex and shifting course first aid training for fire personnel - General maneuver (evacuation) and specialized - prepared for dust masks for distribution among all partners
- Verifying and auditing health situations in all industrial and non-industrial sites of Fajr Petrochemical Complex
- Verifying and auditing general workplace conditions such as lights, chemical pollutions and etc .

- Setting up the committees for technical protection and health care services for the staffs and determining some corrective and preemptive actions and taking the necessary measures to execute them
 - Installing some first aid boxes all over the areas of 1 and 2 in the Fajr Petrochemical Complex
 - Arranging two specialized Ambulances for relief situations
 - Organizing of two fire extinguishing units in the Fajr Complex and managing two shifts of first aid training courses for the fire extinguishers
 - Holding of general maneuvers (emergency exhausting) and specialized maneuvers
 - Preparing special dust masks and distributing them among all staffs of the Fajr Complex
- **Research and development projects in the field of immunity (security) and health care**
 - Holding a project of reviewing the problems of the shifting personnel with cooperation with Shiraz University professional health care working group and the National Petrochemical Company (NPC)
 - Holding a project of reviewing body and skeletal disorders in the Fajr Complex and presenting an appropriate mechanism to cure the affected personnel
 - Holding a project of eliminating and control of volatile organic compounds in the waste water treatment units
- **Culture building practices in the field of professional health care services**
 - Installing signs depicting some messages on health care and immunity measures
 - Distributing educational books, pamphlets and brochures depicting health care measures
 - Holding different training courses in the different health care fields

Helping the balance of work and life

Fajr Petrochemical Company is concerned both about the quality of the works done by the personnel and their outputs and the quality of the personnel's life . The company believes that if it is to achieve sustainability economically, socially, environmentally, and also achieve its macro goals, it must focus on employing physically and mentally health personnel; and this cannot be achieved except by making a balance between work and life of all personnel . It took some measures in this regard as follows :

- Changing working shifts from 16 days period to 12 days period

- Changing the system of paying staffs for working overtime to a manufacturing (production) based system of paying fees to the, based on an instruction by Persian Gulf Petrochemical Company. It must be noted that some staffs happened to stay at work for a long time and without any specific results, an action which could lead to disorders in some colleagues' balancing of work and life
- Granting personnel a continuous 12 days paid leave which can lead to paying of 2 percent of base salary and 50 percent of buying the leave
- Reducing 2 hours of working time of those pregnant women colleagues from their 8 months pregnancy until their delivery date and granting maternity leave of 9 months to those officially employed women colleagues and a 6 months leave to other colleagues
- Reducing a 2.5 hours working time a day for such women colleagues for a period of 2 years after the birth in order to let them freely care the baby and continue a two years long breast feeding

Page 39

- **Sports Affairs**

Due to spiritual benefits of exercise on the employees, Fajr Petrochemical Company attaches special attention to this topic . The sports section of the company is in charge of delivering sports services to the employees and their families . The company also has allocated an annual asset for the sport committee to lure the employees to attend the exercise classes .

The company also has compiled a sports timetable and allocated some amount of money for the employee's exercises after evaluating the staff's interests to different sports fields, polling opinions and questioning the Health, Safety and Environment (HSE) Unit about the health of the employees .

The company's employees and their families can fully enjoy the different sport facilities including an artificial grass field and a multi-purpose sports hall that is unique in petrochemical special zone . The sports facilities of the company are not limited to a multi-purpose sports complex, for instance several contracts also have been signed with three

swimming pools and the employees and their familiar could utilize these facilities . The employees and their families are fully active in sport affairs in a way that over 700 of them attended the sport competitions which held in 2014 and managed to shine in several sports fields .



Page 40

- **Pollution**

Pollution is one of the Fajr Petrochemical Company's most important challenges in the field of health and immunity (security) . The very challenge of Fajr Company is normally stemming from two factors such as dust and the pollution inversion in the Special Economic Petrochemical Zone, and also the pollution resulting from production process

especially in the waste water units . Thus, Fajr Company managed some measures in order to manage some air pollution related risks as follows :

- Preparing and distributing some FFP2 masks among colleagues for the dust
- Preparing some masks special for chemical pollution in the waste water treatment units
- Preparing and distributing volatile masks for emergency situations
- Preparing a face full-covering mask to protect the personnel who is working with acids in the water treatment units
- Preparing Oxygen capsules in some special working environments
- Preparing and annually distributing some cloths and special glasses

● **Healthy nutrition of staff :**

The Fajr Petrochemical Company also attaches great importance to nutrition of its employees . The company always monitors the quality of its employees' food and drinking water . For example, the company has constant supervision on measurement of chlorinated drinking water and analyzes several samples to monitor the water quality for microbiological and chemical parameters. Referring to the importance of foods' quality at the company's restaurant, it serves every day three kinds of meals that only one of them is "healthy food . "Also a permit has been issued for construction of a bakery for the company's restaurant aimed at baking fresh and healthy breads for the employees .

● **Award System and Occupational Facilities:**

Fajr Petrochemical Company attaches great importance to paying awards to its staffs and encouraging and appreciating them aimed at keeping its current employee and recruiting new workforces . But, the company's award system is beyond paying salary to the employees . The Fajr Petrochemical Company enjoys a comprehensive award package aimed at fostering the quality of the employee's live at present or in the future .

In other words, Fajr Company not only manages its human resources for achieving the organizational goals, but also to reinforce the quality of lives and satisfaction through a system of awards .

Human capital (resources) of the company consists of four groups whom are employed on permanent, specific term, temporary contract, and contracting workforces . All the three groups of employees, except the contracting workforces who contracts with their own companies, receives their base salary according to legal requirements and guidelines of the “Persian Gulf Holdings” for compensation of services or social security directly from Fajr Petrochemical Company. Fajr Petrochemical Company enjoys freedom of action only in the field of compensation in form of allocating and benefits and offering rewards to the workforces. Obviously employees could be appreciated and receive different kinds of awards according to the values they attach to the organization. The very action is also accomplished firstly based on the employee’s performance indicators and secondly based on the organization strategy roadmap, its performance, achievements and success, as well as the awards of “excellence and quality achievement” it receives directly for the excellent performances of its workforces.

Weighing the temporary contracting workforces :

Fajr Petrochemical Company stress in its compensation system on a direct relationship between the value created by the staff and his / her rights and benefits . I means that the more the staff create values for the organization, the more he / she earns salary or wage and other related benefits .

This logic also prevails in many processes such as suggestion systems . According to this logic Fajr Petrochemical Company took various steps to reduce the gap between the salaries of official personnel, those temporary and contracting workforces . The measures taken in connection with the reduction of the salary for a temporary period are as follows :

- Taking into account the contracting forces in the job classification and defining new salary / wage table according to instructions from Persian Gulf Company
- Providing personnel with support basket of March 2013, according to studies carried out for needs assessments
- Increasing 7 percent to the base salaries in March 2013

- Readjusting of the salary / wages for March 2013 based on the new job classification plan
- Providing grants of up to four million Rials welfare motivational per person (4,000,000 Rials) to the personnel based on the new guidelines and announced formulation
- Approving of an increase of extraordinary shift work payment from 22.5 percent to 35 percent (such as the cases for the official forces and fixed term forces)
- Allocating twenty annual quota of summer recreation facilities of the year 2012 to those temporary contracting personnel
- Providing a special loan which is two times more than normal salary / and wage to those temporary contracting employees period, the amount of which is equal to the one donated to those fixed-term and official personnel

• Caring about the personnel who are working for the contracting companies :

Contracting employees are of the most important part of the manpower employed in Fajr Petrochemical Company . For this reason, Fajr Company pays special attention to the improvement of the quality of working and living conditions of these forces . For this purpose, the company devised and implemented some solutions and guidelines, some examples of which are as follows :

- Increasing 7 percent to base salary in March 2013
- Providing personnel with support basket in March 2013
- Approving a 30 percent increase to the salary/wage in March 2014
- Providing personnel with some performance rewards such as bonuses of "Excellence Award"
- Approving of an increase of extraordinary shift work payment from 22.5 percent to 35 percent (such as the cases for the official forces and fixed term forces)



- **Cultural Centers and Cultural Affairs :**

Referring to the location of Fajr Petrochemical Company in a harsh and hot region with lack of recreational facilities, fostering the satisfaction of human workforces is top priority for its human resources managers . Several measures have so far been performed for enhancing the employees and meeting their families' satisfaction and peace of mind including establishment of several cultural centers .

The employees and their family can perform cultural and social activities in cultural centers or attend the training courses free of charge or cooperate with these centers as trainer . All complexes of Petrochemical Special Economic Zone are in charge of establishing cultural centers . All family members of the Fajr Petrochemical Company's personnel settled in the Special Economic Petrochemical Zone can share all facilities of the cultural centers, the fees of which would be paid by Fajr Company through an account previously opened specially for the petrochemical companies and all regional units . The bills will be settled according the times everybody use or benefited from the facilities . The financial interactions planned to encourage all to participate in the classes and courses and use all other facilities are as follows: everybody pays 10 percent of the announced expenses, and 90 percent of which will be paid by Fajr Company . The transportation expenses of all personnel and their offspring are paid by Fajr Petrochemical Company, as well .

You can find some examples of the services presented by Fajr Company in these cultural centers as Follows :

- Holding some Quran recitation classes, the certificates of which are issued by the Islamic Propagation Organization
- Holding some art classes, the certificates of which are issued by the governmental Technical and professional Training Organization

- * * * * *

Page 43

- Holding some music classes, the certificates of which are issued by the Ministry of Culture and Islamic Guidance
- Holding some classes of religious chorus and musical recitation of Quran
- Holding some book reading courses
- Holding some cooking classes
- Holding some forums with moral and cultural themes
- Holding some seminars on educational / training and health care services
- Holding some courses of traditional medicine
- Holding some religious ceremonies especial for women for full reading of Quran and Sahifa' Sadjadiye (book of the forth Imam of shi'a)
- Holding some festivals on food, nutrition and health, environmental issues, immunity and health and ways of fire extinguishing for all personnel's family members
- Holding exhibitions on handicrafts made by the family members
- Presenting fire extinguishing capsules
- Holding some gatherings for walking, hiking , etc
- Holding some tours to religious, cultural, recreational / entertainment centers

Fajr Petrochemical Company has some other services beside the ones presented in Fajr Cultural Center, such as providing all personnel and their family members with the houses and camping places in some tourist cities like Shiraz, Esfahan and Be'sat pilgrim's township in Mashhad .

System of involving the personnel family members

Fajr Petrochemical Company's personnel family members consider themselves to be part of a single large family of the company . This culture is so ingrained in the families that they do not hesitate to give any suggestion for the promotion of Fajr Petrochemical Company in its all diverse aspects . Fajr Petrochemical Company in return to appreciate these kinds of contribution and parting with Fajr and also to promote the very excellent culture of general/public participation among all family members, tried to recognize them all for good . Fajr Company also in this system of appreciation grants valuable gifts and awards to all family members or employees that offer useful suggestions to help improve the Fajr Petrochemical family and staff.

Other granted facilities to personnel

In addition to the above mentioned cases, some other facilities are also granted to the personnel of Fajr Petrochemical Company to enhance their life quality as follows :

- Letting all occupational groups of Fajr Company to take the advantages of the extra / supplementary insurances
- Letting the specific term personnel to take the advantages of service and health care facilities of Oil Industry
- Granting marriage loan and wedding gifts (to official and specific term forces)
- Providing all personnel with some emergency loans
- Fajr Company is committed to provide official and specific term forces with housing facilities such as dormitory, mortgages or corporate housing if required
- Offering all personnel corporate houses with the possibility of buying them through installments for 15 years
- Providing those colleagues who do not enjoy corporate houses with a housing deposit of 15 million Rials in addition to an 8 million Rials housing loan
- Presenting birth day gifts to those children under 18 years of the employees

- Providing official and specific term forces and their family members with flight services. The facilities composed of four times free two ways (return) flight tickets of the regional routes for the personnel and their family in order to persuade them to stay in Special Economic Petrochemical Zone . It is also possible for high school graduated employees to use the facility twice a year .

- Providing official and specific term forces and their family members with summer welfare and recreational facilities with an annual budget to accommodate them in Kish, Mashhad, Northern coastal cities and Tabriz

- Letting them all and their family members to take the advantages of family assistances, social work, and referrals to health care advices or consultation

Page 44

Fajr Petrochemical

Company

2014

Sustainable Report

Children

Children are source of joy and freshness in families . The need consideration, respect, training and education . As parents hop for better days of their beloved children, Fajr Petrochemical Company has never forgotten them and included them in its programs .

The cultural center of Fajr Petrochemical Company has done its best to have some innovative programs such as holding classes and courses on poem writing and other creative skills to fill their free times . It also holds some sport festivals and other programs for them .

Of all the services Fajr Company presents to the kids and children are such as holding different education – based competitions, granting educational scholarships to the nearby educational institutes and schools, awarding children at the end of their academic years, presenting birth day

gifts, granting their families financial aids for the children's day care services and cooperating with the kids and infants mothers for the kindergarten and nursery schools .

Page 45

Children's paintings



Page 46

Fajr Petrochemical

Company

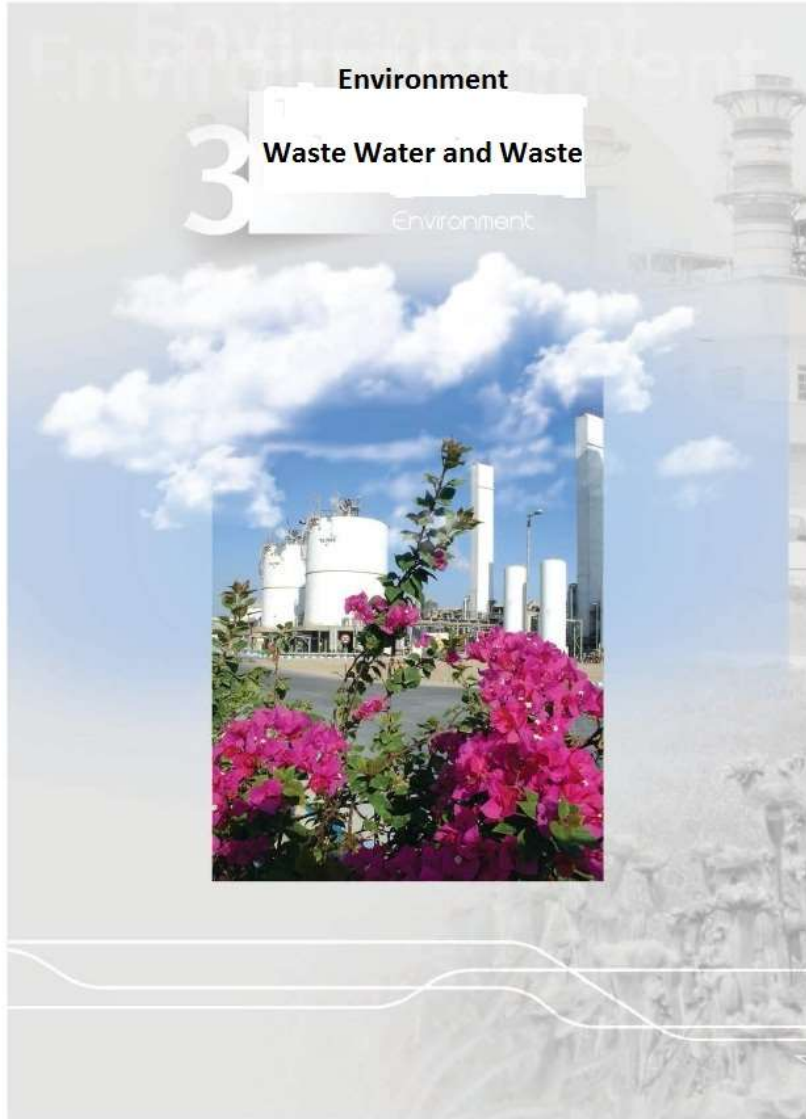
2014

Sustainable Report

Environment

Environment

Waste Water and Waste





- **Environment, Wastewater and Solid Waste Management :**

Fajr Petrochemical Company could play an effective role in environmental affairs at regional and provincial level including wastewater and solid waste management . The company and different complexes of Petrochemical Special Economic Zone could play a pivotal role in wastewater and solid waste management . The Fajr Petrochemical Company and different complexes of Petrochemical Special Economic Zone could manufacture unwanted output in the form of wastewater and solid waste during the chemical and petrochemical production as well as supply utility operations which can affect the environment and the region .

In line to achieve its goals, Fajr Petrochemical Company has accepted the responsibility to manage the wastewater and solid waste remaining from its operations process in the region . Fajr Petrochemical Company enjoys an accountable and active approach in environmental issues . The company is settling the environmental challenges beyond its requirements and scope of its responsibilities . So far several measures have been conducted in that end including the environmental performances in wastewater and solid waste management .

The Impacts of Climate and Environmental Issues on Performance of Fajr Petrochemical Company :

Climate changes would have huge consequences effect on performance of Fajr Petrochemical Company . For instance, if the temperature reduces severely the company would encounter several problems due to reduction of gas pressure . To settle this problem, the company should use gasoil which have severe negative environmental impacts in comparison with gas . Meanwhile, the dust pollution also cause swings on high voltage cables or even would cause explosion on electrical joints . Reduction of Gas pressure would cause negative impacts on profitability of Fajr Petrochemical Company for several reasons .

Firstly, the company cannot continue its production without utilizing gas, and naturally nothing would be put on the market without production . Secondly, according to the contracts inked between the Fajr Petrochemical Company and the costumers, the company should pay the damages caused by lack of production and delivery of electricity to its clients . Finally, the expenses for restarting the machineries and their depreciation should be included in this calculation . All of these issues have been fully addressed in chapter of production sustainability .

Page 49

- **Environmental approaches and the standards**

Fajr Petrochemical Company has implement quality management system since 2004 based on the ISO 14001 standards for environment in line with its strategic objectives of achieving organizational social responsibility such as risk management and managing the effects of environmental pollution on the ecology (plants, animals, landscapes and human) and the natural resources (land, water, forest resources and marine energy and mineral) and air in accordance with the quality system . It has defined its plans to take this environmental approach under the following process and in connection with a systematic procedure as follows :

- 1- Identification, evaluation and reviewing the environmental aspects of the organization (Fajr Company) : In this approach with regard to environmental aspects such as atmospheric emissions, discharges of pollutants into water, discharge of pollutants into the soil, consumption of raw materials and natural resources, waste and by-products will be monitored .
- 2- Monitoring of environmental performance : This approach monitors the environmental performance of Fajr Petrochemical Companies in order to measure and compare the most

important environmental impacts with its base line values, lawful and permitted limitations, Fajr Petrochemical Company's goals and objectives and evaluating of obtained results . Activities in this regard include :

- Monitoring of environmental parameters for air emissions and waste water
- Reviewing and analyzing of complex laboratory results related to waste water outlets on a daily basis and reporting the non-compliance cases to the relevant units
- Reviewing and analyzing of the results of the on-line analyzers on power plant chimneys
- Reviewing and analyzing of reliable laboratory results and reporting of the cases of non-compliance to the relevant units
- Preparing and submitting the reports of non-conforming wastewater plants to the heads of the regional petrochemical complexes
- Contributing to implementation of environmental projects from the needs assessment phase up to phase of applying and following up the latest status of these projects
- Updating environmental indicators
- Preparing Environmental reports of the said periods
- Monitoring and controlling of the environmental aspects of operation units

● **Waste Management :**

Waste, useless by-products and the outputs with worthless trade and economic values are called waste materials . These waste materials can be hazardous or non-hazardous and the waste management is vital due to its environmental effects . The Fajr Petrochemical Company is fully active in managing waste materials produced via the process and non-process operations in this complex of other petrochemical companies . Sometimes, the waste materials are sold, burned by the incinerator, buried in a designated area or maintained awaiting final disposition . The company also pays due attention on monitoring disposal of waste materials in designated placed which are approved by Iran Environment Protection Organization and incineration of waste materials under controlled conditions and using modern methods .

Waste can be composed of any of the following cases :

Sludge : The sludge can be that produced in very water treatment units or that from the wastewater treatment unit .

Waste burning furnace ash

Semi household's Waste

Scrap Metal

Rock wool

Electric, cables and battery wastes

Steel and plastic drums

Flea

Waste oils and other chemicals



In addition to the foregoing cases, Fajr Petrochemical Company take a codified approach in concordance with practicing some measures to regulate a governing the system of collection, storage, processing, transport and safe disposal of hazardous and non-hazardous waste .



• **Waste Management at Fajr Petrochemical Company :**

The processed and non-processed waste materials will be identified, classified and encoded based on existing the methods and procedures at the company .

- The sludge of water purification unit is considered as one of the major waste material of the complex which is amassed following the deposition of salts in process of water treatment with high volume . After loading the tankers, the sludge will be disposed with regard to the environmental considerations .

- The Fajr Petrochemical Company has designed a waste incinerator for eliminating the sludge that has been produced in wastewater treatment unit . Given the hazardous properties of sludge produced in process of waste water treatment and its high volume, approximately 10 tons of produced sludge would be burned per day and its cinders will be used as one of the components in making concrete and cement .

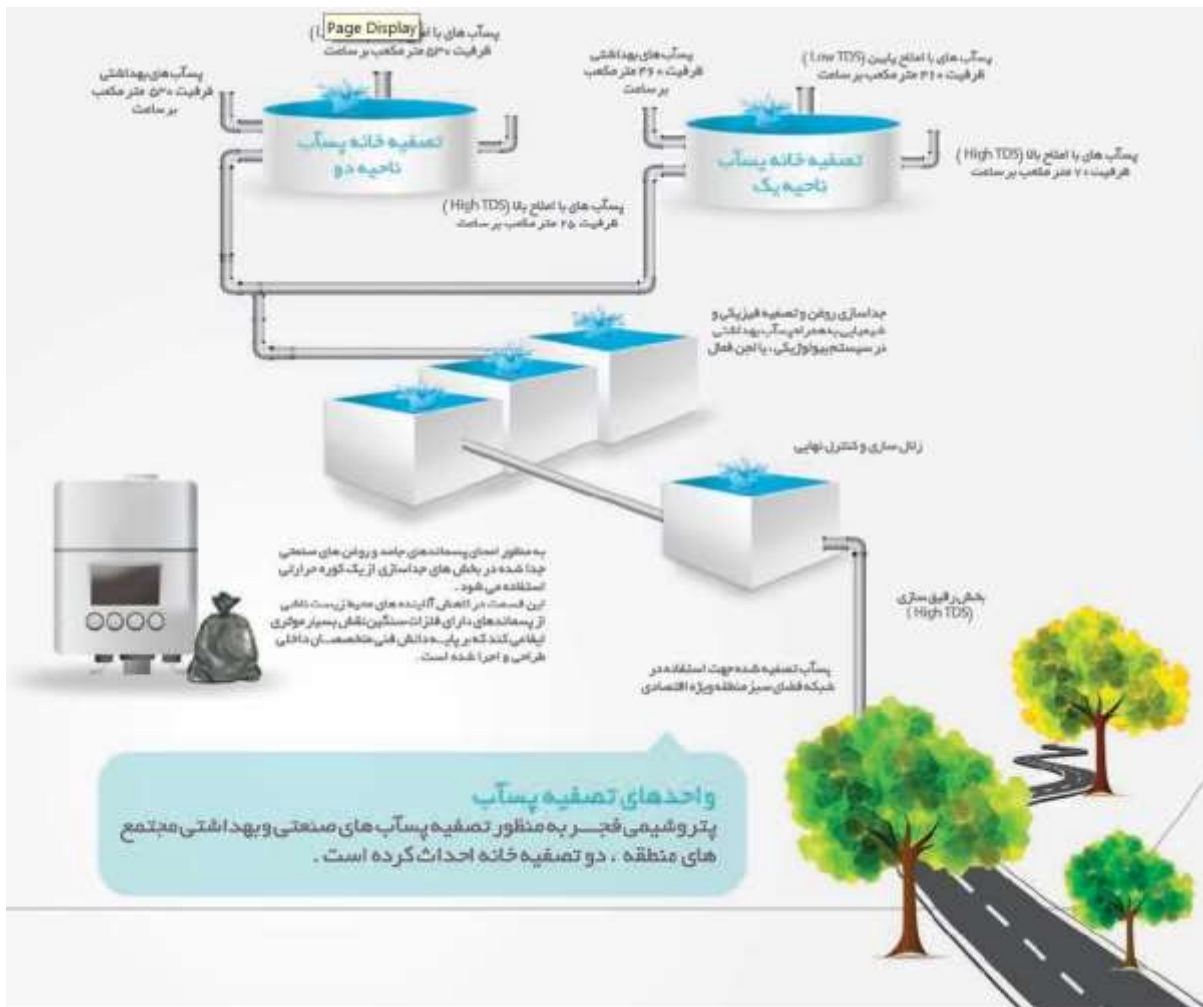
- Oil and the hydrocarbon waste are other kinds of wastes materials which are produced in the complex . These materials would be sent to other registered and accredited companies .
- Other wastes products would be managed based on principles of waste management including re-using, sale and recycling, incineration and landfill .

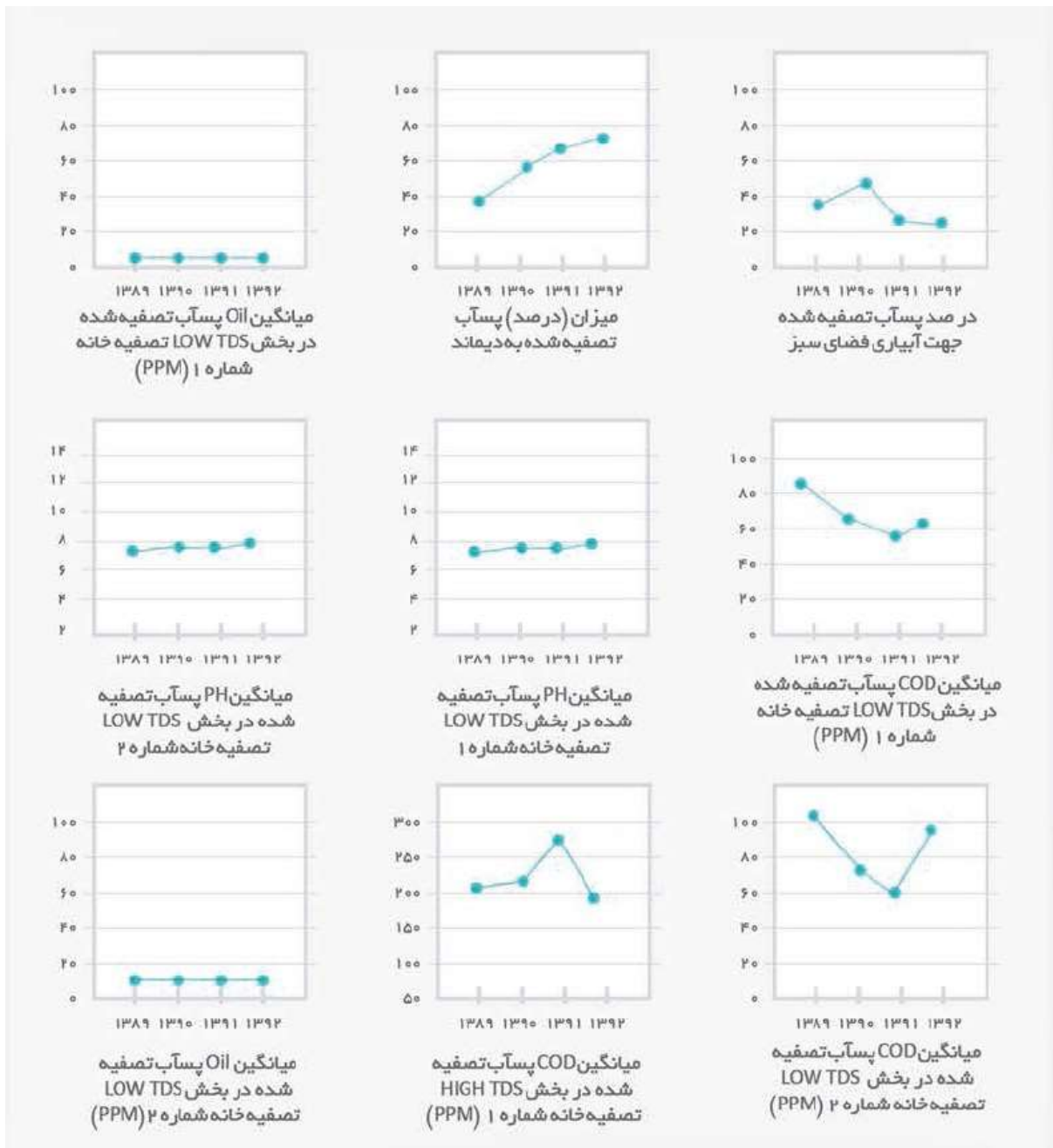
Investment and current expenditures undertaken in order to protect the environment	
Investment expenditures undertaken in the waste water treatment units	481,664,018,357 Rials
Current spending undertaken in the waste water treatment units	169,394,271,952 Rials
Expenditures undertaken for the waste disposal in waste water treatment units (furnaces for waste disposal)	19,899,756,977 Rials
Expenditures undertaken for the waste disposal in waste water treatment units	7,425,600,000 Rials
Expenditures undertaken for watching or monitoring on trusted (accredited) laboratories	198,920,000 Rials
Expenditures undertaken for management systems (ISO and Excellence)	107,500,000 Rials
Expenditures undertaken for recycling reversed osmosis wastage water (All in Rial and other foreign currencies)	257,094,515,336 Rials

- **Wastewater Management :**

The wastewater treatment units of Fajr Petrochemical Company are in charge of receiving different kinds of medical and industrial wastewater from 14 complexes and regional companies and purifying them . These units are consists of two refineries with different capacities . The first and second refineries have 460 cubic meters of per hour and 520 cubic meters of per hour capacities respectively . The large volume of incoming wastewater will be utilized for irrigating green spaces after treatment . In purification process, three kinds of wastewater including the medical, low and total dissolved solids (TDS) are injected to the tanks that are consists of two parts . At the first stage, the minerals will be separated in the tanks, then the oil is separated and the physical and chemical treatment of medical waste water will be occurred in biological system or

activated sludge . Then, in control phase, the wastewater would be clarified and finally, the dilution stage also has been predicted for wastewater with high salinity .





The importance of monitoring and measurement of environmental pollutants :

It is impossible to manage the negative effects of environmental businesses without monitoring and measurement of environmental pollutants . Thereby, Fajr Petrochemical Company enjoys a well developed process in order to apply such measurements. It carries out the task and identifies environmental pollution through sampling, monitoring and quantitative and qualitative measurement, and also monitoring and controlling of contaminants in order to match the measurements with legal requirements and the relevant basic values . The output of this action is to evaluate and optimize the performance of the company's environmental management system . The measures taken to implement the above process are as follows :

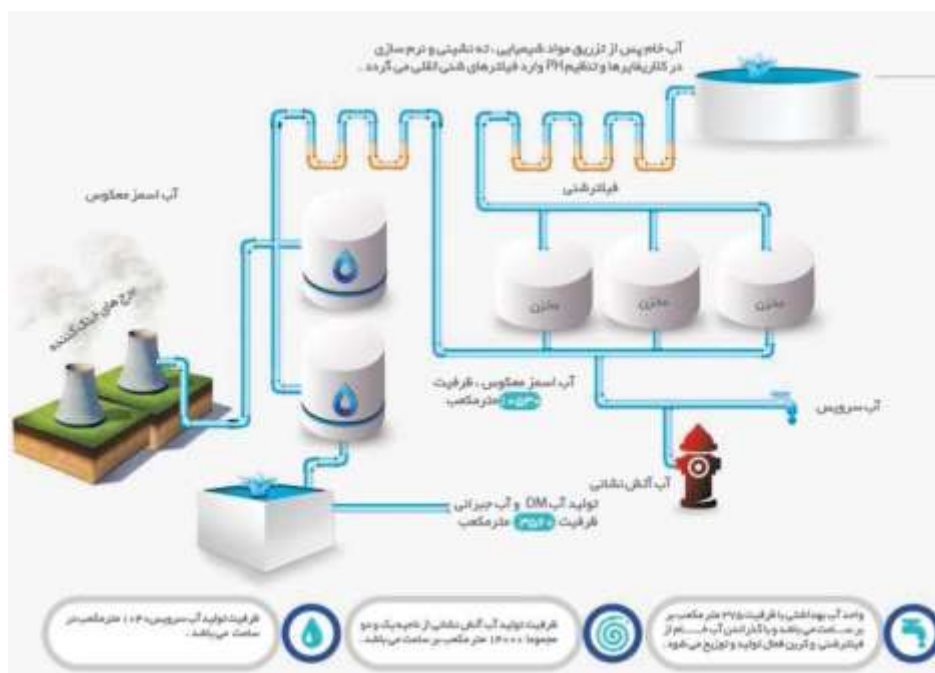
1. Measurement of the effects of the environmental pollution parameters on the output of Fajr Petrochemical Complex by the complex's laboratory
2. Measurement of the effects of the environmental pollution parameters on the output of Fajr Petrochemical Complex by the accredited laboratory
3. Measurement of the effects of the environmental pollution parameters on the output of Fajr Petrochemical Complex by or through online analyses
4. Watching the monitoring activities of the accredited laboratory
5. Watching or monitoring the environmental controlling by installing an appropriate air pollution equipments
6. Making coordination with the laboratory of Fajr Petrochemical Complex in order to measure environmental parameters

7. *****

Page 54

• **Water Treatment :**

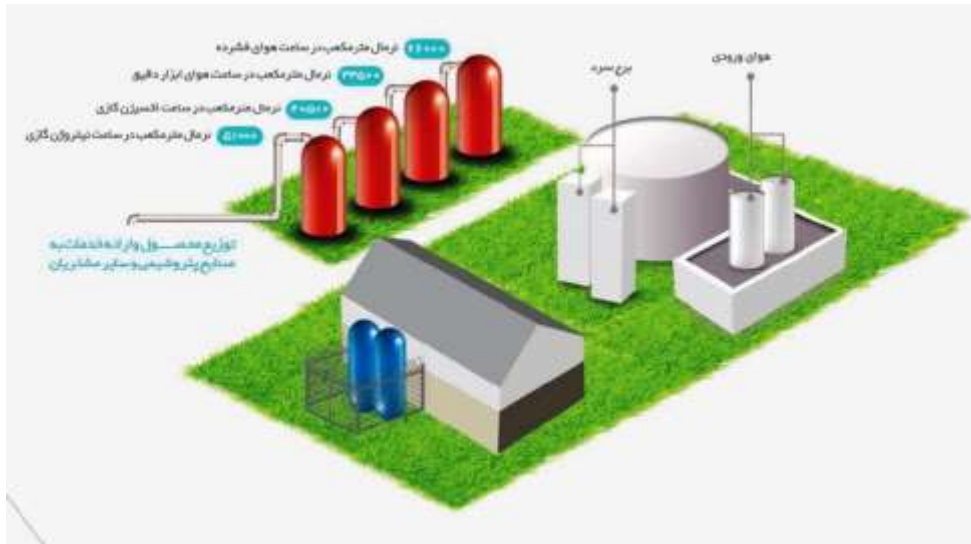
This unit was established to supply necessary industrial waters to waterprocessing units in the Especial Economic Petrochemical Zone . The procedure of the works in the units is that raw water moves into the refineries or gravity sand filters after chemicals injection and its sedimentation and softening in clarifiers and adjusting its PH . The produced water moves into the water tank of the clarifier which can be use for supplying service water, fire extinguishing and as reverse osmosis .



The most important measures done in order to enjoy a sustainable water production and water supply			
Kind of Activity	Project	Aims	Evidences of the effectiveness
Water Production	<ul style="list-style-type: none"> • Execution of the developing of Cooling Tower 	<ul style="list-style-type: none"> • Sustainability of production and supply 	<ul style="list-style-type: none"> • Reduction in the customer's complains
	<ul style="list-style-type: none"> • Preparing an installation of a 20 percent Caustic soda tank 	<ul style="list-style-type: none"> • Sustainability of production and supply 	<ul style="list-style-type: none"> • Reduction of risks resulted from untimely supply of the Caustic Soda water

• **Air Separation :**

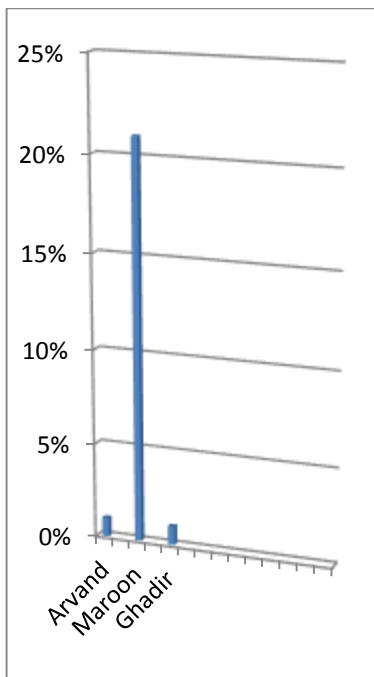
Fajr Petrochemical Air units was established to provide 33,500 normal cubic meters per hour of instrument air, 66000 normal cubic meters per hour of service air, 51,000 cubic meters per hour of nitrogen gas and 40500 normal cubic meters per hour of oxygen gas required by the consumer complexes . The current unit area 1 of the Fajr Air unit consists of two air compressing and extracting parts . All gas products of both units are transferred via transmission pipe lines to regional consumers and the liquid products is transferred by transport tankers to all over the country .



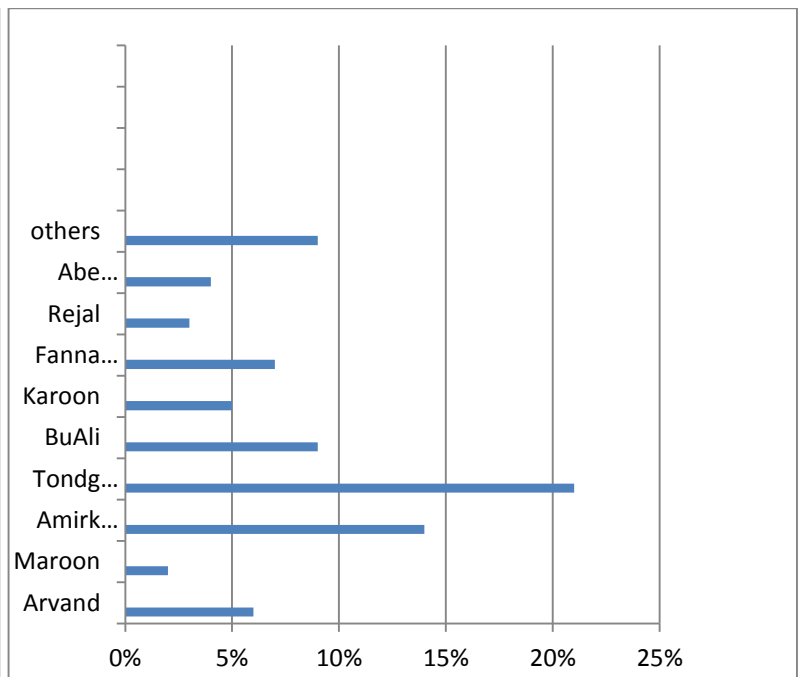
**The most important measures done in order to enjoy
a sustainable production in Fajr Company's air separation units**

Kinds of Activities	Project	Aim	Evidences of the effectiveness
Air Separation	<ul style="list-style-type: none"> Duplicating the storage capacity of the emergency instrument cleaned air (Compressed Air) 	<ul style="list-style-type: none"> Continuity of instrument cleaned air (Compressed Air) supply to the customers Sustainability of Production 	<ul style="list-style-type: none"> Instrument cleaned air (Compressed Air) supply had been duplicated
	<ul style="list-style-type: none"> Constructing of a spare drum for absorbing materials (TSA) 	<ul style="list-style-type: none"> Sustainability of Oxygen and Nitrogen gas supply 	<ul style="list-style-type: none"> The interval of stop time for repairmen reduced from about one months to two days
	<ul style="list-style-type: none"> Installing of humidity 	<ul style="list-style-type: none"> Promoting the quality of 	<ul style="list-style-type: none"> An increase in reliability or

	reevaluating analyzers for instrument cleaned (Compressed Air) and Nitrogen	productions supplied to the customers	confidence factor and reaching to a good production quality
--	---	---------------------------------------	---



* Oxygen Gas



* Nitrogen Gas

• **Energy Management :**

Energy policies

Fajr Petrochemical Company has established, documented, implemented and is maintained its energy management system in accordance with the standard requirements of EN 16001, MSE 2000 and ISO 50001 . Fajr Petrochemical Company has also done some measures to continuously improve the system and reduce the negative results of mal consumption of energy in the

organization through selecting and designing a regulation for the energy management system based on the above mentioned standard guidelines. It finally announces the outlined energy policy based on its policy statement . Fajr Company also revises its management policy statement annually and set it as a framework to determine and review its macro and micro goals in the field of energy .

Page 57

- **Fajr Company's approach to energy management**

Fajr Petrochemical Company laid its energy management approaches on a principle of sustainable profitability through optimization of material and energy consumption . This approach is expected to ensure sustainable profitability and reduce greenhouse gas emissions through energy management which is of the main shareholders and the community needs . Due to the nature of Fajr Petrochemical Company's operations as a major supplier of utilities to the petrochemical complexes in Special Economic Petrochemical Zone of Imam Khomeini port and the with regard to the type and nature of Fajr Company's products, it started establishing its energy control unit in 2006 in order to keep the sustainability of its products and to reduce the price of finished products.

Considering the real trend of energy prices and the need to change the attitudes in terms of energy production and consumption, the unit was renamed as the "Unit of Energy" in 2009, so that the changes and developments could not interrupt the uninterrupted supply of products and could not interfere with the country's national interests and also the units' interests, and in fact, to somehow ensure the interests, as well. Many things have also been done up to now to expand the management system of energy production and consumption in all Fajr Company's activities which can be somehow related to aspects of energy . Fajr Petrochemical Company has also established an energy management system based on the universal standards of energy management, especially after experiencing a period of energy management activities and after ensuring that the old preplanned system is inefficient for the implementation of this approach in order to execute Fajr mottoes and achieve the goals .

It has implemented the energy management standards after starting its professional activities from 2010, received the necessary consultations and formed the necessary working groups and finally in

the summer of 2011 an external audit obtained the "ISO 50001 Certificate" as the first company in the oil, gas and petrochemical activities and the second enterprises in the country . Fajr Company has also obtained the certificates of "EN 16001" and the "MSE 2000" as well, in this regards . Fajr Petrochemical Company's energy unit based on the requirements of the units and with the participation of the unit of Research and Development (R&D) has defined and implement the project to purchase and install energy monitoring software for those power plants (with more than 95 % of energy consumption in the Fajr Complex) in the form of online and for the Air and Water units in the form of offline with hours delay . It should be noted that if Fajr Petrochemical Company achieves its goals through executing the project, it will be the first and the only industrial unit whose equipments will be monitored online . Fajr Petrochemical Company's energy management units annually detect, identify and review their own activities in order to determine the sectors and are as that have significant energy consumption, and to determine and clarify the activities, goods, services, equipments and the processes that are most deviated from the energy consumption standards, and to find out which of the above mentioned cases have the greatest ability to optimize the energy consumption and are more competent for saving the energy based on the new energy management systems . The process of the units said activities are as follows :

- Reviewing the past, present and future activities and performances of the organization
- Doing studies and field researches of the operational locations
- Reviewing the results of measurements and monitoring of energy management system, and the systems conformity with legal requirements and regulations



Page 58





• **Fajr Petrochemical Company's environmental watch work group :**

Fajr Petrochemical Company's environmental watch committee or work group was established in January 2013, in order to create a dynamic academic environment among employees with an aim to promote an environmental level of the culture and lay the bases for resolving the related problems and also to enhance environmental activities and performances in Fajr Petrochemical Company and the whole Special Economic Petrochemical Zone. The formation of this working group was proposed by the Managing Director of National Petrochemical Company . Now about 61 employees from different units are members of the working group . Fajr Petrochemical Company has considered some benefits for those who participate in this working group as an encouragement . The benefits are defined with respect to the activities and actions done by any member as follows :

- Holding some environmental training courses, conferences, exhibitions, seminars and eco-tours for the members
- Introducing the members as a very active "Environmental Green" employees
- establishing website and weblog of the working group to publish the personnel's and members view points and to make intranet and internet connection among them

The work group's activities are various and in different ranges from environmental to scientific ones . Among them are :

- Presenting some environmental reports about pollution and giving suggestions to go away with them
- Presenting some scientific and useful articles about new environmental mechanisms and technologies to enhance member's relevant knowledge and to develop an environmental culture
- Making consultation and contribution for elimination environmental issues based on the range of the pollution
- Holding some joint meetings for consultation and collecting member personnel's view points and proposals
- Voluntarily contributing to all environmental events and ceremonies
- Colleting environmental news and information and reporting and presenting them to others as a case for information dissemination
- Cooperating and contributing in holding training workshops, courses and environmental seminars
- Making inter and external organizational connections for further exchange of common information with the university communities, scientific centers and non-governmental organizations

The measures done in this regard

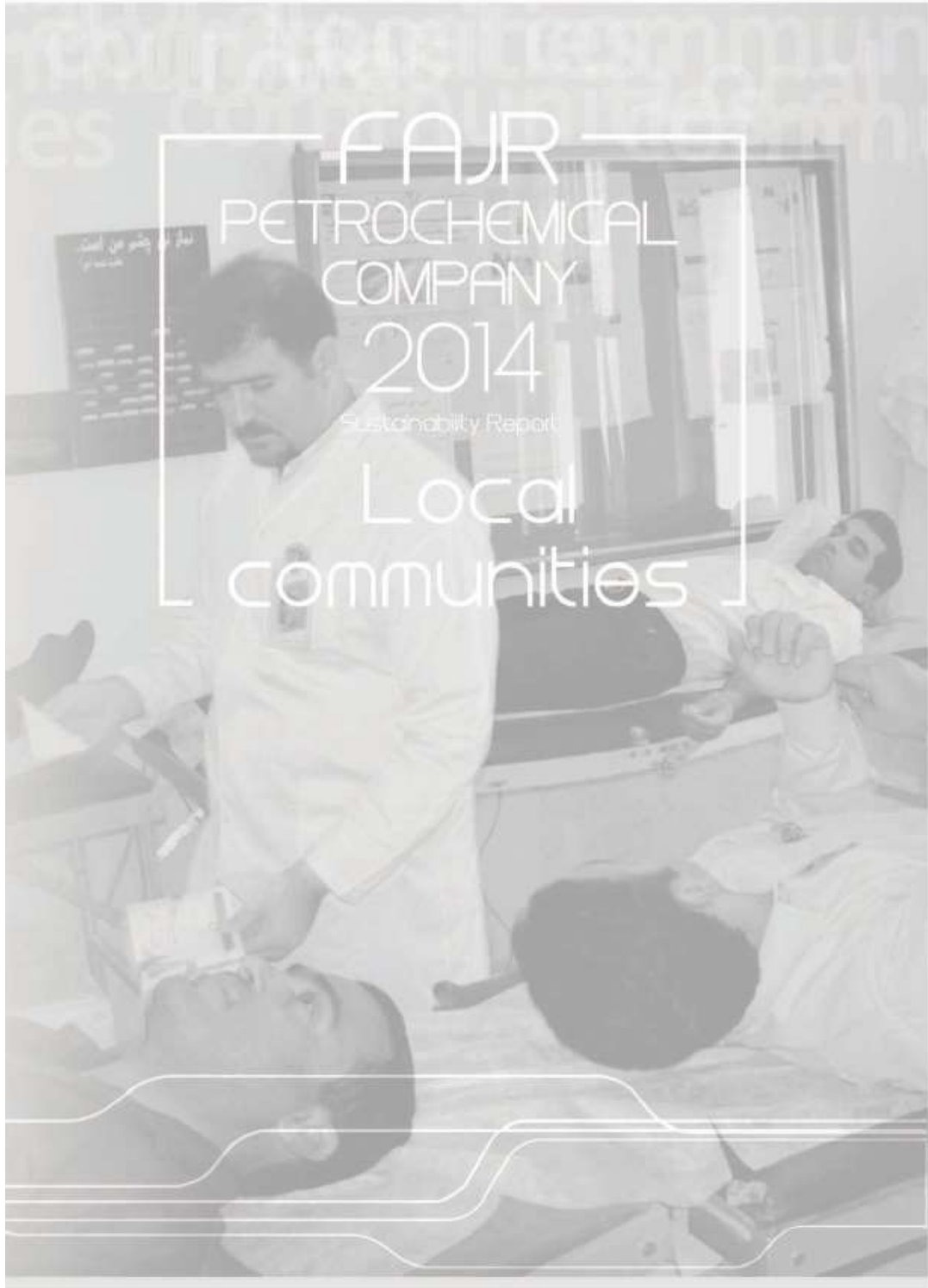
The work group has so far done many valuable measures in connection with environment. The most important of them are as follows :

- Cleansing Zangi desert for the anniversary of Clean Air Week – January 2012
- Visiting Shadgan wetland on the occasion of "World Wetlands Day" – February 2012
- Sending 5 members of the Working Group to the Conference of Green Management, Milad Tower, Tehran – February 2012
- Holding a competitionfor the member personnel of Fajr Petrochemical Company to prepare the bestgreen home space, judged by two members ofthe working group and awarding prizes to winners of the competitions by the Working Group members
- Writing articles in different occasions by members and presenting them to the Working Group
- Distributing garbage bags over the city during the Norooz (Iranian new year) holidays in cooperation with the Municipality and Mahshahr Department of Environmental Protection

- Cleansing Zangi desert for the anniversary of Clean Earth Week – May 2013
- Attending of committee or work group members in the workshop of promoting tourism culture in Arvand Petrochemical Company – May 2013
- Holding a course on "Pollution" for work group members
- Holding some consultation meetings on environmental issues
- Electing the members of the Board of Trustee

Page 60

**Fajr Petrochemical
Company
2014
Sustainable Report
Local Communities**



Local Communities

4 جوامع محلی



Page 62

- Fajr Petrochemical Company and local communities :

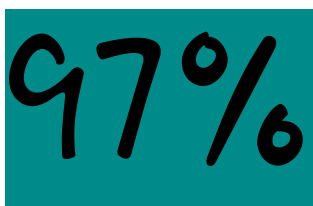
Fajr Petrochemical is located in the Special Economic Petrochemical Zone, somewhere between Mahshahr and Imam Khomeini port cities in about 100 Kilometers to the Provincial city of Ahwaz . It approaches to local communities based on good neighborliness and empowerment of the communities . In this approach, Fajr Company uses its capabilities and capacities to solve any problems or issues within the local communities, and does its utmost to apply the local community assistances to meet its business requirements .

It must be described that the approach is not typical only to Fajr Petrochemical Company, but it prevails over all companies in the Special Economic Zone . It must be noted to confirm the claim that one of the most important cases in the Strategic Council of the Special Economic Zone –a key council which is composed of the managing directors of the companies in the zone – is the issue related to empowerment of the communities, finding the ways to assist developing them, and also how to use the communities capabilities and potentialities to help the development of the companies located in the Special Economic Zone .



98%

98 percent of the Fajr Petrochemical company's contracting parties in 2013 were local contractors



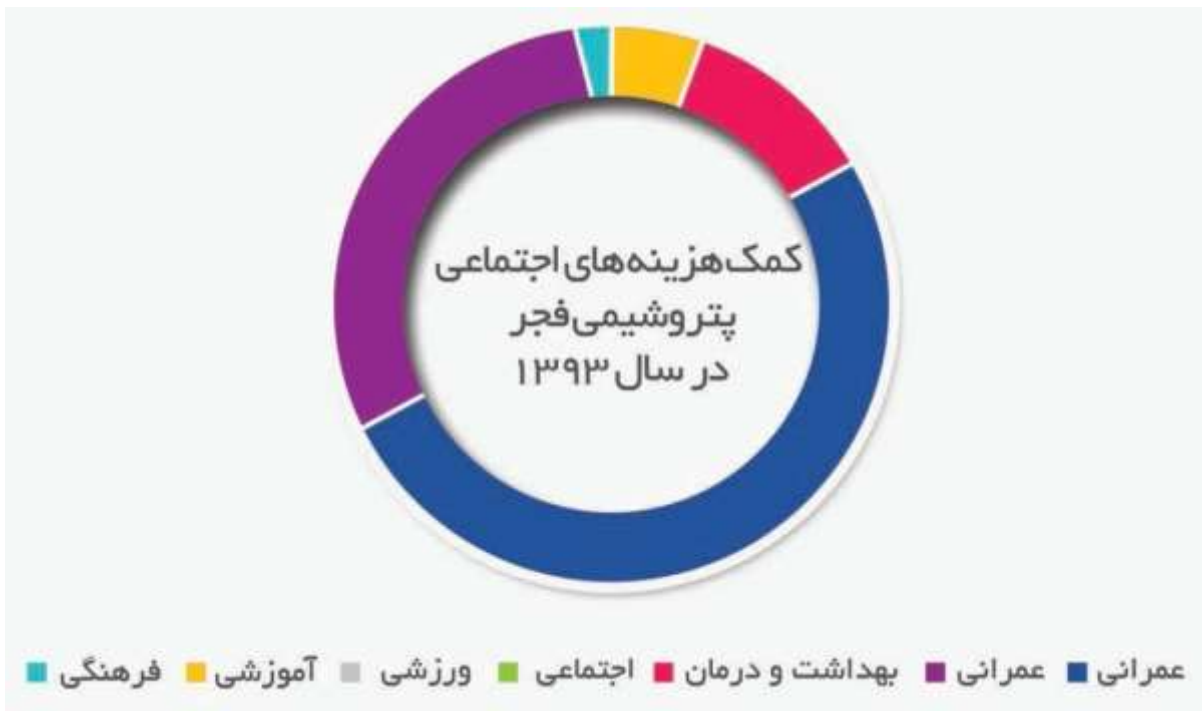
97%

The latest statistics proves that 97 percent of the purchases of equipments, tools, spare parts, raw materials have been made and the requirements have been supplied within the Khoozestan province .

Fajr Petrochemical Company has defined and done many fundamental, developmental, cultural, educational, health care related (medical) and sport measures to fulfill its social responsibility role in the society and has paid by itself for social allowances (assistances) totally about 30 billion Rials in 2014.

- **Fajr Petrochemical Company's Social allowance in 2014**

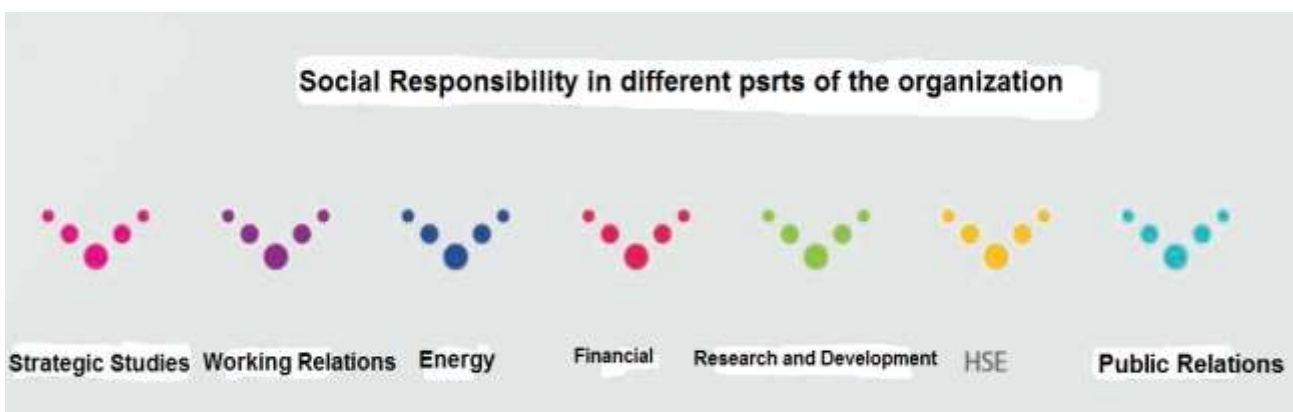
- Cultural : All expenses for cultural activities calendar and for the religious schools
- Educational : Expenses for Amir Kabir University
- Social : Expenses to aid the Society for Defending the Prisoners in Mahshahr
- Health care and medical : All payments for ambulances, policlinics and hospitals for the Fajr Company's personnel
- Developmental : All expenses for building two residential houses for the judiciary officials, settling the problem of repairing and fixing Eram Park road, construction of a mosque
- Developmental : Paying for all current and developmental expenses for the completion all incomplete projects in Mahshahr



- **Fajr Petrochemical Company's Social Responsibility Committee**

Fajr Petrochemical Company's Social Responsibility Committee was formed in 2011, the strategic level of which composed of its senior managers or the leadership work group . At the executive level, it enjoys eight members who are coming from HSE units, the public relations department, the Center of strategic studies, the financial affairs department, the center of research and development, and the unit of energy.

A lot of important measures have been done in the field of social responsibility from the time the Committee of Social Responsibility was set up in Fajr Petrochemical Company. Of all these measures we can mention some as follows : revising in the methods of opinion polls in the society about the representative of the community in 2013, integrating all activities of the committee and improve the related indexes in 2014, training the members of the work group and receiving consultations from experts and specialist, comparing and making contrastive studies on the best organizations and finally changing the strategic views and approaches to the case of social responsibility .



Defining the meaning of the a comprehensive approach to Social Responsibility (CSR)

Logic : Considering the beneficiaries

Integrity : Along the strategies of Fajr Petrochemical Company (An internal process)

Deployment : Implementing the iso 26000 Standard

Evaluation and Revision : Social Responsibility indexes

Page 65

Fajr Petrochemical Company's committee of Social Responsibility has done many measures in accordance to its responsibilities and description of its duties such as programming and executing some plans in order to further adjust its duty based activities . The primary measures of the committee of the company were holding some face to face meetings with the representative of the society in order to further interact with them, presenting written and oral reports, visiting and negotiating with representative of the society to discuss the activities, Fajr Company's services and their effects and influences on the economy, environment and on the society . Of other measures done in this regard by Fajr Petrochemical Company are preparing, publishing and distributing a statement on the company's social responsibility .

The committee also held some workshops on social responsibility specifically for the heads of the public relations departments of the companies located in the Special Economic Petrochemical Zone and all its work group members in order to promote the culture of accountability and responsibility among the companies of the zone . The workshops led to holding a course on ISO 26000 and as announced, a sustainable report of GRI will also be published soon .

The above mentioned committee has also done some other measures as: helping to improve the quality of reporting the measures done by Fajr Petrochemical Company to the society through setting up a web page specially designed for social responsibility on the website of the company and also producing some targeted brochures to inform beneficiaries and stakeholders about the quality and quantity of the responsible based activities . Other measures include the publication of the first report of the committee of social responsibility in the community and through the website, as well .

- **The Society's Representative :**

- Research and university centers
- Departments of Education and Training
- The Non Governmental Organizations in the provincial city
- Supporting bodies and organizations
- Strategic Council of the managers in the Special Economic Petrochemical Zone
- The Department of Environment in the Special Economic Petrochemical Zone
- The Organizations of Civil Services
- Women's Non Governmental Organizations active in fighting against pollution
- The provincial city Department of Environment Protection



- **A sample report of the psychological consultation in Fajr Petrochemical Company**

As far as everybody in encounter in their lives with problems, it is essential to learn how to solve problems correctly so that they can effectively deal with these issues and prevent the occurrence of the next more complex ones .

There are many problems in every body's life which require effort to cope with it and solve them . There is no life without problems and stress and what is getting experienced in the form of difficulty and living burden, are in fact, the reality and the logic of life . Problems are normal in everyday life . The Art of Living is to be able and that much skillful to solve problems and deal with them . In fact, a happy man or woman is not the one who does not face any problem and question, but the one that well cope with them and has the ability to tackle them .

Some people get unhappy, sad and sometimes angry with the slightest problem and get disappointed with the discomfort and distress and get unable to remove it . These people are susceptible to a variety of social and psychological injuries, but there are still some other people who bravely tackle any problems and crisis when facing them. One of the reasons that enables these kind individuals and provides the opportunity for their success in the crisis is that they apply correct methods to solve the problems. While those who are in distress when facing with very same problems, lack such capabilities.

Fajr Petrochemical Company holds individual consultation for the personnel and their family members every Mondays with the help of an industrial psychologist in order improve the mental health of the organization . It was used to be planned during the first 8 months of the year only for shifting personnel, but after eight months, the mental health care services went for majority of shift workers and working partners and nowadays all personnel go with confidence to the specialist to receive individual counseling, family counseling, job counseling . By the end of the Persian calendar year of 1393 (20th of March 2014) 283 people have been referred to a consultant from all working groups .

Page 67

- **Imam Hassan Charity Society of Fajr Petrochemical Company**

Some colleagues of Fajr Petrochemical Company's personnel have established Imam Hassan Charity Society in 2006 . The society tries with the help of managers and the personnel of Fajr Company to assist those poor colleagues and solve their living problems by reducing some money from their monthly salaries .

The charity society during its activities to help the poor has done its utmost to consult with experts to reinforce in the best way a trusteeship culture among the employees in the Fajr Company . In addition, the society also regularly reviews the effectiveness of its activities and reports the results to the employees .

Although the charity society considers all emergency requirements and needs of people in the Fajr Company, but among the most effective ways to help the needy colleagues is to allocate academic helps (scholarship) to poor students and orphans to encourage them in their studies .

• **The Society aids in 2013**

- Getting paying assistances through voluntary payroll deduction-monthly about : 20/000/000 Rials with some monthly changes) . The amount has been increased about five percent this year compared with the previous year .
- Covering 40 high school boy students with an average result of over 14, including 20 orphans and 20 needy families in the form of monthly cash payments and granting some commodities and goods purposefully placed at their disposal, as well .
- Helping Thalassemia patients of Mahshahr : The charity society is paying 5,000,000 Rials monthly to these patients through Thalassemia Association in Mahshahr to buy syringes for patients.

• **The communities' aids in 2014**

- Granting monthly allowance to orphans (to encourage them in their studies)
- Granting monthly aids(for sport purpose) to poor families in Sarbandar
- Paying the pensions to the needy people covered by the society (fixedly every month) consisting of those sick and orphans in Sarbandar and a family with physical disabilities in Mahshahr
- Paying monthly allowances (pensions) for syringes of the patients under the Thalassemia Association (including 150 people)
- Paying the monthly rentals of a house for an orphaned family
- Paying monthly allowance to an orphan girl with cancer
- Buying a gas cooler for a poor family
- Paying the monthly installments of a ten months the loan of a patient

The total payments to the needy people in 2014 exceed 250,000,000 million Rials, which proves a 4 percent increase compared with the previous year .



